AFL Licence Taskforce Business Plan 2019

Prepared for the State Government of Tasmania

18 December 2019

Tasmanian Government

This Page Intentionally Blank

"There is not a true AFL fan who doesn't feel a longing – and a conditioned guilt – to see a Tasmanian team. When this day comes this Tasmania brand alone will epitomize all that Aussies love.

An underdog. A wrong that has been righted."

– Sean Cummins, Founder Cummins&Partners.

Former, Board of Directors Hawthorn FC, and AFL Advertising Agency

This Page Intentionally Blank

Contents

Appendices with this Document

Please note appendices in italics (i.e. Appendices 2, 9 and 10) were not commissioned by the Taskforce. Rather, they were provided by interested parties with a view to enhancing the work being undertaken. The Taskforce does not therefore endorse the integrity of these appendices or their contents, but believes their inclusion provides useful starting points for future discussion in relation to marketing (2) and stadia (9 and 10).

Tables within this Document

Cover images courtesy: The Hobart Mercury, Jamie Cooper (www.jamiecooperartist.com)

Introduction

The Honourable Will Hodgman MP

Premier of Tasmania

11th Floor, Executive Building, 15 Murray Street, Hobart, 7000

Cc: The Honourable Jeremy Rockliff MP, Deputy Premier

The Honourable Peter Gutwein MP, Treasurer

Dear Premier,

As you are aware, in June of 2019 the Government of Tasmania established a Project Team ("Taskforce") to investigate recommendations to "*develop the framework and business case to support the granting of a Tasmanian AFL and AFLW licence*".

AFL Licence Taskforce members:

> Brett Godfrey (Chairman), Paul Eriksson, James Henderson, Julie Kay, Grant O'Brien, Nick Riewoldt, Adam Sproule, Errol Stewart

In line with its *Terms of Reference (see, Appendix 1)*, the Taskforce has undertaken a range of consultative research with various stakeholders, with a view to determining:

- The current state of Australian Rules football in Tasmania: participation, fan engagement, local attendance, television viewing behaviours, commercial wellbeing;

- The infrastructure demanded by AFL standard facilities (as a minimum) and to position a licence such that core issues relating to player performance management and talent retention are key determinants;

- A well-considered timeline taking note of the broad range of stakeholder interests, including existing State Government commitments (i.e. playing agreements with AFL clubs Hawthorn and North Melbourne, and AFLW Club North Melbourne), revenue projections in line with broadcast and related arrangements, and impact on existing competitions across Tasmania;

- The ownership and attendant responsibilities of the game, from junior boys and girls to elite AFL and AFLW levels, and all tiers in between;

- The likelihood of a Tasmanian AFL / AFLW team being able to garner sufficient support to be financially viable, the State's logistical ability and commercial capacity to sustain it, and other influential factors in the short, medium and long-term potential success of a unified Tasmanian AFL licence.

This report is an assessment of this consultation designed to assist Government in further developing a strategy and pathway forward to support consideration of an AFL licence should it become available.

At the outset it is important to advise that our methodology to address the project began by an assessment of previous bids by Tasmania and the rationale for rejection, with particular focus on the 2008 State Government proposal. The 'facts' or myths complicit in previous submissions and those still generally promoted today are addressed and, in our view, dismissed in the work that follows.

The Taskforce has arrived at a series of findings which inform our recommendations, all of which are outlined in our Executive Summary, along with the Critical Success Factors we established to support the pathway ahead. The evidence collated, expert opinion gathered, and commercial model created lead the Taskforce to be encouraged by the feasibility of securing and maintaining an AFL licence. This would guide the overall betterment of not only Australian Rules in Tasmania, but the economic and social wellbeing of the State.

We caution, however, that irrespective of the acceptance of this Business Plan, it needs to be understood that the AFL must be willing to desire a Tasmanian team and be prepared to offer a pathway to a licence. In its absence – and based on the identified and prevailing trends in Tasmania – the participation and fan engagement in the sport is not in the ascendency and bids in the future will become increasingly more challenging.

The AFL leadership provided both helpful club benchmarking data and its time to the Taskforce. In the interests of transparency, and to allow for our work to be challenged and better progressed, we suggest the AFL be given access to this document with the appropriate commercial-in-confidence sections redacted. The bi-partisan necessity of this endeavour meant that we also provided equal opportunity to brief opposition parties and they too should gain access.

Finally, media has been overwhelmingly supportive and offered valuable groundswell momentum based on the interest of the public. That opportunity to amplify the bid going forward should be considered an advantage and be harnessed. To that end, that may well require greater disclosure of this document than might be normally provided – a risk we believe warranted given a licence in our view is an unlikely outcome without the combined engagement and motivation of the above groups.

It has been a privilege to work with this Taskforce. They are an exceptionally high calibre group of people who have been called upon to provide an extraordinary amount of their time and expertise in the pursuit of both building and testing this Business Plan, and the remaining Terms of Reference. We are united in the findings below.

Sincerely,

Brett Godfrey,

Chairman, for and on behalf of:

Paul Eriksson, James Henderson, Julie Kay, Grant O'Brien,
Nick Riewoldt, Adam Sproule, Errol Stewart

Executive Summary

A key Taskforce remit was to generate and attempt to prove a business case that an AFL and AFLW licence could be operated and sustained in State. Core elements in this review have included the commercial inputs (mandatory and desirable), status of venues and facilities, potential public support, impact on existing relationships between AFL entities and the State Government – and related responsibilities – and a timeline through which a pathway including VFL, AFLW and eventually AFL teams could be fielded.

Clearly, this business case must align with the broader football landscape, such as its potential impact on community football across Tasmania, the longevity and health of AFL media rights, and the viability of the existing member Clubs of the competition.

We developed this report with a view to consider as many of these variables as possible, and where required (such as the question of stadia) simply recommended an extension or expansion of the Taskforce's work, by a subsequent investigative process.

While we cannot project with certainty some key inputs within our suggested pathway (for example confidential media rights), we have made every effort to ascertain fair and reasonable estimates given our consultation with appropriate authorities, subject matter experts and the Taskforce's own experience.

In that context, our core findings and associated recommendations are as follows:

Core Findings to Government

1. The **Business Case produced is viable and sustainable** but (subject to negotiation) requires both the AFL and Government to 'co-invest' in an AFL 19th Tasmanian-based team for the long term. **In return, all stakeholders will receive benefit**: the AFL via enhanced media rights and market share, the member clubs via incremental sponsorship exposure and the State via GSP and job production.

2. **The AFL is not seeking a 19th team** to add to the competition. Admission to the League requires a 'special majority' of clubs to back a new entrant. It is unlikely any consideration of a new team would be considered outside of a subsequent broadcast deal, with the earliest opportunity at this time being possibly 2025. The Government should also be aware that the Taskforce did not consider the option to relocate an existing AFL Club to Tasmania.

3. **Successive AFL administrations since 1990 have held out the opportunity for a 'future' Tasmania** to enter the competition but ambiguous timeframes have allowed the issue to be deferred to subsequent Executives or Commissions. Current CEO Gillon McLachlan has perhaps been clearest in his advocacy for Tasmania but equally has raised questions about:

   3.1 Its ability to financially support 11 home games;

   3.2 Its capacity to work without a 'unified' Tasmania behind it;

   3.3 The expectation that, besides the AFL, a team would require 'delivery and execution by Tasmania.'

   While these thoughts are valid, they are directly addressed throughout this report.

4. Broadcast revenue modelling and advising experts confirm a local Tasmanian team **will add value to the AFL** overall. There is a case to suggest that a Tasmanian team could in fact be self-funding as a 19th team.

5. Branding experts have advised that the existing corporate sponsors of the AFL and all 18 clubs will benefit from a Tasmanian-based and branded team.

6. Independent modelling of the direct economic impact of 11 home games in Tasmania played by the Devils AFL team indicates a **direct** contribution to the State of more than **$110M** p.a. and more than **360** jobs.

   5.1 These numbers are comprised of a mid-point level of direct annual spend of $**72M**, and **250** permanent football tourism-related jobs.

   5.2 Additionally, the AFL club itself would add a further direct **116** FTEs, providing an additional **$27M** in salaries and on-costs, plus other direct expenditure of **$13M** to the State economy.

7. As an independently viable 19th team, **Tasmania provides the AFL with the opportunity to recalibrate**, restructure, add a 20th club or even return the League to 18 teams based on the fact a number of clubs today are financially challenged and dependent on AFL underwriting.

8. The existing **Tasmanian AFL stadia capacities are incapable of hosting the forecasted average attendance** or member demand required in the Business Plan. Additionally, key infrastructure not currently available but required prior to a Tasmanian Club's first season includes high performance training facilities.

9. **Tasmanians have failed to engage with Melbourne-based teams domiciling their 'home' games in the state.**

   8.1 Local support and interest for both Hawthorn and North Melbourne has eroded over the past decade and value will likely follow.

   8.2 The cost per game funded by the State, including its statutory authorities, currently exceeds **$1M** per 'home' game.

10. Two decades ago, Tasmania enjoyed the highest per capita rate of participation in Australian Rules across the country. While the game remains the most popular sport in Tasmania, research indicates the following trends should be of concern:

    9.1 The **absence of a local AFL team has contributed to its declining popularity** and in particular lower male participation since the last bid a decade ago.

    9.2 Based on current trends, **AFL will cede being Tasmania's favourite sport by 2030** and the AFL risks conceding a key heartland state and market dominant position.

The Taskforce also notes that new licences and subsequent Clubs admitted to the League indicate the link between announcing an AFL Club and a **pronounced increase in participation and engagement in the AFL.**

11. **Female participation** levels in the State have **enjoyed significant growth** in recent years – inflating the perceived growth in playing numbers – as has the number of Tasmanian women playing with existing AFLW teams.

12. Based upon extensive and wide-ranging consultation undertaken:

11.1 AFL Tasmania and by extension the AFL itself is perceived cynically by the Tasmanian football community

11.2 Any decision to enter the VFL in isolation of an AFL licence timeline is:

11.2.1 **Unlikely to be met with higher interest or engagement in the game**. Indeed, there appears a genuine belief it will fail, causing irreparable damage to the State's ambition around its own AFL Club;

11.2.2 **Inconsistent with the AFL's current or historic practice**. No club has ever had to demonstrate that it could operate a successful VFL team as a condition precedent to being granted a provisional AFL licence.

13. **The appetite for an AFL licence in Tasmania is supported by a unified approach across the State.** This includes:

12.1 Bi-partisan support obtained from all sides of politics in Tasmania;

12.3 Strong and unified support from key media in the state;

12.3 Excellent support from Tasmanians both residing in the State and elsewhere, as demonstrated through the United We Stand campaign and Gemba research;

12.4 Healthy support from key local football administrators in the State, from State League to regional or community competitions.

14. **The delivery of this Business Plan should be considered merely the start** of a consultative and negotiated process **to secure AFL and AFLW licences**. Momentum resides with the bid and the opportunity presents 'now' should the Government choose to pursue the Business Plan.

Core Recommendations to Government

1. The Government should seek an opportunity to present to the AFL Commissioners the case for Tasmania's inclusion in the AFL and AFLW.

2. The Government seeks to retain members of the Taskforce as consulting advisors and pursues engagement with the AFL Commission, Club Presidents and senior AFL executives to submit a bid for a Provisional Licence.

3. On condition of the granting of a Provisional AFL licence, establishment funding required will be approximately $45M, as follows:

   3.1 Pre-operational Club administrative staff and organisational facilities: $12-15M, and

   3.2 Provision of the necessary high-performance player facilities: $25-30M.

The State and Federal Governments will need to consider and cooperate with the AFL to fund the estimated **$45M** required prior to the team's first season.

4. The Taskforce model supposes a 'negotiation' that sees Tasmania enter the AFL with an equitable 'club average' distribution of **$17.1M** per annum. The State would need to accept funding the estimated shortfall of **$7.3M** per annum.

   We note that the AFL may not be able to afford nor want to take the risk of another expansion club. Our report suggests that, based on these sensitivities, **the State may need to fund up to a maximum of $11M, consistent with the AFL content cost per 'home' game incurred today.**

5. **Launceston would host** and benefit from '**blockbuster'** matches being played at an enhanced **27,500 seat UTAS Stadium**. Due to its apparent limitations, Blundstone Arena would host smaller drawing AFL Clubs or games. Upon 'proof of concept', a longer-term aspiration should be a **roofed, CBD-based 'Adelaide Oval' multi-purpose facility developed for Hobart** to share all AFL content and opportunities with Launceston.

6. Irrespective of a new stadium, **a State stadia strategy and review should be undertaken** to both validate our assessment of stadium demand and to consider the wider State value in attracting or retaining existing events, conferences and other national sporting franchises or leagues to Tasmania, and their subsequent contribution to GSP and returns to the Football Club.

7. Based on the advice provided to the Taskforce by the AFL, Australian Football League Players Association (AFLPA), community consultation and the fact that most of the playing roster, presently, would be from the mainland states, **Hobart would be the likely team base.**

8. Given the relative **declining 'interest' in Hawthorn and North Melbourne's Tasmanian content,** coupled with Hawthorn publicly advising they have other options, the State should reconsider or at least revalue both 'sponsorships' upon their contract maturities in 2021.

9. The State needs to press awareness and seek change in the AFL Commission. As guardian of the game it is somewhat reflective or informative **that there are no – and never have been – Tasmanian Commissioners** in the AFL.

10. The model presented herein includes the costs associated with a VFL team – essentially an AFL reserves competition – however it is predicated on the long-term success and well-defined pathway provided by an AFL Licence. **Should no commitment be forthcoming for a Tasmanian AFL club, our recommendation is that the State declines to fund the VFL program.**

11. **The State has the opportunity now to change the AFL's misperceptions.** In March 2019, the AFL CEO questioned the economic ability of Tasmania to hold a licence but offered:

> *"**One brand** and hopefully **getting unity** and putting a **bid** together. It's not going to be in the next couple of years, but at least there is a pathway and a plan there."*

The Taskforce believes this ***bid*** should enhance the AFL's understanding of the present Tasmanian 'opportunity' and has delivered a ***unified***, ***single-branded*** and perhaps most relevantly **economically sustainable** business case.

As a result, we recommend that the State seeks confirmation of the same from the AFL to obtain a fixed date or genuine plan to a licence as a warranted outcome.

Critical Success Factors

In the context of building a case, the Taskforce identified critical success factors to which an AFL licence in Tasmania should be anchored. These factors are by no means exhaustive, but they represent core, consistent outcomes from the research and consultation that emerged from our work and should support key recommendations as the Government of Tasmania considers next steps in this pathway.

Please note the Taskforce has expanded upon these Critical Success Factors as an integral part of our report, from page 37.

1. It must be additive to the Australian Football League and its market protection of the game

The well planned and executed establishment of the Tasmanian Football Club Limited will deliver multi-tiered AFL benefit:

- Overseen by a Tasmanian Football Club Board, whose members are cognoscente of the game's importance in society, and its heritage, the Club will become a revenue-generating entity to assist in supporting multiple tiers of the game across the State.

- It will provide leadership across a State suffering decline in the game and in genuine danger of being supplanted as Tasmania's most popular sport. In the past decade:

  - There has been a 19% decrease in AFL Fanatics and 38% decrease in Fans in Tasmania [1]
  - There has been a 5.27% decrease in comparable participation [2], and as much as 14% in certain sectors (Treasurer Peter Gutwein, Feb. 2019). Engagement with the game and sustainability of communities that depend on football is, as a result, in serious decline, and school football is virtually non-existent.

[1] Gemba, Oct 2019, "Appendix 3 AFL Taskforce Tasmania Gemba Report October 2019", page 16
[2] Gemba, page 22

- The AFL market in Tasmania is increasingly exposed. Tasmania boasts a 500,000+ population base that identifies AFL as the major sporting code, but this exclusivity is under threat: Based on current trends, **AFL will cede being Tasmania's favourite sport by 2030** [3] and risks conceding a key heartland state and market dominant position.

- AFL interest and involvement increases in markets when AFL teams are introduced (Gemba). The opportunity exists to create an entity that is not only self-sufficient but – in keeping with the Commission governance and 'caretaker' models of Western Australia and South Australia – can contribute to the game's financial health and stability across Tasmania.

- An AFL licence will generate the **visibility, access and ambition** for Tasmanian boys and girls to represent their State and participate at the highest level, re-establishing a pathway that has substantially eroded since the most recent Tasmanian submission for an AFL team (2008). This aspiration is a common thread among all stakeholders in our research and discussions and – when coupled with a proposed north-south venue model – underpins the belief that **a united Tasmania will support a licence.**

2. A Tasmanian AFL licence funding and commercial model is sustainable

The financial outcomes arrived at by the Taskforce align with the AFL's best practice model. The Taskforce has allowed for comparatively modest contributions from the League and the Tasmanian Government in relation to existing arrangements with many AFL clubs.

We have made assumptions that will be further tested by the changing AFL landscape, with specific focus on broadcast television revenues, but the core criteria to support this funding is consideration of the stadia model in relation to seating capacities.

Our modelling indicates the Tasmanian Football Club would not only be self-sufficient, but in broader terms will contribute to AFL revenues in line with representing additional content and a more engaged local supporter / viewer base.

- **The Business Case Model has been benchmarked and 'stacks up':** The Tasmanian AFL / AFLW club can demonstrate, at a minimum, financial comparability with all similar sized AFL clubs.
- **Team Tasmania will not be a 'drag' on the state:** The $11M annual guarantee recommended – even if fully drawn – approximates the State investment per home game today for eight Hawthorn / North Melbourne premiership and two AFLW matches. Modelling suggests this underwrite (or AFL 'insurance' option), even if required, will deliver to the State **$110M+ of direct football club and sports tourism expenditure**, including the creation of more than **360 direct jobs.**
- **Team Tasmania will not be a 'drag' on the 18 clubs:** The Tasmanian model suggests a long-term Government underwrite of up to **$11M** p.a. that provides assurance to the AFL that it will not expose the League to another Greater Western Sydney, North Melbourne or Gold Coast Suns scenario.
- **Less investment likely required by the State**: The business case financial model suggests that the Tasmanian Government's likely required contribution for 11 AFL and 4 AFLW home

[3] Gemba, page 21

games **($7.3M) i**s less than for the existing eight premiership and two AFLW games commitment **(circa $8.0M)** of today.

- **A Tasmanian team could well be AFL cost neutral**: Broadcasting revenue contribution forecast by a Tasmanian team exceeds the average distribution paid to AFL Clubs in 2018 and sought by a Tasmanian team.
- **Tasmania's brand adds additional value to existing AFL Sponsors**: Branding experts believe Tasmania will be accretive for all other 18 club's corporate sponsors in Australia's first national football competition. Broadcasters consulted agreed, noting that a local team will drive greater AFL tribalism and subscriptions. If a Tasmanian AFL team existed, 36% of Tasmanians would watch more AFL nationally and 62% would attend more local AFL content.

  A brand overview document "Unleashing the Fires of Passion" – drawing together a number of highly respected brand experts and their views on a Tasmanian AFL entity – has been provided as *Appendix 2.*

> *"The launch of an AFL Team in the stronghold of Tasmania provides a unique and valuable opportunity for advertisers in Australia. The ability to leverage the story and goodwill unleashed from the Apple Isle will create value extending beyond regular audience buys in sport. All club sponsors will benefit but early Tasmanian partners will gain brand recognition and cooperation that isn't possible with established organisations [4]."*

- **A 'Clean Stadium' changes the game:** Redeveloping UTAS Stadium as the initial primary football venue, but seeking a longer-term Hobart CBD-based, roofed stadium in an appropriate entertainment precinct, would mitigate much of the financial risk of Government. Modelling and precedent suggest the potential elimination of the need for any State support post implementation.

3. The Stadia: Appropriate Infrastructure and Addressing Capital Requirements

The work the Taskforce undertook demonstrates that, should Tasmania be granted an AFL licence, the current capacities of the State's two AFL grounds – UTAS Stadium (Launceston) and Blundstone Arena (Hobart) – would not likely satiate anticipated demand unless potentially aggressive dynamic pricing or yield management strategies were deployed.

This is a multi-tiered issue: pure revenues through ticketing would be compromised and membership of the proposed Club discouraged – and disenfranchised – by lack of access. More significantly, minimal availability for inbound supporters of the 'away' club would undermine potential economic benefits for the host city, a core AFL licence advantage that the Taskforce believes cannot be compromised.

Choice modelling undertaken suggests that a new Tasmanian AFL team within its first year would experience a more than doubling of existing North Melbourne and Hawthorn memberships to a base case of 38,000 members. These additional members would drive anticipated average attendances over 11 home games of approximately 18,400 per match.

While outside of its *Terms of Reference*, the Taskforce also considered the national stadium landscape and associated merits of a 'clean sheet', roofed stadium. This would require a separate economic and qualitative investigation beyond our scope, but the benefits in areas of membership,

[4] Paul Murphy, Head of Media at Brand Agency Cummins&Partners

attendance, and economic stimulus have clear precedent which require consideration in any stadium review.

The Taskforce also notes that any discussion relating to facilities (training, playing and location) must align with a 'world's best' approach to attract and retain playing, coaching and administrative talent, keystones in the long-term viability and indeed prosperity of a licence in Tasmania.

Equally, the clean, roofed stadium concept will support positive AFL fixturing for the Devils concept through avoidance of concerns around the negative impact of weather on attendance and product quality.

Across all facilities, proximity of training venues and general social amenities will also be a consideration in support of the retention question. Hobart and Launceston offer excellent opportunities re: cost of living and embedded football culture – the next tier of alignment for players is ease of access and travel for playing, training and rehabilitation / recovery in both cities.

4. All parties accept that a phased approach to build this team 'from the ground up' offers the most sustainable long-term outcome.

The Taskforce arrived at a timeline to progress implementation at a pace that maintains public and corporate enthusiasm for the concept but allows certain levers to be clarified enroute to the securing of a licence.

Core allowances in this journey will be the securing of a provisional licence; the creation of VFL / VFLW then AFLW teams as steppingstones to a broader Club platform; the introduction of a team into the AFL competition.

These steps will occur concurrently with the increasing clarity in relation to ongoing North Melbourne and Hawthorn arrangements, and the coming (2022) conclusion to the existing AFL broadcast rights agreement, one of the central revenue drivers in the distribution to the competition's member clubs.

The Taskforce reiterates that the commitment to support a VFL team from Tasmania should be conditional on the securing of an AFL Licence.

A timeline under Taskforce consideration is detailed below, while governance of the game and its stakeholders is outlined in expanded detail in *Appendix 4.*

December 2019: Completion and presentation of AFL Taskforce Business Case:

Taskforce findings demonstrate that Tasmanian-based AFL & AFLW teams are feasible and sustainable with the support of the State Government and a fair and reasonable club distribution from the AFL.

State Government to receive report and commence consideration of pursuing AFL and AFLW licences supported by the State.

Dec 2019 – Jan 2020: State Government Review

Taskforce findings and recommendations review complete. Decision made and next steps identified, as per the following timeline:

Yes	No
Advancement of licence pursuit confirmed, then: - January 2020 – Government requests engagement with AFL Executive and Commission, concurrently seeking an extension of the Taskforce advisory tenure in its commercial and strategic approach to the AFL. - Government to provide level of funding to facilitate required Taskforce work.	Government does not see merit or is not prepared to fund new Club to required levels, then: - The Taskforce is disbanded and AFL and AFLW licences not pursued. - Government to pursue general AFL content to facilitate Sports Tourism as per existing model, but future of football in the State remains unclear if not uncertain.
February 2020 – April 2020 AFL Engagement: Taskforce and Government to work with AFL Executive and Commission to gain support via a (preferred) provisional licence. With the backing of the Commission, undertake engagement with Club Presidents to seek agreement for a 19th AFL licence in Tasmania, or as a minimum a clear and agreed process and timeframe for entry.	
Yes	**No**
July 2020 AFL communicates that a provisional licence is likely, and feedback from AFL Presidents and Commission is clear on the process to establish an AFL and AFLW team in Tasmania.	AFL does not see merit or is not prepared to fund new Club to required levels, or the member Clubs do not support to the degree required, then: - The Taskforce is disbanded and AFL, AFLW and VFL licences not pursued. - Government to pursue general AFL content to facilitate Sports Tourism as per existing model, with prospects of AFL licence now unlikely in foreseeable future.
July 2020 Establishment of Tasmanian Football Club Limited (TCFL), with Directors identified who provide required capability and capacity. Government and AFL provide recommended seed funding for club establishment and employment of key executive and operational staff. **August / September 2020** Key Executives and TFCL Directors appointed to facilitate first steps to establishing the club.	

October / November 2020 Transfer of Devils assets to TFCL: Tasmanian Devils Football Club and associated IP to be transferred to TFCL. (NB: AFL Tasmania to retain operation and funding of U18s Devils (Male and Female), plus player pathways and TAC Cup teams. **2021** Transitional year in concert with AFL and AFL Tasmania. Appointment of remaining executive roles and pursue new key football roles (Head of Football and Coach). **March 2022** Tasmanian Devils VFL Men and Women enter respective competitions. **February 2024** Tasmanian Devils AFLW team enter the AFLW competition. **March 2025** Tasmanian Devils AFL team enter the AFL competition.	

Taskforce Assessment

A well-planned and executed pathway to an AFL Tasmanian team in 2025 will add value to the AFL while protecting its marketplace in an increasingly competitive sports and media landscape. Equally, the State Government will generate additional revenues, jobs and general game wellbeing at a reduced cost to its current AFL commitment.

Section 1: The Context

Football in Tasmania

A critical plank of the 'pro-AFL licence' position is that Tasmania is a 'traditional' football State, and therefore merits inclusion in any competition that posits itself as truly national.

The State's claim to being a traditional football environment is undeniable. The Australian game in Tasmania developed in parallel to that of Victoria – the agreed birthplace of the code – though it lacked the early formal structure of its northern neighbour.

The problems that impacted upon the sport in other colonies during the game's infancy were typical of the Tasmanian experience: no codification of rules, and no formal competition to oversee growth. There were significant milestones: 'Victorian Football Rules' were adopted in 1866, and the 1875 formation of the Launceston Football Club was a major step, followed by Railway Football Club in Hobart the following year.

Yet the creation of the Tasmanian Football Association in Hobart, in July of 1879, was the game's first true stake in the ground. Three years later, the Northern Football Association was established, and the game now had a foothold across the State.

Tasmania was first represented as a unified force when it played touring Victorian Football Association club Essendon at the Upper Cricket Ground at North Hobart in August of 1882. Notably, when an inter-colonial football conference was held in Melbourne 12 months later, delegates included those from Tasmania.

The use of flags to signal goals and behinds? First introduced by the Tasmanian Football Association in 1884 [5]. The first experiments with the use of boundary umpires? Trialled when "Senior" played "Junior" at the Risdon Ground in suburban Hobart in 1895 [6], nine years before they were introduced in the Victorian Football League.

The Tasmanian game was evidently progressive, yet it was understandably influenced by the isolation and limited scale of its population bases. The game across the State was divided into three regions: the 'south', naturally founded upon Hobart and its surrounds; the 'north-west', anchored on Devonport; and the 'north', rich with history through its ties to the Launceston area.

Finding unilateral agreement on the health and direction of the Australian game was a challenge. Space precludes a full listing of the competition structures that have preceded the current status, but the primary competitions centred on the existence of:

- The Tasmanian Australian National Football League (TANFL, also known as the TFL), running from 1879 through to 1999;
- The Northern Tasmanian Football Association (NTFA) operated from 1886 to 1986;
- The North West Football Union (NWFU), which ran from 1910 to 1986.

In 1987, the NTFA and NWFU merged to form the Northern Tasmanian Football League. Various iterations of a Statewide football competition have been launched and failed since the time of that merger, culminating in the contemporary Tasmanian State League – overseen by AFL Tasmania – which has operated since 2009.

Interest in establishing a Tasmanian team in the Australian Football League has echoed that changing face of the game in its variability. Bids for a licence were lodged but rejected in 1995 and 1997 – a logical fore-runner to securing a licence was seen to be the creation of a team in the 'new' Victorian

---

[5] The Australian Game of Football (Melb., Slattery Publishing, 2008) page 330
[6] The Australian Game, page 335

Football League, thus the Tasmanian Devils Football Club entered that competition in its inaugural 2001 season, with its licence owned by AFL Tasmania.

Over a decade, the Devils experienced modest success, three times making the VFL finals. A two-year alignment with the North Melbourne Football Club (AFL) allowed listed Kangaroos players to play for the Devils when not selected in the AFL, but this failed to drive on-field success amidst dwindling attendance figures.

At the end of the 2008, AFL Tasmania determined that a return to a 10-team Statewide competition was preferable to supporting a VFL licence, and the Devils withdrew from the VFL. The Tasmanian State League as it stood in 2019 consisted of seven teams: North Hobart, Clarence, Launceston, North Launceston, Glenorchy, Tigers and Lauderdale.

The Tasmanian Game

Tasmanian influence on the national game cannot be underestimated and underscores its undeniable status as a 'traditional football state' in relation to history, participation, performance and culture.

Tasmania had a 'seat at the table' at the earliest national conventions determining the direction of the game and has remained a key stakeholder from the perspective of the game being a genuine country-wide sport. **Its history franks its credentials as one of the game's founding heartlands.**

More than 300 players, coaches and administrators have emerged from Tasmania to contribute to the 'national game' – that is, the League seen to be the premier competition in the country, be it the Victorian Football League (until 1990) or the expanded, reconstituted Australian Football League. Pre-eminent in those contributors are the following:

- Four of the 28 AFL Hall of Fame Legends are Tasmanian: Royce Hart, Darrell Baldock, Peter Hudson and Ian Stewart.
- A number of Tasmanians feature in the AFL Hall of Fame, including Laurie Nash, Horrie Gorringe, Verdon Howell, Stuart Spencer and Matthew Richardson. Other 'notables' across the generations are listed in *Appendix 5.*
- 25 Tasmanian-born players featured on 2019 AFL lists (See *Appendix 6*), and eight reside on AFLW lists, while 33 players were selected in the last 10 (NB: excluding 2019) AFL national, pre-season or rookie drafts.

From left: Royce Hart, Ian Stewart, Darrel Baldock and Peter Hudson, AFL Hall of Fame Legends from Tasmanian. Pics: Hobart Mercury.

A Game Under Threat

The eroding health of the latest iteration of the Tasmanian State League, and by extension the game across the State, makes for a challenging pathway to any establishment of an AFL licence, and any aspirational 'pathway' plans (e.g. VFL, AFLW) that may precede it.

The State League was re-established in 2009 following the disbandment of the VFL Tasmanian Devils. The Taskforce believes the decade since is a telling window into the challenges inherent in Tasmanian football and a cautionary tale relating to the next steps towards an AFL licence.

The TSL was re-established to represent the elite tier of the game in Tasmania. After much discussions, it consisted of 10 teams from across the State; by the end of season 2010, the Reserves grade competition had proven to be unsustainable, and was shut down.

In 2013, South Launceston determined it could no longer compete financially in the TSL and would hand its licence back at season's end – ironically, South Launceston won the TSL premiership in its final year. It was replaced by Prospect State Football Club.

Prior to season 2014, one of the country's most storied and successful clubs, North Hobart, was forced to merge with Hobart to form the Hobart City Demons. Before a ball was kicked in competition, Hobart withdrew from the arrangement, but AFL Tasmania insisted on retaining the Hobart City Demons identity despite the failed merger (it was not until season 2018 that North Hobart regained its independent status and naming convention).

Shuffling of clubs continued but 10 remained until 2016, when the Prospect Hawks withdrew. Prior to 2018, both north-western clubs, Burnie and Devonport, also withdrew, leaving the competition with its current, seven-club structure, the heath of which the Taskforce would observe remains tenuous at best.

As noted by long-time and respected TSL player, coach and administrator Darryn Perry, and echoed in countless meetings, "*for the State League to survive or, even better, become a truly Statewide competition again, it has to be properly funded by the AFL, or simply forget it, and revert to regional competitions*." [7]

The consultation supporting this position included a range of stakeholders from TSL level down, including: the Tasmanian Football Board (incorporating representatives of all senior and junior leagues in Tasmania); individual meetings with representatives from the Southern Football League, Northern Football League, North West Football League; multiple individual Club presidents and coaches; and AFL Tasmania.

The Taskforce also interviewed a number of Under 18s Devils players who competed in the TAC Cup in 2019 as part of the recommendations of the AFL's 2018 Steering Committee.

We believe this activity secured a broad range of opinion from the Australian Rules community in Tasmania. Feedback was consistent and firm, headlined by the following positions:

- There was clear agreement across the state of Tasmania that an AFL licence is crucial to the sustainability and development of football into the future. For Tasmania to remain a "football heartland" it must happen.

- There is a general but tangible mistrust of AFL Tasmania and the belief that no-one fights for the State at the national level. "*Tasmania does not matter in the national scene and is not important to AFL executives*". This is coupled with a belief that the AFL is not interested in grass roots football nor growing the game in Tasmania.

[7] *Hobart Mercury,* 03 October 2019

- The clear perception that football in Tasmania will die without its own AFL team. Conversely, an AFL team would give future generations the motivation to play and the sport the resources to grow the game.

- Basketball interests are advanced in their intention to secure a Tasmanian licence to play in the National Basketball League, clearly encouraged by its own national governing body. With A League (soccer) interests also in more generic conversation, the potential for devastating impact on Australian Rules game development – capturing the 'hearts and minds' of junior sports participants and fans – clearly exists.

- Acknowledgement of some positive outcomes from the Steering Committee work. For example: Community Football Hubs, Talent Managers in the three regions, Tassie Devils brand, Tasmanian State League support as a talent competition, women's football development.

- Divided opinions relating to the full-time Under 18 (TAC Cup) program. Converse position believes Tasmania should have continued with an Academy model such as that of Sydney, Brisbane, GWS, Gold Coast, etc. An accompanying belief was that a number of players have 'given up' football after the last time Tasmania participated in full-time Under 18s competition, while a number of Under 18s players found the travel and commitment too challenging in 2019.

- Unanimous support of an AFL Licence linked to a VFL team. Conversely, very little support for a standalone VFL team (see attached consultation paper from North Hobart Football Club).

- An estimated 3000 adult males of playing age have left the north-west competitions in the five years to 2018. While there have been reported participation increases across the State, on analysis this is predominantly the female and Auskick sectors – male youth and young male adults are on the decline. Some of this adult male decline is linked to demographic shifts, while a club such as Smithton – an icon on the north-west coast for 99 years – was unable to field a team in what would have been its centenary season.

- A belief that the Hawthorn / North Melbourne presence has been successful, however is now losing interest as more Tasmanians feel the resources should be focused on securing 'our own' AFL team. An example of feedback was the negativity surrounding the appearance of local (i.e. TSL) players in Hawthorn or North Melbourne jumpers at junior clinics, reiterating the sense of it being an interstate product.

- Disbelief that the AFL could consider itself a truly national competition without Tasmania.

- Strong belief that home games would need to be played both in north and south of the state.

- A belief that young Tasmanians want to touch, see, communicate with and support their own team.

This final point was consistently returned to by stakeholders across all regions and tiers of the game.

An analogy: in New Zealand, rugby kids grow up wanting to be an All Black before wanting to be a player such as All Blacks captain Kieran Read or star fly-half Beauden Barrett. This identity linkage or opportunity is not available to Tasmanian boys and girls today in the same way as other 'heartland' states can identify with this aspirational phenomenon.

To date, a Tasmanian AFL draftee must leave not just home, but their state and support structures to play AFL. If there were no All Blacks – or Collingwood, for that matter – aspiration for kids from those countries or suburbs to play rugby or AFL would be negatively impacted. In Tasmania's case, it is a structural or permanent impediment to both participation and aspiration.

The generally accepted psychology of sport's engagement suggests support for a team (All Blacks or Tasmania) overrides the support for players like Reid or, for example, Jack Riewoldt. Whether it be EPL, NFL or AFL, tribal loyalty and following is linked to the team as we understand players come and go.

Academic Shirley Wang considered this in a paper entitled "*The Science Behind Fanatic Behaviour*" [8]. Further, she identified a key attribute that drives or motivates a people to support a team and that is the need to associate or belong. "*Identifying strongly with a salient* ***local*** *team where other fans are in the environment*…"

The greater bond therefore is inherently between the market and a club, not a Tasmanian playing for another non-Tasmanian team. Until Tasmania has an AFL team that serves its community, engagement with that market and participatory aspiration will likely remain sub-optimised.

The emphasis is that it must be an AFL product: after the Taskforce conducted an interview with Gerard Ennis, the President of the Devonport Football Club, Mr. Ennis penned an email which encapsulated the pervading view of the Tasmanian football community. An extract features:

> *"A VFL team for Tassie will be doomed to fail if they judge it on attendance. Essentially it is an AFL reserves competition. People will watch once or twice and then won't bother. ... (and) we will struggle to attract players to commit to all the travel.*
>
> *An AFL team is our priority. Any VFL entry must be linked to an AFL entry or not at all. In fact, I would cancel all support / sponsorship with Hawthorn and North as a statement to the AFL that we are serious and want our own.*
>
> *When we have a team, we need to get the players all over the state. Particularly up the North West where we never / rarely see AFL players. They need to be here regularly to grow the game. [It is] Not quite working currently.*
>
> *To get a buy-in from community leagues, etc. they all need to feel part of our team. It can be done by directly sharing profits and resources. In a generation all Tassie people will be proud of their team. Our AFL team should complement not compete with local football."*

[8] Wang, Shirley, "*The Science Behind Fanatic Behaviour":* https://www.psychologicalscience.org/observer/sports-complex-the-science-behind-fanatic-behavior

The Taskforce believes the past decade provides a well-defined timeframe through which to assess the state of the game in Tasmania and the prospects of an AFL licence as an 'endgame'. There has been significant, relevant activity within this timeframe which allows us to quarantine 2009-19 in this process:

- Establishment and learnings from AFL expansion clubs Gold Coast and Greater Western Sydney, chosen over a competitive Tasmanian bid;
- A decade of the re-established Tasmanian State League competition;
- Visibility to two comparable data sets built by market research company Gemba that bookend this time window and portray a reasonable and fair picture of the last decade of the game in the State.

At the approximate beginning of this window, the Tasmanian Government sought to build a business case to support the validity of an AFL team, hence the 2008 commissioning of the original Gemba work. The timing of that previous bid was fundamentally a crossroads in the future direction of AFL commitment to the grassroots of the game, with reference to substantial funding in what it believed was its growth markets. Specifically, plans for second teams in New South Wales and Queensland were well developed.

AFL CEO Andrew Demetriou at the time stated: "(Tasmania) probably do deserve a team, we shouldn't dismiss the contribution that Tasmania has made to our game... They are absolutely entitled to put forward a proposal, but the (AFL) Commission has already decided where the 17th and 18th teams are going." [9]

This determination was offset but not overcome by the bi-partisan backing of the Tasmanian Government, a potential 20,000 potential membership base, and a reported $4M sponsorship deal in place with confectionary giant Mars (a sponsorship opportunity later secured by Carlton Football Club) to support a Tasmanian entry.

An anecdotal statement attributed to Demetriou at the time encapsulated the nature and focus of AFL commitment: "Tasmanians already watch AFL." [10]

The Taskforce believes Gemba was in 2019 ideally suited to update its research using similar metrics to those of 2008. Key findings of this research revealed:

- The popularity of Australian Rules football has declined in Tasmania over the past decade, with Fanatics decreasing by 19% (37% to 30%) and the number of disinterested consumers increasing by 36% (42% to 57%). The Fanatics segment is critical, as this demographic:
    - accounts for 80% of revenues
    - is 12 times more likely to attend a sporting event
    - is four times more likely to watch the sport on television
    - is 30 times more likely to buy a membership [11]

- The number of Australian Rules football Fans has declined by 38%. When combined with the decrease in Fanatics, the nett outcome is a 36% increase in disinterested supporters.

[9] *The Canberra Times*, 16 July 2008
[10] https://www.foxsports.com.au/afl/brisbane-lions-star-mitch-robinson-on-tasmanias-footy-crisis/news-story/752c43c07c7b1ee51ed3865209966c29
[11] Gemba, page 15

- Despite declining popularity in Tasmania, Australian Rules football is still the most popular sport. It is 67% more popular than Cricket. [12]

- In Tasmania, the 12-month nett shift (2018 to 2019) in total Australian Rules teams across all age groups was +13. Note, however, that new girls and women's team expanded by 28, thus the position of boys' and men's teams was a negative (-15).

- The number of elite sporting teams in Australia has more than doubled over the past 10 years to 128 (up from 61). [13] This has been underpinned by the rise of women's sport, league expansions and the rise of e-sports. This is not reflected in a significant increase of teams in Tasmania, with the Hobart Hurricanes (men's and women's) being the only elite club based there.

By any measure, the Gemba findings reveal a game in decline, both at local level from broad participatory perspective and, of concern for the AFL, from a fan engagement perspective.

> ***"Being a truly national game, AFL growth into Tasmania can only be a good thing – evident by several clubs wanting to set the 'Apple Isle' as second home base. This will also help grow new audience from a broadcast perspective which in turn will help popularise the code, something that other sporting codes like the NBL had to contend with in recent times"***
>
> ***– Ken Lam***
>
> ***National Head of Investment, Dentsu X***

[12] Gemba, page 19
[13] Gemba, page 25

The AFL Landscape

The Taskforce recognises that any assessment of a commitment to an AFL Licence must consider the existing landscape of the competition, the threats it perceives to the game and the short- to medium-term prospects of the competition's capacity to support an extra licence.

Central themes which have generated concern among stakeholders, including consultation with the senior AFL executive, include:

The game is under duress, with particular reference to the existence of nine teams operating in metropolitan Melbourne and another in Geelong.

The AFL operates a Club Funding Model which provides a 'Base' distribution and, subject to meeting certain criteria, a variable or 'Other' distribution to support clubs which cannot fund their football program to a competitive level. In 2018, the AFL distributed $307M [14] to the 18 teams via these two pools.

These 'Other' criteria included elements such as the size of the supporter base, stadium commercial arrangements, and access to income from non-football activity.

In 2018, four clubs reported an operating loss (seven in 2017). On face value, the overall nett cash profit of clubs was $39.3M and is a positive or healthy return for the competition.

The average distribution [15] to the nine teams in Melbourne (i.e. excluding Geelong) was $16.8M, against the average across all 18 clubs of $17.1M. Remove the understandably higher distribution to expansion teams GWS ($24.7M) and Gold Coast ($23.9M), and the average across remaining clubs decreases to $16.2M.

St Kilda ($22.0M), the Western Bulldogs ($19.3M), North Melbourne ($17.9M) and Melbourne ($18.1M) receive the highest distributions in line with qualifying for those set criteria, figures that reveal significant reliance on the League funding model.

Yet this is no way drives equality in revenues. Three of those clubs – North Melbourne ($39.6M), St Kilda ($40.7M [16]) and Melbourne ($56.09M) – sat in the bottom seven of AFL clubs in total reported FY18 revenues.

When set against that of larger clubs Collingwood ($82.1M), Richmond ($79.8M) and Hawthorn ($75.2M), there is a clear disparity in the 'haves' and 'have nots' of Victorian football, and in the proportion of revenues reliant on the AFL: North Melbourne (45%), St Kilda (54%), and Melbourne (28%) are heavily reliant on League distributions compared to Collingwood (13%), Richmond (15%) and Hawthorn (15%).

The Taskforce also notes that a number of club profit results were bolstered by one-off contributions such as asset transfers, sale of club non-football facilities (e.g. Melbourne FC's sale of the Leighoak Club), and transfer of funds for redevelopment.

The internal impact of revenues is felt directly in areas such as football 'teams' spending, a transparent, reported item which includes separate spending caps for football department (introduced in 2015) and playing lists.

This cap has created a more equal playing field, though the Taskforce notes that clubs under duress may not have the capacity to spend 100% of the allowable cap's spending. For example, North Melbourne spent 19.5% less than Collingwood in this area in 2018.

[14] AFL Annual Report 2018
[15] As sourced from AFL 2018 Annual Reports and HPNfooty.com
[16] Adjusted for non-operational property gain realised 2018

While some non-Victorian clubs are equally as healthy as Melbourne's larger entities, others are experiencing operational and financial pressure. Brisbane's AFL distribution was only just short of that of GWS and Gold Coast (representing 40% of the Lions' total FY18 revenue), while numerous Port Adelaide players were in 2019 asked to restructure their contracts to ease financial pressure on the club. [17]

"18 teams works better than 19". This is a constant refrain in the additional licence conversation. At present, the AFL draw is seen to be compromised by the imbalance of an 18-team competition in which clubs played 22 games to constitute a home and away season.

Yet that remains a preference in comparison to adding a 19th team and further distorting a fixture which would then demand a 'bye' each week. The Taskforce notes that a bye due to the introduction of a new club is not unprecedented – from 1991 to 1994, the competition consisted of 15 teams, with varying combinations of byes (single and multiple team per week) established; in 2011, following the introduction of Gold Coast, the same fixture adjustments applied, with the Suns not playing in Round 1 and teams experiencing byes each week as the season progressed.

Another potential issue with adding a licence is stadium fixturing pressure. This is most relevant in Melbourne, with a contracted number of games scheduled at the MCG and Marvel Stadium. Delivering another (approx. 6-9) Melbourne games across the schedule is a challenge given the static numbers of venues and date options available.

The broadcast landscape – and associated revenues – is changing rapidly. In August of 2015, the League secured a six-year, $2.508 billion broadcast rights deal through 2022, featuring Channel Seven, Foxtel and Telstra. This was a landmark deal, increasing annual broadcast revenues by 67%.

There is worldwide evidence to suggest the free-to-air contribution to this model could remain static at best at maturation of this existing agreement, as there is downward pressure on global sports broadcasting rights, which generally establishes precedent for the Australian market. Both Seven West Media (owner of Channel Seven) and Network Ten are experiencing financial pressures; while Channel Nine reported a profit in FY19, it reported an overall revenue decline from $1.154B to $1.090B, typifying the trend across free-to-air platforms.

Equally, Fox Sports is undertaking cost-cutting as the subscription television and associated markets in Australia further fragment. Indeed, its decision to launch a sports-dedicated 'streaming service', Kayo, mirrors the intent of all major players seeking expanded partnerships with streaming services of varying description – the recent (Aug 2019) introduction of *Disney+* into the market takes the number of streaming platforms to nine.

This is not to paint a negative picture of the next AFL broadcast and digital opportunity. Rather, the Taskforce simply highlights that the traditional model, one anchored on free-to-air revenues, is evolving at a rate not previously witnessed due to alternative content delivery vehicles and providers.

A recent interview with retired English Premier League CEO and Executive Chairman Richard Scudamore provided insight into a landscape as shifting as it is challenging. Scudamore is credited with using media rights revenues to grow the English Premier League (EPL) product into one of the world's most successful sports models. Notably, he is now consulting to Australia's A League to review its leverage in the media landscape.

Scudamore's worldview of traditional media's rapidly changing status is noteworthy in the context of the AFL's current broadcasting arrangements.

[17] *Adelaide Advertiser*, 20 August 2019

> *"I'm excited by it globally ... how that content gets delivered, distributed and monetised is a challenge and of course there are various models," Scudamore said. "The one thing about the younger generation, they are engaging more via devices than my generation ever did."* [18]

Clearly, the fight for consumer and advertising revenues, and eyeballs – plus the financial health of the major players – is vastly different to that of 2015, when the last AFL broadcast rights deals was completed. At the time, AFL Chief Executive Gill McLachlan said that deal would provide financial security for clubs and players to "allow future growth and certainty". [19]

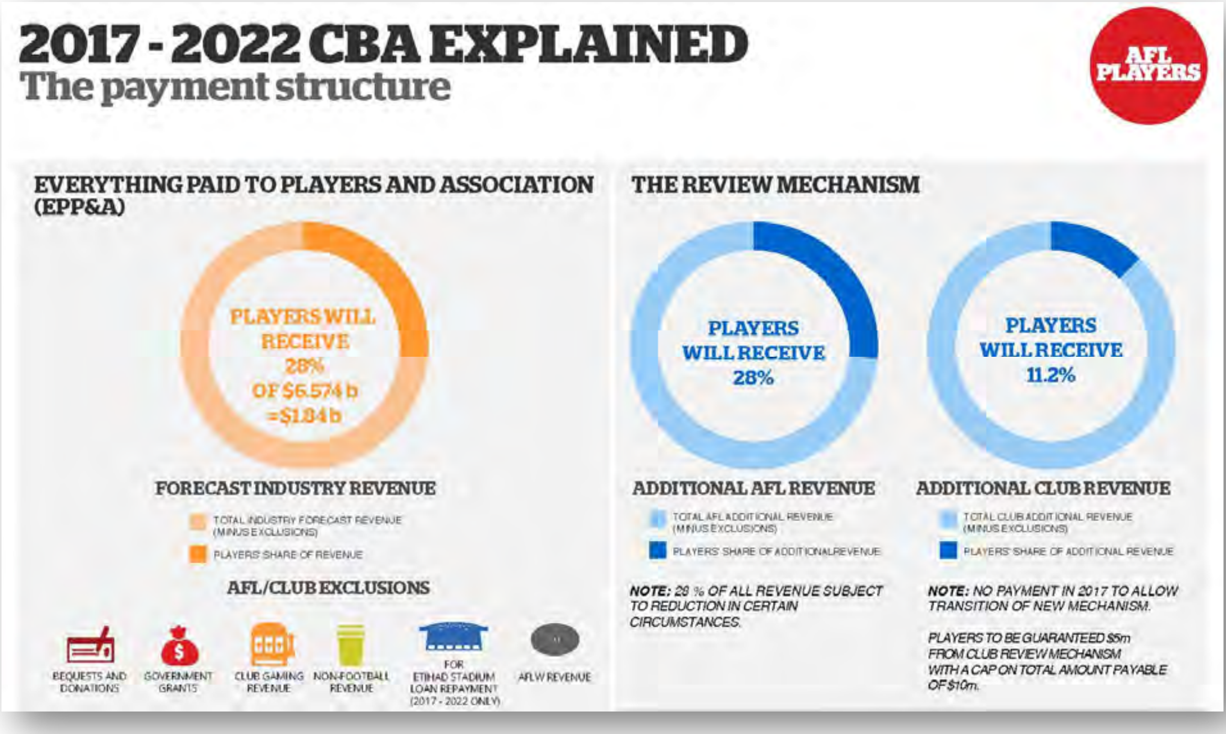
The Taskforce believes that certainty has dissipated, and our understanding that the League is seeking an extension of this existing 2022 deal to better clarify this changing landscape only reinforces this position. This short-term extension is also seen to be under duress as the existing broadcasters seek a longer period of security and certainty.

> ***"A higher proportion of Tasmanian viewers do not have a favourite team compared to other states so there is a real opportunity to create some tribalism, which is a key to broadcasting success."***
>
> ***– Peter Tonagh***
>
> ***Former News Corp Australia and Foxtel Chief Executive***

[18] *The Daily Telegraph*, 18 November 2019
[19] AFL.com.au, 15 August 2015

Other Variables:

The role of the **AFL Players Association** (AFLPA): with a ground-breaking Collective Bargaining Agreement (CBA) struck on behalf of its player members, the AFLPA ensures approx. 28% of forecast football industry revenues are paid to the players (*see infographic, below*). In line with revenue growth, average salary has grown from $309k in 2016 to a projected $389k in 2022.



The AFLPA is a prominent, well-represented and empowered body – notably, it also recently negotiated an AFLW CBA to grow women's football salaries. If revenues are at risk through the broadcast landscape, the accompanying subject of a reduction in player salaries may well lead to labour unrest. In that context, the addition of approx. 44 senior players into the AFL landscape may or may not be matched by equivalent revenue increase. The Taskforce is confident this increase will be a licence outcome, but AFLPA concerns that the 'pie' is being reduced (i.e. salaries potentially decreased) will be a factor.

While not a stated AFLPA concern, within the football community there also exists a belief that the existing talent pool of Australian Rules talent will not sustain a further 44 players added to the elite level – i.e. the product will suffer as the talent pool is further pressured.

While accepted as a concern, this outcome is highly unlikely by 2025. From 2012 (the last time the AFL expanded), male AFL participation has grown by more than 50% [20]. Some of that talent is likely in pathway programs or academies today. By 2025, it will have been 12 years since the last expansion and participation based off current trends – even if limited to the ABS 2025 population increase over 2012, that being 25% - suggests talent is likely to be comparable as a minimum to 2012. (*See further Section, 4 De-Bunking Myths, page 66*)

[20] AFL Annual Report 2012 v 2018

The growth of women's football. While clearly a positive in the evolution of Australian Rules, the emergence of the VFLW and AFLW adds commercial and facilities pressure to the game. Specifically, the Taskforce recognises the increase in women's participation at junior and elite level, the latter culminating in a new Collective Bargaining Agreement being agreed in October 2019.

This is by any measure a positive and aligns with the Taskforce recommendation that Tasmanian VFLW and AFLW teams be introduced as part of our overall Devils Football Club evolution.

In the meantime, the agreement to play a handful of North Melbourne Kangaroos AFLW matches in Tasmania has created a pathway that sees nine Tasmanians in the squad – including three selections in the 2019 AFLW Draft. The Kangaroos won games in Launceston and Hobart in 2019, and will again play two matches in the State at the same venues in February and March 2020.

The medium- to long-term aspirational and participation impact will be definitively positive on women's football, the fastest growing Australian Rules sector in the State.

Yet additional costs are attached to the elite level, currently partially offset by an AFL "Other" distribution to AFLW clubs. The costs include significant players' salary increases (21% in 2020, followed by 7% in 2021 and 16% in 2022), with the minimum player wage to be $20,239 in 2022, and elite players set at $37,155. Equally, an issue tabled at during CBA discussions was the inferior state of AFLW change rooms at some grounds, and the need and cost to rectify them.

As a guide, Melbourne Football Club provided disclosure in its Annual Report suggesting that an AFLW team in 2018 cost it circa $1M per annum. Incremental AFLW costs associated with an elite women's team have been included in our financial model.

The launch of the TSLW 2019 season. Pic: Hobart Mercury.

Taskforce Assessment

Football has enjoyed a rich history in Tasmania, playing an integral part in its communities and contributing to the national game. Yet the game is under threat – stagnating at best. The opportunity to join the AFL and AFLW competitions with no negative impact on their existing clubs must be strongly considered to revive and sustain the sport in Tasmania.

Section 2: The Imperative

A Pathway to Grow the Game, and the State

The Taskforce understands that despite the progress of the 2018 AFL Steering Committee's recommendations, engagement in AFL in Australia's last '*500,000+*' market is in decline [21]. Further and key is our contention that the game itself is at risk, unless a total 'end-to-end' approach (i.e. grass roots to an AFL team) is a commitment the AFL truly believes in and helps deliver in partnership with both the State and public support.

The popularity or engagement of Australian Rules football has declined in Tasmania over the past decade. Male participation has reduced [22], notwithstanding that earlier in this century Tasmania led the nation in participation per capita. The Taskforce believes the failed AFL licence bid in 2008 and ongoing uncertainty and pessimism surrounding AFL support for the game is a direct influence on this trend.

The State, however, has been outperforming on a number of economic metrics. The Australian Bureau of Statistics noted that "Tasmania GSP grew 3.3% (in 2017-18), recording its strongest GSP in a decade" [23]. More recently, Tasmanian Premier Will Hodgman announced equivalent 2018-19 figures that indicated further growth of 3.6%, the State therefore nearly doubling the national GDP growth of 1.9% [24]. This was the first time since the series was first reported (1989) that Tasmania's economy grew the fastest in the nation.

Notably, it is an increasingly popular tourism destination, with the number of visitors and direct spending increasing by 45% and 63% respectively over the past 10 years. These factors, coupled with a lower relative cost of living and generally improving economic prosperity, have led to at least four Australian sporting leagues considering Tasmania as a viable option for expansion.

- The National Basketball League has, for instance, been linked to an imminent expansion club in Tasmania by declaring *"We are on that path and we hope by the end of this year (2019) we can announce the team*," said Larry Kestelman, the owner of the NBL. [25]

- "A-League" football (soccer) is clearly keen to establish a foothold of sorts, with discussions on matches being played in Hobart and / or Launceston by new (2019) competition entry, the Victorian-based Western United. Equally, there are clearly stated aspirations to expand the League to 16 teams (from 12) by approx. 2023.

  Football Federation Australia Chairman, Chris Nikou, said it was an exciting time for football and the level of interest in joining the Hyundai A-League from prospective bidders highlighted the huge potential for the game in Australia: "*An expanded Hyundai A-League will connect new communities in our two biggest markets, create new rivalries, bigger television audiences, more derbies and importantly, further opportunities for Australian footballers to play at the highest level in this country*." [26]

[21] Gemba, page 31
[22] Gemba, page 8
[23] 5220.0 - Australian National Accounts: State Accounts, 2017-18
[24] http://www.premier.tas.gov.au/releases/tasmanias_economy_leads_the_nation
[25] *The Examiner*, 05 August, 2019
[26] https://www.a-league.com.au/news/a-league-expansion-bids-teams-announced-revealed

Competitive leagues and non-sport options are rising among potential Australian Rules football participants, who we know evolve into both talent and future income-generating AFL engaged supporters.

As noted, the AFL 2018 Steering Committee established had a clear vision as to what it wished to achieve:

a. Tasmanian talent competing at every level of the game;
b. More children – girls and boys – playing our game;
c. Robust, sustainable community football that Tasmanians can support in their towns and regions. [27]

One of the key outputs of the review and an underpinning aspiration was the granting of a provisional VFL licence for 2021 participation to help build pathways for talent.

While discussed elsewhere, the Taskforce would like to acknowledge the potential benefits to Tasmanian football of this AFL initiative. However, based on the thorough consultations we undertook both within the State's football community and across the broader football industry, we suggest the AFL have not been aspirational enough to protect, let alone secure the pre-eminent position of Australian Rules Football in Tasmania.

As the CEO of AFL Tasmania stated recently, upon the introduction of first Tasmanian VFL team, "*participation took quite a large spike*" [28]. While unquantifiable but addressed below via precedent, we think it inherently reasonable to suggest participation is likely to take an even greater 'spike' with the introduction of a Tasmanian AFL team.

It would also seem clear that player aspiration is best served by a locally domiciled AFL team and that, above all else, this would offer the best prospect to build volume and the talent pathway to meet the Steering Committee's vision for the State.

Tasmanian football participation growth (2011-17, 3.8%) continues to lag behind the national average (11.8%) [29]. Whilst Gemba's work acknowledges that all sports use differing methodologies for classifying and measuring participation, it is apparent that the growth rate of Australian Rules football in Tasmania over the same period is half that of cricket at both national and state level.

[27] Tasmania Football Steering Committee – June 2018
[28] https://www.espn.com.au/afl/story/_/id/27763110/tasmania-afl-push-burning-questions
[29] Gemba, page 23

An AFL Licence Drives Engagement and Participation

At the beginning of this century, Tasmania had the highest per capita football participation rate in Australia. It has been in decline for some time, and without an AFL team of its own it is projected to fall behind other sports before the end of the 2020s.

There is precedent to support the participation rate impact of a new AFL licence. In early 2007, the AFL CEO met with the Gold Coast Mayor Ron Clarke and discussed a team for the Gold Coast. A provisional licence was established in March 2009 for a 2011 debut. And in March 2008, the AFL gained unanimous support of the 16 clubs for the creation of Greater Western Sydney; the Giants entered the competition in 2012.

Table 1: Participation Rates post-AFL Club Launch [30]

AFL Club Launch - Participation Impact

Participation Statistics Post AFL Club Announcement

		GCS	Balance Of	
Gold Coast Suns		SUNS	Remainder QLD	Heartland States
Participation Increase 1st 5 Years		Increase	Increase	Increase
2006	8,066			
2011	20,468			
5 year Player Change		12,402		
5 Year Absolute Percentage change		154%	70%	24%
5 Year CAGR		**20%**	**11%**	**4%**
3-Year GAGR		31%	11%	5%

		GWS	Balance Of	
Greater Western Sydney		GIANTS	Remainder NSW	Heartland States
Participation Increase 1st 5 Years		Increase	Increase	Increase
2007	8,753			
2012	36,460			
5 year Player Change		27,707		
5 Year Absolute Percentage change		317%	15%	24%
5 Year CAGR		**33%**	**3%**	**4%**
3-Year CAGR		39%	2%	4%

[30] *Individual annual AFL Census Stats 2001-2018, provided AFL Tasmania*

The link between announcing an AFL club and participation is quite pronounced. As the table above illustrates, the establishment of both the Suns and Giants demonstrated not just a 'spike' in participation but a groundswell that continued well after their 'first bounce', leading to a more than doubling of player participation in Australian Rules football, as per *Table 1,* above.

In the five years post announcement of the most recently introduced AFL clubs, participation in their zones has revealed clear outperformance in terms of relative growth. The Suns have seen participation grow at a compound annual growth rate (CAGR) of 20% for their first five years, compared with the rest of Queensland at 11% annually and the heartland states at just 4% CAGR.

Similarly, but even more pronounced, GWS player participation grew 33% per annum for five consecutive years post-announcement. The remainder of NSW grew at just 3% and the heartland regions 4%.

While being careful to note that Tasmania is an existing 'heartland' and therefore a more mature market, it is equally reasonable to note a strong correlation between the granting of a licence and a greater than national average increase or, as a minimum, restoration in participation.

Fireworks at Blundstone Oval herald the first Friday night AFL game in Tasmania. Pic: Hobart Mercury.

Government Investment in the AFL: The Benefit

In 1998, the State Government for the first time entered into a formal process to ‘purchase’ elite level AFL content for the State. Three years later, the Government entered into an agreement with the Hawthorn Football Club to eventually deliver four AFL fixtures and pre-season games, to be played at UTAS Stadium in Launceston. This partnership is currently in its 19th year.

North Melbourne has a separate sponsorship agreement with TT Line that now sees four Kangaroos AFL home AFL games played at Blundstone Oval each year. The investment from TT-Line in this partnership is understood to be between $2-3M (*NB: this arrangement is commercially in confidence*). The State Government also has an agreement with North Melbourne to deliver AFLW content to the State. North Melbourne AFLW plays two home games in Tasmania per year, in the north and south of the State, and delivers a pre-season community camp.

The Tasmanian Government contractual liability from the agreements with these two teams totals approximately $5.5M per year or $7.5 – 8.5M when TT-Line is included. The AFL contract with Hawthorn and North Melbourne expires at the end of the 2021 season and the North Melbourne AFLW five-year agreement expires in 2023.

As part of its ongoing review function, the Tasmanian Government commissioned PwC to analyse the economic impact of the Hawthorn AFL matches in Tasmania in 2010, 2014 and 2017. The analysis from these reports indicates that the Tasmanian Government is achieving value for money for their investment.

These reports indicate that for every $1 invested by the Government on the support of HFC, approximately $5 is spent directly in Tasmanian industries such as accommodation, hospitality, retail trade and other service industries. This direct spending generates further indirect spend on other goods and services in the Tasmanian economy, an increase in Tasmanian Gross State Product (GSP) and an increase in employment.

The direct and indirect impact on GSP (value added to the Tasmanian economy as a result of the direct spend) is estimated at an increase of $28 million per annum.

The PwC analysis also estimates around 130 additional permanent, full-time equivalent jobs are created as a direct and indirect impact of the expenditure flowing to Tasmania as a result of the HFC AFL games in Launceston.

In addition, a number of other benefits to Tasmania should be considered, such as community benefit, brand exposure for Tasmania, the health and welfare benefits of increased participation in sport, and the social and cultural value of having the games played in our State. While a number of these do not directly relate to traditional financial return-on-investment benchmarks, they are nevertheless important and recognised as genuine benefits by the Tasmanian Government and to the Tasmanian community.

In 2015, the Tasmanian Government partnered with Hobart City Council (HCC) to commission a report by the Institute of Project Management (IPM) to understand the socio-economic value of the North Melbourne games played at Bellerive Oval in 2014 (two games) and 2015 (three games). The report was commissioned to quantify the socio-economic value of the North Melbourne FC sponsorship to both the Hobart local government area and the broader community.

The IPM analysis estimated the direct and indirect value of AFL Games and related activities in Greater Hobart in 2015 at approximately $40 million. This figure includes not only the estimated direct and indirect spend in the Tasmanian economy as a result of the NMFC matches, but also employs economic theories to include the quantified value of physical capital, human capital, social capital and symbolic capital increases in Tasmania as a consequence of the games.

In 2008, The Gemba Group produced a report presenting Tasmania's case for a team in the AFL. One of the first actions of the Tasmanian AFL Licence Taskforce was to commission Gemba to update this report with 2019 data. The 2019 Gemba report includes insights into market size, macro trends in the sporting landscape, including consumer engagement with sport and entertainment and elite sporting content in the state.

To support the work of the Taskforce, and to provide insight into their investments in AFL to date, in 2019 the Tasmanian Government commissioned PwC to revisit their studies on HFC in Tasmania alongside the data from the IPM report produced on the North Melbourne games. PwC were asked to analyse the data and form a view on the projected total direct contribution of historic AFL games in Tasmania for an indicative year, and to extrapolate these figures to estimate the projected impact of 11 AFL games on direct expenditure in the state.

The 2019 PwC data is based on assumptions around low, medium and high attendance levels at matches, and the percentage of interstate attendees at matches, both variables that have been shown to significantly impact the direct expenditure, GSP and employment impact of AFL matches in Tasmania.

PwC attendance figures are based on historical data of actual attendance at matches in Tasmania, and estimate low, medium and high attendance as 10,000, 13,500, and 16,000. The figures put forward in the Gemba analysis are projected future figures based on their survey of Tasmanian sentiment around a Tasmanian AFL team and the number of people who stated in the survey that they would attend matches, and they range from 14,170 (low), 18,367 (medium) to 22,109 (high).

A summary of the direct economic impact of 11 home games of a Tasmanian team, based on the figures from the PwC report *(see Table 2, below)* **indicate a level of direct spend of between $33.7 million and $72.2 million per year, increase to GSP of between $11.6 million to $24.9 million, and at least 120 permanent full-time equivalent jobs created.**

When the Gemba attendance figures are analysed through the same model *(see Table 3, below)*, the level of direct spend is estimated at between $44.8 and $97.1 million, increase to GSP is between $15.4 and $33.5 million, and at least 150 permanent full-time equivalent jobs would be created.

The non-economic benefits to the state would include community value, broader social outcomes such as health and social inclusion, benefits to tourism and raising the brand profile of Tasmania.

Table 2: Estimate of impact of 11 games in Tasmania – PwC figures

			Total attendance		
		Indicator	**Low**	**Medium**	**High**
Interstate split	**Low**	**Expenditure**	$33.7M p.a.	$44.1M p.a.	$51.9M p.a.
		GSP	$11.6M p.a.	$15.2M p.a.	$17.9M p.a.
		Employment	120 jobs	150 jobs	180 jobs
	Medium	**Expenditure**	$42.3M p.a.	$55.6M p.a.	$65.5M p.a.
		GSP	$14.6M p.a.	$19.2M p.a.	$22.6M p.a.
		Employment	140 jobs	190 jobs	220 jobs
	High	**Expenditure**	$46.6M p.a.	$61.4M p.a.	$72.2M p.a.
		GSP	$16.0M p.a.	$21.2M p.a.	$24.9M p.a.
		Employment	160 jobs	210 jobs	250 jobs

Table 3: Estimate of impact of 11 games in Tasmania – Gemba figures

			Total attendance		
		Indicator	**Low**	**Medium**	**High**
Interstate split	**Low**	**Expenditure**	$44.8M p.a.	$56.8M p.a.	$69.1M p.a.
		GSP	$15.4M p.a.	$19.6M p.a.	$23.8M p.a.
		Employment	150 jobs	190 jobs	240 jobs
	Medium	**Expenditure**	$56.8M p.a.	$72.1M p.a.	$87.8M p.a.
		GSP	$19.6M p.a.	$24.8M p.a.	$30.3M p.a.
		Employment	190 jobs	250 jobs	300 jobs
	High	**Expenditure**	$62.9M p.a.	$79.8M p.a.	$97.1M p.a.
		GSP	$21.7M p.a.	$27.5M p.a.	$33.5M p.a.
		Employment	220 jobs	270 jobs	330 jobs

Taskforce Assessment

Taskforce, Gemba and PwC research indicates an AFL licence will drive multi-faceted benefits for the people of Tasmania through tourism revenues, job creation, community benefit and health and wellbeing projections.

This Page Intentionally Blank

Section 3: Critical Success Factors

As per our executive summary, the Taskforce identified core criteria which would support the 'debunking' of those myths undermining Tasmanian capacity to support an AFL licence. We refer to these as **Critical Success Factors** and expand upon the work undertaken in the section that follows.

Adding Value to the AFL

Critical Success Factor 1

A Tasmanian AFL licence must be additive to the Australian Football League and its market protection of the game

The Taskforce believes a 19th team, granted via licence to a Tasmanian Football Commission, would add value to the current broadcasting arrangements [31].

All clubs receive a distribution from the broadcasting rights and other AFL income as a result of their participation in a competition funded by consumer demand. A 19th team must be able to demonstrate that it, too, should receive a share of these rights if in can demonstrate it would add to the revenue pool.

We accept it is not part of our Terms of Reference, nor our skillset to re-construct a 19th team competition. This includes whether more or less games or rounds should be considered, or innovative scheduling based off other national and international leagues. This is clearly something the AFL is qualified and responsible for assessing, though we note the competition has operated with an odd number of teams previously (2011-12 and 1991-94).

The Taskforce does, however, have to understand how a 19th team could work within the current AFL competition framework in terms of scheduling and potential content value add. In doing so, we took the path of least change or status quo where possible.

In discussions with the AFLPA, we recognise that less matches per club would be preferable. That topic was also discussed between Damien Barrett and Gillon McLachlan, the CEO of the AFL on 26 August 2019. The outcome of this podcast ("*In the Game*") was that the *AFL CEO* was of the view that less games would result in less ratings, less sponsorships and less overall dollars [32].

The reasonable logic to be extracted is that if less games would likely result in less AFL broadcasting revenues, more games should – at the margin at least – result in greater value for media, providing premium content can be maintained [33].

In speaking with broadcasters 'as background' only we were advised on the possible value attached to the next media rights deal with the AFL. It is reasonable to conclude that there was a balance that

[31] This assumes a straight line, like for like, that the additional content provided is equally valued by the AFL and broadcasters.

[32] *"So, if that was possible, and it is if, because I don't think it is, you'd certainly look at it. The 'if' in your scenario is pretty hard work.".* Asked if the AFL was capable of devising a financially creative fixturing model based on fewer, but ultimately higher quality, games, McLachlan said: *"It's pretty binary, the outcome. If you're a sponsor, you're paying for the 22 rounds and the 22 matches for that exposure. If you're a member with an 11-game pass … if you get less, you will pay less."… "there is a theory of 'better', but you are still going to lose on aggregate, attendance, ratings, crowd."*

[33] As discussed elsewhere we believe we have demonstrated that the announcement of an AFL provisional licence coupled with the pathway work undertaken by AFL Tasmania will have addressed the talent necessary to contribute to the AFL elite player ranks.

premium sport will continue to drive strong content deals at the one end, to the possibility of disruption and new models emerging – for instance streaming providers – that may cause pricing tension at the other. Having stated this, no advice provided appeared concerned that the AFL value would be materially impacted providing viewership (engagement) levels were maintained.

Can Tasmania add to AFL Engagement and Viewership?

The competition model we considered ensures that clubs are not required to play any more games than currently undertaken, comprising a season of 207 matches containing 22 *Home & Away* rounds each and nine finals games. With Tasmania's inclusion, an additional 11 games are added to the *Home & Away* season, resulting in a total of 218 scheduled games.

If the AFL was to experience 11 additional games, it would need to start the season one week earlier or utilise the 'pre-finals bye' weekend to provide a full nine-game round. The additional two matches could be slotted into the mid-season split rounds currently scheduled. Importantly, as noted above, all teams would continue to play 22 H&A rounds only, meaning each club would be afforded an additional bye during the season. This is something we understand could be of interest to the AFLPA and / or AFL clubs.

While there are many qualitative factors as to how the inclusion of a Tasmanian licence would add value to the AFL, it may crucially come down to the question of: "Is there a commercial benefit it can deliver to the code?" More importantly, can it demonstrate that its inclusion could actually be self-funding?

In this exercise, the existing media rights deal the AFL enjoys ($2.508 billion over a six-year period, 2017-2022) is examined to see if the inclusion of Tasmania would effectively increase those rights. If so, to what possible or reasonable extent?

The composition and calculation associated with the AFL's media distribution is clearly commercial in nature and not disclosed, but we know on average the current rights generate $418 million per annum. In determining how Tasmania might impact the media rights there needs to be a realistic assessment of the derivation of the rights in relation to games, rounds and to finals.

It would not be unreasonable or illogical to assume that the rights are intrinsically correlated to a unit of measure that gauges TV ratings or viewership. The AFL Annual Report refers to 'viewers' of AFL as *national average audiences* per round or match, in the context of its broadcasting or commercial reach. As noted below, over the past six years the AFL's Home & Away season has seen a *national average audience* of approximately 518,000[34] per match across free-to-air and subscription television.

Its current six-year broadcasting deal provides the AFL $2.5B – in our calculation, approximately. $3.49 per "viewer". Based on a 5.3% increase (11 more Home & Away matches as proposed), this additional content on a like-for-like basis generates an additional $19.9M, or 4.8% of broadcast potential (*see, Table 4, below*). Should we discount the future rights by the amount highlighted below (being 14.31%) in the table, the resultant incremental content income generated by the AFL is $17.07M, which approximates the AFL average distribution made per club in 2018 and sought in our Financial Model.

[34] AFL Annual Reports from 2013 – 2018 inclusive

Table 4: AFL Broadcasting Rights Scenarios

AFL Broadcasting Rights 6 years 2017 to 2022 - Tasmanian inclusion Estimation							**$ 2,508,000,000**
National (Average) Audiences - "Viewers				18 Team	18 Team	19 Team	19 Team
Total - 6 yrs	% to tot	Average 6 yrs	% to tot	6 year TV Rights	Games	Games	6 year TV Rights
				split H&A & Finals	played PA	played PA	split H&A & Finals
615,617,369	85.78	102,602,895	**85.78**	**$ 2,151,363,186**	198	209	**$ 2,270,883,363**
102,052,419	14.22	17,008,737	**14.22**	**$ 356,636,814**	9	9	**$ 356,636,814**
717,669,788	100.00	119,611,631	**100.00**	**$ 2,508,000,000**	207	218	**$ 2,627,520,177**
				Additional TV Rights with 19 teams.			$ 119,520,177
518,196	National Audience per H&A Game		**Additional TV RIGHTS with Tasmania P.A.**				**$ 19,920,029**
5,700,161	Cummulative National Audience per season			**Discounted Media Rights Estimate Apllied**			
$ 3.49	per "Viewer" / game			If TV Rights fall by :-		**(14.31%)**	
$ 19,920,029	$ Add / Season					Home & Away	**$ 1,843,610,682**
						Finals	**$ 305,619,918**
					$2.508 billion becomes		**$ 2,149,230,600**
		Discounted Media Rights Calcuation				Home & Away	$ 1,946,033,498
						Finals	$ 305,619,918
						Total	$ 2,251,653,416
				Additional media Rights with Tasmania			$ 102,422,816
				Tasmania Contribution P.A.			**$ 17,070,469**

It must be acknowledged that the broadcasting rights negotiated by the AFL are not just to fund the 18 clubs but the AFL itself and its administration of the game nationally. Based on the 2018 season, the amount paid to clubs from these distribution rights and other revenues totalled $307M for 18 clubs, versus the average combined broadcasting contribution for 2018 of $418M.

In other words, the total broadcasting revenues are not fully distributed to clubs. It is however reasonable to suggest that much of the AFL's current overhead and funding programs are in fact sunk costs as they already include the national management and oversight of Australian Rules Football, including AFL Tasmania. Adding an additional team to the competition will likely result in significant economies of scale and arguably be highly accretive.

In modelling the potential straight line, like-for-like broadcast value-add Tasmania might make to the AFL, we need be cognisant that potential degradation or regression in the current broadcasting arrangements is possible. Further, to address the incremental operational costs a Tasmanian team may impose upon the AFL, or to address other unknowns [35], the following table (*Table 5*) is informative in that a 20% decline in anticipated value-add would still generate an additional $15.9M of revenue to the AFL.

[35] The 2018 AFL Annual Report suggests that the AFLW contributed 2.88M or 2.7% of the 105.88M AFL viewership. If AFLW viewership is priced as per AFL per viewer then an approximate 2.7% discount should be applied to the table above Tasmania's contribution 19.9M would reduce to $19.4M

Table 5: Aligning overall media rights with Tasmanian AFL Licence Value.

Discount applied to current media rights	Value of incremental media rights Tasmania
0%	**$19.9M**
(7.5%)	**$18.4M**
(14.3%) **"AFL Self-Fund"**	**$17.1M** [36]
(20%)	**$15.9M**

Taskforce Assessment

A Tasmanian team would appear to be able to add content and generate incremental revenue in excess of the average distribution it would seek from the AFL. On this basis, a Tasmanian team would be accretive to the AFL and, importantly, not need to seek subsidisation from the existing 18 clubs, nor impact upon their benefits, regarding annual rights distributions.

[36] Average Distribution paid per AFL Club in 2018. Source: AFL 2018 Annual Report

The Funding Question

Critical Success Factor 2

A Tasmanian AFL licence funding and commercial model is sustainable

The model prepared by the Taskforce suggests that a Tasmanian-based 19th team in the AFL would be sustainable providing the Tasmanian Government and AFL were prepared to co-invest in the club. In return, both will receive benefit: the AFL via incremental media rights, the clubs via enhanced sponsor exposure and the State via GSP including job creation.

The AFL would need to provide access to the same model of AFL annual distributions that other member Clubs currently receive. Elsewhere, we have considered the equity of this and believe a Tasmanian licence would add broadcast or content value to the AFL and should therefore justify its participation in these distributions. Smaller Clubs in 2018 typically received in excess of $22M – while that could be a reasonable request of the AFL in pursuit and support of a Tasmanian licence, we have modelled just $17M.

We chose this amount in an endeavour to provide assurances that the club should be more robust financially than either a newly established club or a bottom quartile AFL team, and to ‘incentivise’ the AFL to consider a revamp of what it currently states is a competition structure already stressed with regard to talent with 18 teams.

The Government currently funds AFL content in Tasmania by an estimated $7.5-8.5M paid annually under contract directly or via a third-party statutory authority. In building our model, we will require the State to supplement the ‘missing’ AFL ‘small club’ distribution through the provision of an annual grant or fund.

We have, however, built a model that suggests that the State need invest less than it does today ($7.3M vs $7.5-8.5M) for additional content (11 versus eight premiership home matches and four versus two AFLW home games) and, crucially, inclusion of its ‘own’ team.

Financial Projections and Build

The Taskforce has developed its own projections based on the early performance of GWS (amongst other assumptions) but was generally a ‘bottom up’ build. We also engaged third-party research and analysis entity Gemba, a renowned sports consultancy group with a strong understanding and reputation for delivering statistical and economic analysis.

Gemba was tasked with building a second model independently of the Taskforce. This model largely operated off AFL Club benchmarked data and was predominately ‘top down’, while still using assumptions they felt were appropriate for a Tasmanian-based club. Some crossover was accepted to ensure agreement of key drivers to allow for reconciliation. The output provided by the Gemba financial analysis is quite reasonable in itself for consideration of likely financial performance, although we have used the Taskforce produced model given its relative conservatism.

Public comments attributed to both senior AFL leadership and several Club Presidents and CEOs suggest that somewhere between $45-50M of revenue is required to fund an AFL team as a minimum in ‘today’ dollars. The median per AFL club in 2018 was $56M [37]. While this indirect advice is informative, it is not the appropriate financial methodology of determining the viability or sustainability of a 19th team.

[37] AFL Annual Report 2018

Collingwood, for instance, in 2018 produced $23M of revenue associated with gaming but incurred $16M of gaming related costs; Brisbane generated $16M of social club revenues but $13M of costs; Richmond sourced $8M from gaming but paid out 90% (or approx. $7M) in costs. This activity results in positive but nonetheless low-yielding (10%) contribution to club's revenues.

These forms of low margin revenues are atypical of club finances and materially skew average revenues per club. Gross revenue therefore should be considered a poor proxy for measuring economic success.

There is only one sound way to substantiate club financial performance: that is to simply validate sufficient net revenue contribution to meet the "*operational costs of a football club*".

In analysing the individual 2018 AFL Club Annual Reports, we have determined that the cost to run a football club (*see, Table 6, below*) before contributions from net revenue is relatively tight at between $31-32M, including administration, overheads, financing, 'other expenses' and amortisation. All other costs such as corporate or membership fulfilment, marketing and merchandise are attached to contributory revenue streams.

Table 6: AFL Club Operational Costs
(Note 2 refers to Appendix 7 – AFL Tasmania 2019 Team Budget).

THE OPERATIONAL COSTS OF AN AFL CLUB and OTHER SELECTED FINANCIAL DATA IN 2018 ①

All Amounts in $Mill.						**Select**	**Tasmania Forecast** ②	
Club	**Tigers**	**Kangas**	**Lions**	**Power**	**Blues**	**"Average"**	**Taskforce**	**Gemba**
Gross Revenue	$ 79.78	$ 39.62	$ 55.61	$ 59.81	$ 61.63	$ 59.29	$ 46.19	$ 46.87
Football Department	27.21	24.64	25.79	25.41	25.44	25.70	26.53	24.59
Administration / Overhead	4.42	5.88	3.38	4.34	3.84	4.37	4.21	6.02
"Facilities"	2.19							
Finance Expenses	-	0.07	0.57	0.41	0.15	0.24		
"Other Expenses"	-	0.07	1.85	-	-	0.38	1.00 ③	
Depreciation & Amortisation	-	0.31	-	1.06	1.76	0.63	0.76	
TAS Team - Balance to match "Average"								**1.15**
Cost to Fund Football Club before Revenue contributions	33.83	30.95	31.60	31.23	31.19	**31.76**	**32.50**	**31.76**
Adj Net Income	**$ 4.21**	**$ 1.54**	**-$ 0.28**	**$ 3.18**	**$ 0.71**	**n/a**	**$ 3.68**	**$ 6.79**
TAS State Funding **Required** - to break-even							**7.32**	4.21
TAS State Funding Est **today** for current HFC+NMFC content							8.00	8.00
Suggested underwrite assurance and included in Revenue							**$ 11.00**	**$ 11.00**

① All numbers sourced from respective 2018 club Annual Report. Club selection from availability of comparative data

② See Appendix for detail. ③ a $1M charge to attract talent

The Taskforce believes it is important to remove this gross revenue 'debate' – or dispel its importance as a key measure of affordability – given its widespread use amongst the AFL leadership and Club Presidents.

The above extract discloses a reasonable approximation of the "*operational costs of a football club*". Further, it provides reasonable validation that, given the varied business models in play by AFL Clubs, more revenue does not necessitate affordability or profitability: **any statement that propagates gross revenue as the driver of success is financially flawed.**

It may also be relevant to note that despite devoting more than the 'average' football and administration costs, Tasmania would be also investing more in its football team than four of the five clubs noted above.

Table 7: The Taskforce Financial Model (Extract and Selected Comparative Data). Please see Appendix 7 for expanded detail.

BENCHMARK CHECK	Tasmanian 'AFL Club'			Similar-sized AFL Clubs						Diff
	"Poor Case" TaskForce	"Forecast" *TaskForce*	"Support" *Gemba*	North	GWS ②	Brisbane ①	Suns	St Kilda ③	"Avg"	*"Forecast"* Vs "Avg"
2019 $		**$M**	$M	$M	$M	$M	$M	$M	**$M**	$M
Club Generated Football Revenue	14.7	18.1	18.8	22.7	14.8	15.9	16.3	20.2	18.0	0.1
Add AFL Distribution in **2018 $**	17.1	17.1	17.1	16.9	25.7	23.6	23.7	20.5	22.1	- 5.0
	31.8	35.2	35.9	39.6	40.5	39.5	40.0	40.7	40.1	- 4.9
Add Government Contribution	10.1	7.3	3.1	-	2.9	-	-	-	0.6	6.7
Gross Revenue ④	41.9	**42.5**	38.9	**39.6**	**43.4**	**39.5**	**40.0**	**40.7**	**40.7**	**1.9**
Less **Club Operational Costs**	41.9	**42.5**	38.9	**38.9**	**45.4**	**42.1**	**38.9**	**43.4**	**41.8**	**0.7**
Net Profit / (Loss)	- 0.0	**0.0**	- 0.0	**0.7**	**- 2.0**	**- 2.7**	**1.1**	**- 2.7**	**- 1.1**	**1.1**

① Have excluded the Gross Revenue and costs associated with the team's social club to allow for comparison. If added back the club is break-even.
② A $2.9M grant was provided to GWS (possibly from ACT Govt for content).
③ Adjusted Gross Revenue for a non-operational property gain realised in 2018.
④ Gross Revenue for TAS is consistent with the average of these similar clubs.

Commentary on Financial Model

1. The Taskforce model uses what we consider to be the mid- or base-case (entitled 'Forecast – Taskforce', above). This was developed by the former Chief Financial Officer of Greater Western Sydney and incorporates drivers specific to both Tasmania and the GWS start-up.
2. It predominately varies from the "Support – Gemba" case in that it has lesser corporate and membership-driven revenues. It differs from the "Poor – Taskforce" case in that this scenario is based on a mix of Tasmania-specific drivers coupled with the current Tasmanian AFL content

(North Melbourne and Hawthorn) attendance, plus local membership volumes and associated revenues.

3. A key to success as presented in this business case has been the access Clubs have to fit-for-purpose 'CBD'-like stadiums encapsulated in proximity to entertainment precincts: Adelaide Oval, Marvel Stadium, and Optus Stadium have provided material economic benefits to the local Clubs, the State football and cricket affiliations, and the AFL. The income benefits associated with an equivalent Tasmanian stadium have not been factored into our model.

4. The "Forecast – Taskforce" financial model stacks up against comparative sized Clubs or markets. Gross revenues of $42.5M bettering the average of similar sized clubs of North Melbourne, GWS, Brisbane, Gold Coast and St Kilda ($40.7M). The "Forecast – Taskforce" operational costs are also reasonable in relation to these clubs.

   If the Tasmanian Government funded up to the levels it does today (circa $8M) for the eight non-Tasmanian club matches played locally, the Club would have a small net profit buffer or could afford additional operational expenditure at levels that surpassed the average of the above comparative group, thereby possibly aiding on and off-field performances.

5. The Taskforce sees Government funding as equating to the shortfall in AFL Distribution versus the comparative group. Further, and without consideration of the politics of the decision, funding of new Club at the current content outlay today per home game of $1M – as opposed to the $0.7M ($7.3 over 11 games) noted above would see annual funding by the state of approx. $11M pa – to gain an additional three premiership games and two additional AFLW matches.

   This will crucially allow the club to build a corpus of investment or future fund that should allow the government over time to extricate itself from funding support.

   It is relevant to note that the establishment of a local club is expected to generate more than $110M of direct AFL related expenditure in Tasmania.

6. While this model presents a steady State position, its achievement or betterment will likely correlate to on-field performance, as winning teams tend to gather corporate 'friends' and new members.

The Taskforce Financial Model Assumptions

In regards the Taskforce model the key assumptions are:

1. The '*Forecasted – Taskforce'* PNL reflects year 1 projections but given the nature of the established market it will also approximate steady state expectations.
2. A 'bottom up' build based on a heartland football state (smaller market) club playing in two home venues.
3. All amounts are in 2019 dollars unless stipulated otherwise.
4. A '*Poor Case PNL'* scenario was also prepared that reflects the current Hawthorn and North Melbourne Tasmanian members (estimates provided by the Clubs), totalling just 17k members, and the current combined average home game attendance of 12.1k.

   All other assumptions and drivers mimic the *forecasted PNL.* It is not discussed further here but is in the Sensitivity Analysis section below.

5. The key revenue drivers are:
   - The AFL average distribution (2018) of $17.1M is sought.

- The Tasmanian State Government is prepared to fund $7.3M as a minimum necessity, but with up to $1M per game (or an additional $3.7M) underpinning insurance recommended, totalling up to **$11M p.a.**
- Other than memberships and average match attendance, all other material revenues are based off the size of the local market and its tested ability to target local and mainland brands as sponsors or corporate partners.
- Membership (38.4k) and average match day attendance (18.4K) drivers are based upon consumer research and demand analysis sampling undertaken by Gemba. However, revenue attached to membership types and mix is based off formulative GWS stages, which is more conservative regarding membership mix and yield than those used by Gemba.

6. The key cost drivers are:

    - Costs other than 'Costs of Sales' tended to be more easily predicted or assigned (e.g. salary caps) and are reflective or consistent with other similar sized AFL clubs.
    - The stadiums are both budgeted on a hire model versus preferable 'clean stadium' opportunities.
    - The Club is modelled to pay the full salary cap and the Taskforce has included an additional **$1.0M buffer** (or 'premium') to attract high calibre administrators.
    - AFLW costs are included in the model; based on 2018 should approximate **$1M**.
    - VFL and VFLW costs are included in the model and based on 2018 estimated costs.

7. Other key drivers considered:

    - Work undertaken to assess the brand value of a single Tasmanian team and its further prospective revenue streams (e.g. branded credit cards, travel or insurances) were considered and would in our view add value along with shared facilities or administration recharges. These, however, require further validation and have been excluded at this stage.

8. Key model risks identified:

    - Steady state would be enhanced or degraded in our view as a result of mid to longer term on-field performance. The team would need to negotiate favourable draft opportunities and other incentives as secured by AFL establishment clubs to ensure its competitiveness.
    - Existing stadiums are unlikely to meet Gemba modelled average attendance. Although possibly not ideal, we would however expect – as per GMHBA Stadium (Geelong) – there is an opportunity to yield manage to attain approximate budgeted revenue.
    - We have not considered the impact of the AFL relocating an existing club to Tasmania.
    - **Most relevantly:** The State is required under these models to be prepared to underwrite or provide long-term financial support and possibly support infrastructure capital to a local AFL club.

AFL Distributions

All Clubs receive a distribution from the broadcasting rights and other AFL income as a result of their participation in a competition funded by consumer demand. A 19th team must be able to demonstrate that it, too, should receive a share of these rights if it can demonstrate it would add to the revenue pool.

We believe that the additional 11 matches required to allow for a 19th team to maintain the current 22 full rounds adds content and value to the AFL and broadcasters. Consequently, the model both the Taskforce and Gemba produced seeks the AFL 'average' level of distribution.

We would seek the average distribution for two primary reasons:

1. A licence will add value to the AFL (broadcast rights increment) and the objective of the AFL funding model is to promote competitive equity. Every club operates on a relatively even basis, both on-field and off-field, regardless of their revenue-raising abilities. The upper quartile AFL distribution tends to be delivered to the newer establishment clubs or those that have inadequate internal commercial or other funding.

   Tasmania does not need to be a subsidised club based off the modelling undertaken. If the Government is prepared to underwrite the Club as recommended, and the broadcast analysis approximates reality, it would seem reasonable that the AFL Distribution should be no less than the average or median.

2. Further and subject to negotiation the State could set out a case for obtaining an upper quartile level of distribution if the commitment or underwrite modelled shelters the AFL from an 'establishment club' level of distribution.

State Government underpinning of the business case is required

The request for Government funding of the AFL club is not unique in Australia and is based on our belief that the AFL is unlikely to support the implementation of another club that seeks the upper quartile of support.

A maximum 10-year commitment could be considered as it would be highly likely that the AFL would use a stable Tasmanian club incorporated into the League to consider a further review of the competition. This business case gives the AFL time to consider options to improve its own finances through restructuring, merging, adding a 20th club or possibly exiting a poorer, financially dependent team.

It is fundamental to this business case that the Taskforce can assume that the State will agree that the economic upside for Tasmania both as calculated by PwC and the relative GSP benefit to the current Hawthorn and North Melbourne intra-state AFL content warrants the forecast investment as a minimum undertaking. Through our discussions with AFL leadership and Clubs, it is clear that they are concerned about the viability of a 19th team and its potential 'drag' or exposure on the AFL. The Clubs in particular will unlikely vote in support of a new team without assurances it will not be subsidised at the expense of their current AFL distributions.

We have previously raised with the Government and Opposition that it is our view that the best opportunity to engage and obtain access to the AFL would be if the State saw merit and value in issuing a letter of support for the mid- to long-term by way of an annual funding grant to underpin and mitigate risk in the forecasted PNL of up to $12M. Subsequently, to match the investment the State makes per existing content of $1M per premiership game (including two AFLW matches), we have recommended $11M as a maximum likely required, whilst suggesting $7.3M is the more likely requirement per the Taskforce's forecasted PNL.

At this level we believe the AFL sees its financial exposure to a Tasmanian team limited to its average distribution. The below is our understanding of the funding in place today and how it might look with a local AFL club in future:

- **Current AFL content** 'Funding' approximates $8M for 8 home games or **$1.0M per match.**
- The **forecasted PNL** predicts funding of $7.3M for 11 home games or **$0.67M per match.**
- The **forecasted PNL adjusted** to seek up to $11M for 11 home games or **$1.0M per match.**

Sensitivities to the Taskforce 'Forecasted PNL' model.

The model as prepared appears to be consistent with other smaller AFL club's financials, as noted above. Being a new Club, it may build to the estimates provide slower (or faster) than planned or the absence of on-field success could result in an impact to key revenue drivers.

Below, we provide some sensitivity around the key variables that could impact forecasted outcomes.

Sensitivity Scenarios	Impact to Net Profit / (Loss)
Sponsorship Revenue $6.4M – if up or down by $1m or 15% after fulfillment sees a contribution increase / (reduction) of:	**+$0.7M - ($0.7M)**
If Corporate hospitality of $2.4M up or down by 25%, contribution is affected by:	**+$0.3M - ($0.3M)**
If 38.4k Memberships were down by 25% then its impact would be:	**(1.0M)**
If the forecast model was used but adjusted for the combined Hawthorn and North Melbourne Tasmanian memberships @ 17K, and average game-day attendances of 12.1k per game instead of Team Tasmania drivers:	**(2.8M)**
If the 'Premium' expense forecasted for attracting higher than average AFL Administrators was removed:	**+$1.0M**

Taskforce Assessment

Based on Taskforce modelling across multiple scenarios using accepted benchmark data, a Tasmanian AFL member Club is undeniably sustainable as a mid-contribution level from the League and State Government.

The Stadium Question

Critical Success Factor 3

The Stadia: Appropriate Infrastructure and Addressing Capital Requirements

- Establishment Capital – $10-15M
- High Performance player facilities – $25-30M
- Stadium upgrade to 27,500 capacity – $80M +
- A new, clean 27,000-seat Stadium – circa $300M
- The Club should work towards a Future Fund – more than $50M

Subject to the model pursued, a Tasmanian Football Club Limited would be established, and a provisional licence granted, ideally, three or more years prior to competition entry. Given the uncertainty around timing, the Taskforce believes that it is still premature to recommend where these facilities should be specifically located, and the team centred but based on discussions with the AFLPA, the Tasmanian football community and the AFL itself, would suggest Hobart.

In terms of the key drivers around team location it should be reconsidered to centre around player attraction and retention, the availability of partner jobs, schools and general demographics. It is highly likely the majority of the playing roster will be from interstate and so air links and general access for partners, families and friends were also assessed. These criteria suggested that, while Hobart was logical today, the final decision could wait and be reassessed upon the granting of a future provisional licence.

Relevantly, the Taskforce is unified in recommending that games would need be played in Launceston and Hobart in order to maximise unity, its membership base and overall the club's commercial potential.

Establishment funding would be required for pre-operational purposes to create the fans-based club, including key appointments, offices and governance structures. Over the pre-competition period it is estimated that Government or the AFL would need to inject preliminary funding in the range of $10-15M. This quantum would be staged from three years prior to the inaugural season to see the organisation through to generating net positive cash flows concurrent with advance income from corporates, new members or other inaugural benefactors.

Identification of an experienced CEO and CFO will be priorities during start-up to obtain seed funding and develop financial strategies to take advantage of the halo of interest that no doubt will shadow a new Tasmanian team in the period to its 'first bounce'. Equally, a Commercial Director will be required to pursue these strategies to obtain corporate, foundation or other revenue prospects.

In addition, as a minimum, a Tasmanian team will require access to high performance and other training facilities and AFL standard stadium (or stadia) capable of meeting anticipated and budgeted demand.

As part of our consultation, Taskforce members met with Tasmanian Senator Richard Colbeck (LIB), the Federal Minister for Youth and Sport, in relation to future funding of facilities in relation to potential AFL facilities in Hobart and / or Launceston. Senator Colbeck indicated that University of Tasmania (UTAS) plans to relocate the Sandy Bay campus into the Hobart CBD may open a door to discussions for use of the vacated premises.

Any use of existing premises would align with UTAS funding requests in that it would match Government preference for use by multiple organisations (i.e. UTAS and TFCL).

Taskforce members then met with UTAS Vice Chancellor Rufus Black, who indicated a high degree of enthusiasm about a conceptual partnership between Government, UTAS and an AFL entity (NB: VC Black has previous experience with AFL Club the Western Bulldogs during his tenure as Deputy Chancellor of Victoria University, a partnership which featured educational, community, sponsorship and facility sharing relationships).

The Taskforce would encourage further development of this concept, which remains dependent on UTAS progress towards a campus relocation.

We understand via discussions with the AFLPA, the AFL and various AFL CEOs that high performance facilities can be a differentiator when it comes to player attraction. Conversely, poor or inadequate premises will not motivate or retain them (the worth of these facilities is expanded upon in the 'DNA' section of this document).

We understand that, by using GWS as a best-practice model, a Tasmanian AFL club should expect to have to raise, finance or be provided facilities valued at around $25-30M in 2019 dollars, unless an opportunity presents to share such assets with Cricket Tasmania (CT) or other sports. Limited discussion with CT has shown preliminary interest in exploring such opportunities.

Tasmania's AFL stadia are satisfactory or 'fit for purpose' and likely to remain so while the current content of AFL football persists. The work the Taskforce undertook demonstrates that, should Tasmania be granted a licence, the current capacities of the State's two AFL grounds would not likely satiate anticipated demand unless potentially aggressive dynamic pricing or yield management strategies were deployed.

Furthermore, by 2025 the standard of the existing facilities would need to be upgraded to merely maintain required standards let alone drive demand by providing amenities that not just allow access to the match but generate valuable ancillary revenues.

Finally, the Taskforce considered all options to enhance the appeal of a Tasmanian team being a desirous addition to not just the AFL but the football-supporting public. We therefore considered the merits to the club, game and possibly the State should a new purpose built 'state of the art facility' be developed in the State.

Why are stadia relevant?

It is the view of the Taskforce that, irrespective of a Tasmanian AFL team, the quality of the State's stadiums is strategically important.

In September 2019, the NSW Government presented the 'Final Business Case' [38] for the redevelopment of Stadium Australia, located within the Sydney Olympic Park precinct. It was in response to the development of Adelaide Oval [39] and Perth's new Optus Stadium, and following on from Victoria releasing in 2018 its Major Stadia Strategy.

NSW determined that without an upgrade to this key asset, Stadium Australia is likely to become less attractive to fans and promoters versus other options. They believed that any loss of key events would have a material impact on the Stadium's revenue, reduce the economic benefit that flows from visitors to the State and impact Sydney's brand as a major events destination.

The Final Business Case further determined that "*events hosted at Stadium Australia create economic activity through ticket sales, television and broadcast rights, advertising, sponsorship and the sale of*

[38] Final Business Case Summary Stadium Australia, September 2019
[39] See Adelaide Oval Redevelopment – A Case Study (Appendix 8).

merchandise. This boosts the economy by contributing directly to output, to Gross Domestic Product and by providing employment opportunities for the local community.

"Sporting and entertainment events, particularly major events, also increase intrastate, interstate and international tourism. Events can attract visitors to NSW, and this promotes activity in tourism related industries such as accommodation, cafes and restaurants, retail and transport. The benefits of the visitor economy are significant, and all states compete strongly to attract and retain major events".

The Taskforce is largely concerned with a business case that leads to an AFL licence and our work is not determined nor dependent upon a major upgrade or new stadium requirement. We do, however, raise quality of infrastructure as an opportunity to maximise the economics of the business case.

In simplistic terms: a better product will attract a premium of more and higher paying supporters.

Stadium Status Quo

Tasmanian stadia appear to be right-sized for the AFL content currently scheduled in the state. Support for North Melbourne and Hawthorn peaked during the early years of their Tasmanian presence, though levels have since eroded. Peak support for Hawthorn occurred in 2014, while North was 2012. Against a backdrop of declining engagement or active support [40] for the Hawthorn and North Melbourne-based football clubs, the existing AFL approved facilities will likely continue to be adequate assuming they continue to maintain their relevance to AFL standards.

Tasmanian AFL Inclusion will warrant a re-think on existing Stadia.

The combined Tasmanian memberships for the two Melbourne-based clubs playing regular fixtures in the state (Hawthorn and North Melbourne) for season 2019 are estimated to be approx. 17,000. Choice modelling undertaken by Gemba suggests that a new Tasmanian AFL team within its first year would see a more than doubling of these local memberships to a base case of 38,000 members [41].

These additional members would see anticipated average attendances over 11 home games approximate 18,400 per match. At these levels – and given the current ground capacities of Blundstone Arena and UTAS Stadiums, the *average attendance* modelled could not be met without at least one or more likely both stadiums undertake an upgrade to provide additional seat capacities, enhanced amenities and improved transport options.

The sole alternatively identified was demand being suppressed by yield through dynamic or discriminatory pricing.

While we did not set out to model or review the individual optimum economic capacity for the existing state AFL stadiums, we identified that on our base case assumptions the club would require home grounds with at least one capable of entertaining approximately 27,500 patrons [42].

The capital required to meet the modelled demand is difficult to predict, particularly given it would be a re-development compared with a new build. Recent new build stadiums in Australia, for instance, approximate $10,000 - $12,000 per seat [43]. In discussions with Stephen McMullen, General Manager Blundstone Arena, it was acknowledged that the Gemba documented capacity would be a challenge for this venue. Work has been considered previously to grow the stadium capacity to 22-22.5k and adding an adjacent ferry facility to aid traffic flows given it is a 'land locked', challenging transport environment.

---

[40] Gemba, page 31
[41] Gemba, page 50
[42] Gemba, page 40
[43] Western Sydney Stadium 30,000 seat and $360M, NSW Office of Sport opened April 2019; Nth Qld Stadium 25,000 and $300M, Nine.com.au opened March 2020.

The investment required was loosely estimated by Mr. McMullen but consistent with our other advice that circa $100M would be required. The new Stadium Australia, at Homebush in NSW, is budgeted to come in at less than this range but given the final price uncertainty has not been considered.

Based on meetings and other interviews we have undertaken with UTAS Stadium management it would suggest to the Taskforce that Launceston has greater opportunity to provide an upgraded stadium to meet anticipated demand for 'blockbuster' matches. Current AFL scheduling, unlike the present content arrangements, would see the larger crowd (local and interstate) attracting clubs such as Collingwood and Richmond playing in the State every second year, in Launceston.

This leads us to suggest – while acknowledging a separate investigation is required – that economically UTAS Stadium may be best placed for upgrade, including its seating capacity to host the major drawing interstate clubs and their supporters. Without an upgrade, Blundstone Arena's existing capacity (approx. 13,000 seats and general admission area of circa 6,000 standing room) would be financially impactful on the club and possibly the Tasmanian economy given the level of reserved seating required to service the club's anticipated membership. This in turn would leave minimal access opportunities for a travelling supporter of mainland clubs, in turn impeding that economic benefit.

A New Build Option

In its endeavour to ensure all options were presented to meet the Terms of Reference, the Taskforce considered the merits of a 'clean sheet', roofed stadium. This would require a separate economic and qualitative investigation beyond our scope.

Within Australia, it is not commercially feasible to operate major sports facilities to recover the cost of capital and to generate a return on investment [44]. Public funding would therefore be necessary and adjudged against the economic state stimulus and other benefits. Our review focus seeks to appraise the benefits to a Tasmanian club of having access a new, best practice AFL stadium.

For the foreseeable future, Tasmania lacks regional equivalency in comparison to the other five mainland states and lacks relative ability to fund the necessary investment to participate at the national league level. A Federally supported 'regional' stadium that allows for diverse sports including A-League, AFL, and NBL, and supported by year-round events and conferences, would offer a level playing field for those living in the State. It is notable that Townsville's new $300M stadium, funded by both the Queensland and Federal Governments, is a possible precedent.

While the modelling undertaken does not necessitate a new stadium, we believe we can demonstrate that it would provide a demand premium to the Business Case that would help underpin the sustainable financial viability of the club. For instance, since Adelaide Oval has been redeveloped, average home game attendance for AFL matches has risen by 30% (to 47,200). Crows' memberships post-redevelopment have risen by 10,000.

Similarly, two seasons into the opening of Optus Stadium in Perth, the Eagles' average home attendance has risen from 37,000 to 56,000 (50%) per match. Concurrently, memberships have risen by approx. 25,000.[45]

Additionally, as an example, the State of South Australia is generating in excess of $330 million every year in economic stimulus and is helping Adelaide project itself as an international destination for the key event market.

For more information, including the economic and tourism impacts generated, refer to *Appendix 3*.

[44] Stadium Taskforce Report, 28 November 2018 – Queensland Government, page 36
[45] Gemba, page 39

A Way Forward

All mainland states have articulated their stadium strategies over the past decade in an increasingly competitive environment.

The NSW process arguably best encapsulates a common outcome: without a re-think and potential subsequent investment, the State is likely to see a reduced event calendar given the new multi-use developments that have taken place in South Australia, Western Australia and in Queensland's regional 'capital', Townsville, with its stadium opening in April 2020.

Plus, Melbourne remains the 'home of sport' in Australia and its events and stadia strategies reflect and underpin this dominant positioning, driven in no small part by way of the inner-city CBD locales of its key event infrastructure. These are headlined by Rod Laver Arena, Melbourne Arena, AAMI Park, Marvel Stadium and of course the MCG. Linked to these world class facilities that host AFL Grand Finals, the Australian Open, NRL State of Origin matches and even EPL champions Liverpool, is the adjacent Melbourne Conference and Convention Centre.

As stated, we have sought to model what a new, central CBD roofed stadium would do the economics of a Tasmanian-based AFL team. In short, it would likely motivate the AFL to issue a provisional licence.

As evidenced from our discussions, the AFL – and the accompanying bench-marking data provided to us – demonstrably recognises the financial business case for stadia. In simple terms, a Tasmanian team playing in an Adelaide Oval equivalency would neither be a burden on the AFL nor the State: it would be self-sufficient. Arguably, $300M for self-determination for the granting of a 19th licence is potentially an 'over-indulgence', which is why the Taskforce has endeavoured to build a case that seeks considerably less of the state. While we believe we can reveal a strong case for Tasmanian inclusion in the AFL, this would be a silver bullet.

The Taskforce has consulted with the Tasmanian leaders in the football community, business, other national sports, architects, plus stadium owners, operators and planners. We have spoken and been provided advice from global stadia experts and considered the 'new builds' in Australia.

The question consistently raised is the location of a new build if considered. The Taskforce briefly considered this concept during our review before returning to our Terms of Reference. However, our understanding of the likely economic merits and equity for Tasmania arising from a new build requires us to note this thinking as a recommendation for proper validation.

Taskforce Outcomes

Our stadium approach is underpinned by the retention of matches in the north and south of the State. We are firmly of the view that, to Hobart's detriment, Blundstone Arena is likely to be sub-optimal for a Tasmanian AFL side to play the stronger drawing mainland teams. Subject to a Stadium review we see an optimal opportunity whereby UTAS Stadium is upgraded to a capacity of approx. 27,500 patrons in line with the Gemba report.

For the first 5-7 seasons this would the 'home' of the proposed Club's key football opportunities. Blundstone Arena would play a support role in this activity while a new, boutique Hobart CBD national stadium concept was delivered. Once 'live', the two regions would have high quality assets and vie for the biggest matches based simply and rationally upon supporter demand and club revenue potential.

As it stands today, on current market and football demographics we see no reason to assume that each city won't be equally competitive.

During our review the following was provided to the Taskforce with regard to a Hobart new build at Macquarie Point or similar:

1. A 27,000 seated roofed ‘Stadium Tasmania’ was considered, which still left space for other activities or community projects. Conceptual designs included herein allow for multipurpose operations including A-League, corporate events and concerts.
2. 90% of Hobart hotel stock is situated within a 15-minute walk of the Macquarie Point location.
3. The land is zoned ‘Industrial’ thereby allowing for concerts or other events that are unlikely to be problematic for residents.
4. It is on a deep-water access port allowing ferry transport services along the Derwent River.
5. It is situated as per Adelaide Oval – i.e. in the heart of a restaurant and entertainment district.
6. It is well served by three main arterial road networks.
7. Townsville was budgeted at $250M but via contingencies will result in a $300m outlay – 50% State, 50% Federal. The Macquarie Point precinct may require the relocation of up to $120M of outlay on the sewage plant, although we are advised this could remain if a stadium was built, allowing the net cost of a stadium to be materially lowered.
8. The economics of the South Australian experience indicates an additional $330M in economic GSP annually. The stadium trust operates at a surplus, paying into a sink fund to ensure the state maintains its investment as a minimum.
9. The public demand and product premiums attached to Adelaide Oval (*pictured below*) versus Football Park (or indeed the ‘old’ Adelaide Oval) have been eclipsed in terms of financial outperformance for the AFL and Cricket hirers, but importantly the public in particular. The Stadium is an internationally recognised brand attached to South Australia.

The Adelaide Oval development has driven increased spectator amenity, significant economic GSP benefit and delivered a premium, inner city feel to the AFL product.

The Taskforce therefore recommends and would strongly endorse a financial review to determine a stadia strategy for Tasmania, including high performance facilities. As a minimum, it needs to validate the economic modelling provided by Gemba given indications that the current arrangements will not, for example, meet the business case objectives in 2025.

Furthermore, we see an opportunity where both major regions of the State could benefit from economic stimulus associated with development of a joint Federal / Tasmania-funded Stadium in Hobart while ensuring Launceston secures enhanced facilities and positioning in this optimal north south proposal.

Future Fund

The model we have produced does not necessarily expect surplus funds sufficient to enable a Future Fund. The club like most establishment clubs would require AFL, government or other under-pinning. The AFL’s most financially successful and well managed clubs have over time developed asset bases or a corpus of investment funds that not only provide distributions to annual revenues but provide insurance for leaner times. A Tasmanian club will likely have minimal access to such capital in the early years; but as it transitions from government backing to one of self-sustainability and profitability it should seek to distribute surplus funding to a capital reserve. Obviously the more successful the club is the more likely it will grow support and therefore monetisation through greater membership, corporate seeking alignment and of course higher match fees and retail.

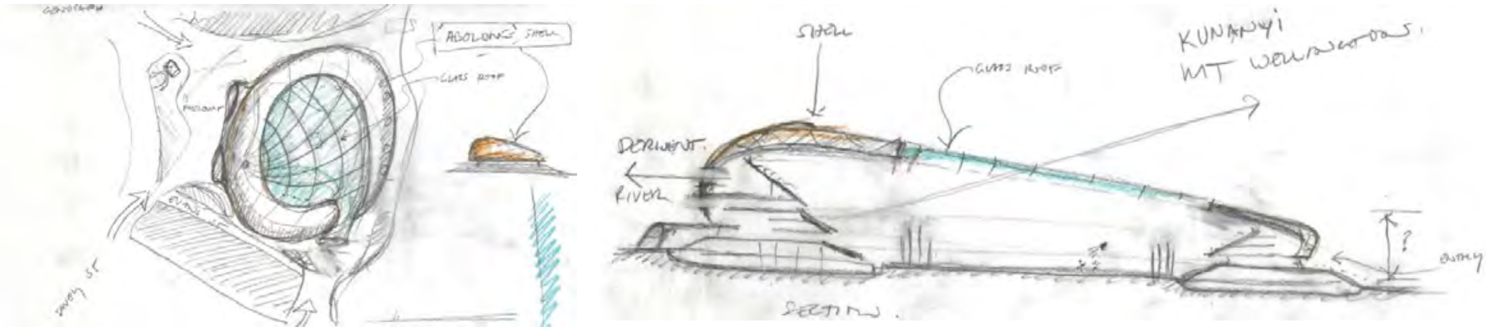
> *“If we want world class teams to play here, we should have a world class stadium. World class stadiums don’t belong in the suburbs. I don’t think expanding both Blundstone Arena or UTAS Stadium is a good long-term strategy. Congestion, car parking and noise are already issues which impact both spectators and residents. Like Adelaide Cricket Ground or the MCG, a world class inner-city stadium is far a better proposition.*
>
> *“It turns a night out at the footy into a ‘night out’. Football becomes one part of the evening’s entertainment. Spectators will make better use of public transport hubs, including the proposed light rail, in venturing into the CBD for pre or post-game meals or bars and other activities.”*

– **Scott Verdouw**, Director of nationally recognised Jaws Architects, who have provided conceptual and thought leadership on a Macquarie point stadium.

Conceptual options have been provided by Jaws Architects in *Appendix 9* – this includes positioning of concept stadium in a number of Tasmanian locations – and Don Gallagher Constructions in collaboration with Cox Architecture in *Appendix 10*. Extracts from both have been provided on the following page.

Taskforce Assessment

Current venue capacity status is insufficient to support the required model of success for a sustainable Tasmanian AFL Licence. Stadia investment will demand a critical commitment from Federal and State Government to provide world class facilities for playing, attendance and broadcast standards.



Drawings extracted from Jaws Architects' conceptual drawings (above, below) for a new multi-purpose stadium.

Drawings extracted from Don Gallagher Constructions & Cox Architecture's conceptual drawings for a new multi-purpose stadium at Macquarie Point, Hobart.

A Timely Introduction: The Football Club

Critical Success Factor 4

All parties accept that a phased approach to build this team 'from the ground up' offers a sustainable long-term outcome founded on knowledge and patience.

A core recommendation of the Taskforce is that not only should a timeline for success be established, but a definition of 'what success looks like' at any given moment along that timeline be clearly outlined and shared with all stakeholders.

Much of this success will return to the creation of a football club, and establishment of personnel, values and structure to optimise the chances for that successful model.

This roadmap should be designed to ensure timelines for community and corporate support align with business plan levers (membership, sponsorship, facilities, etc), while putting Club cultural pillars in place. Within this process, lessons from previous AFL licence introduction should be assessed / implemented, returning to this emphasis on timelines and management expectations.

> *This is about awareness: where you are at in your football cycle, and where you need to get to. For me, I thought I was playing at a reasonable level in local junior footy, then when Tasmania secured a TAC Cup team for the first time, the Mariners, it gave us all a carrot. We played the first year and we got hammered, but in the next few years we became really competitive ... the problem had been we just didn't know what we didn't know, but we had a 'chase' mentality. That was the same with the Devils in the VFL – initially no good but then highly competitive.*
>
> *The key was understanding where we stood. Not always accepting it but working to that next level.*
>
> ***You need to keep equilibrium**: not getting too high when you win and too low when you lose. The only way you can do that is when you've got a clear knowledge of where your club is at in its development phase. If that's blurry, or poorly communicated, that's when the anxiety builds.*
>
> ***– Brendan Bolton,** Brendon Bolton, former Carlton AFL senior coach, Tasmanian Football Hall of Fame inductee.*
>
> ***Source: DNA of a Football Club, Appendix 11.***

-

The Hawthorn and North Melbourne question

In keeping with the Taskforce's proposed timeline, the incumbent Tasmanian Government arrangements with the Kangaroos and Hawks should run their course to completion (end of season 2021). However, research indicates interest and support for both teams has fallen over the last five years among Tasmanians.

It is notable that, from an AFL perspective, as a promotional vehicle the agreements with these two clubs has not been impactful. From Gemba research: "*Tasmanians have failed to engage significantly* *with teams domiciling their games out of Launceston and Hobart with the number of Tasmanians that don't support a team more than doubling over the last decade from 22% to 48%". [46]*

In North Melbourne's case, this decline is traced from a peak of being recognised Statewide as the favourite AFL team among Tasmanians (2012, approx. 7.5%) to a decline in 2019 of approx. 1%. Hawthorn's decline is not as severe, though noted: from 14% in 2014, to 8% in 2019. [47]

In contrast, the same research projects the creation of a Tasmanian Football Club AFL program as generating the following outcomes (Gemba):

- Incremental game attendance: 62% of Tasmanians (16-65) say they will attend more games
- Incremental viewership: 36% of Tasmanians (16-65) would watch more games on TV

Development of an exit strategy to deny extension of these agreements will be a pivotal determination in the growth of public support for an AFL licence, and – as noted elsewhere – allow re-direction of Government / AFL funds to assist the underwriting of the proposed Tasmanian Devils pathway.

The reintroduction of a Tasmanian VFL side

The work the Taskforce undertook considered the introduction of a VFL team and its impact – both positive and negative – on leading to an AFL licence. We did not set out nor considered ourselves qualified to address the work undertaken by the AFL Steering Committee (2018).

For the health of the game and pathway development, a VFL team is an imperative but it must be successful. Sentiment and a small number of unmitigated risks provided by the football community deserve disclosure as part of this review.

Those concerns are aptly summarised in Darryn Perry's opinion piece quoted earlier. Among Perry's first-person observations of the state of the game was a pertinent reminder that any commitment to re-develop a VFL program must be taken with the broader interests of the game in mind: "*There is now talk about a VFL side as the game changer. A VFL team will further dilute participation, local interest, and financial resources, and could sink marginal clubs just hanging on in local competitions*."

As Perry further outlines, Statewide league clubs utilise the same competitive model as those of WAFL, SANFL and VFL teams, with AFL support accounting for just over 20% of revenues; however, Perry believes the false economy of aligning those larger metropolitan leagues with the Tasmanian clubs means the financial health of Statewide clubs remains parlous at best, a reflection of the State football's broader commercial concerns.

That article and **the consultation we undertook with the football community confirms that a VFL team without a defined prospect of an AFL team may well struggle to gain support**. The below risks identified to the Taskforce could not be adequately addressed and should be provided to the AFL for further consideration or clarification. It is noted that the AFL may well have identified and resolved these issues during their subsequent consultation with the Tasmanian community and league football:

a. How will this next edition VFL team be different to the last time Tasmania was included?
b. How sustainable will this team be and at what cost to Tasmanian football generally, if it struggles to be competitive in what is essentially an AFL reserves competition?
c. Is a successful VFL team one of the keys to an AFL licence and if so what does success look like. More relevantly, why was this not a requirement for any other expansion team?

[46] Gemba, page 31
[47] Gemba, page 31

It is important to note that the above concerns were not necessarily shared by the Taskforce.

However, it would be expected that the AFL would have learnt much from the 2001-08 Tasmanian Devils campaign when looking to re-establish VFL in the State in 2021. We therefore express concern that another VFL licence, without a timeline or indeed plan to issue an AFL licence, could be cynically perceived – at least initially – by the Tasmanian public. Nor should we expect to see levels of engagement higher than occurred during the 2001-08 Tasmanian Devils VFL team, and thus we reiterate a position of no Government funding for an VFL Licence unless it accompanies a provisional AFL licence.

The Right People

The Taskforce has considered the precedent and learnings of the most recent new entrants to the AFL – Gold Coast and Greater Western Sydney – and consulted with experienced clubs on their process and critical factors for establishing a strong, stable and successful football environment across a range of metrics.

Learnings have been informative, through consultation with:

- Club formation diaries and meetings with key personnel at both clubs: Tony Cochrane (Gold Coast Suns Chairman), Mark Evans (Gold Coast Suns CEO), Guy McKenna (inaugural coach), and Paul Eriksson (Former CFO GWS Giants).

- Direct consultation with established clubs such as Hawthorn and North Melbourne via face-to-face meetings and information exchange on what constitutes good governance and process. This included Jeff Kennett (President Hawthorn Football Club), Justin Reeves (CEO Hawthorn Football Club), Ben Buckley (Chairman North Melbourne FC), and Carl Dilena (former CEO North Melbourne FC).

It is a clear takeaway that a strong, independent board and senior management team is a key element and a significant determinant in the successful establishment of a new football club.

This statement is true for both the initial Tasmanian Football Club Board and management team that will have responsibility for delivering the AFL licence and the responsibility for establishing the team and Club itself to successfully compete in the AFL and AFLW.

It also applies to the men and women tasked with managing the roadmap outlined from page 15.

The most readily available models for success or otherwise sits in the Gold Coast Suns and Greater Western Sydney models; initial key appointments are revealing.

Greater Western Sydney installed:

- A chairman who had “best practice” networks with corporate Australia and Government at all levels and an impeccable governance track record: Tony Shephard
- A CEO of the highest calibre to unify stakeholder expectations and remain undaunted by the task and skilled in relationship building: David Mathews
- A coach who was arguably the highest profile available entity and who played the role of salesman as well as coach, and had experienced but contemporary direct support: Kevin Sheedy

From this expertise emerged factors which are today recognised as key elements in the sustained success of the Giants, culminating in their progression to the 2019 Grand Final. While their growth was not entirely linear, from their inception season of 2012 they won 2, 1, 6 and 11 games per season, then secured a finals berth with 16 wins in 2016. They have returned to the finals each season since, averaging 14 wins per year and winning five finals in the process.

Insiders at GWS credit a focus on culture as critical in surviving those early years of struggle: the Giants sought to create a 'US college' campus environment, establishing accommodation and support facilities at Breakfast Point for their young and talented list on the Parramatta River in inner western Sydney. The team lived, trained, played and socialised together, with each multi-bedroom apartment including at least one older player or staff member to provide stability and guidance to the young players.

In contrast, the Gold Coast Suns utilised 23 'host' families to whom players were billeted, a more traditional initial arrangement for interstate players but – in hindsight – not an ideal configuration in search of team bonding.

In football terms, Suns coach Guy McKenna was a debutant coach (he was removed after four seasons). McKenna's belief is that, while an entire Club must be responsible for its success via holistic accountability, the 'core business' of each department must remain its focus. Equally, a unified and clearly stated purpose must be installed and supported from day one, driven as a top down model (i.e. it begins with the President).

In that context, Hawthorn President Jeff Kennett provided the following insights into the turnaround of that football club from a disastrous 2004 season in which they won just four games. Hawthorn's dominance of the 1980s had failed to convert generationally: the club narrowly avoided a 1996 merger with Melbourne and membership conversion and commercial performance was mid-percentile.

Kennett, who ascended to the Presidency in 2005, believes consistent in the following areas allowed the Club to recover on and off-field performance:

- Hawthorn always had a good cultural base as a result of some very well-respected administrators and coaches from the early 1960s on.

- The Club moved to new premises at Waverley in 2006 that substantially upgraded training and administrative facilities. Morale throughout the Club was rising as was the rebuilding of the playing group.

- The Hawthorn Football Club started to re-establish a public profile leading up to 2008, but importantly the Board was running a business for which a Premiership was one of the deliverables. The Board only had one ex-player among its ranks – Jason Dunstall, who was highly respected and the Board's conduit to the coaching and football department. The rest of the Board were all selected for their professional mix of commercial skills.

- The Board moved the Club into a commercially sound position where small surpluses were delivered while investing in equipment, and facilities. The Club also invested in outside properties to build our income and asset base.

- The HFC very quickly became again one of very few Clubs which were financially independent of the AFL. This was, and is, terribly important as it allowed us to make decisions independent of AFL influence.

Further, current Hawthorn CEO Justin Reeves outlined the Club's strength of operations as a corporate philosophy with the following guidelines, endorsed by the Taskforce as an ideal overlay in the compilation of a Tasmanian Devils Football Club Board and related governance.

- Ensure the highest level of governance is applied right across the club, ensuring no individual can make a decision that puts the club at risk. Work on a ‘No Surprises’ communication policy.

- Recruit the best people available in all areas of the club on and off the field and delegate to, and empower them. Accept their decision-making, measure their performance and consistently review, develop and ensure the wellbeing of every person within our club.

- Ensure the club is financially strong and it lives within its means to remain independent of external pressures such as the AFL.

- Set aggressive yet achievable targets right across the club to drive a high-performance culture and a level of competitiveness to achieve the outcomes required.

- Never forget to listen to those the Club represents. In Hawthorn’s case, the most important stakeholders are its members: those that empower management to run the club.

List Management

Guy McKenna was the inaugural senior coach of the Gold Coast Suns (2011-14). McKenna oversaw the TAC Cup and VFL campaigns prior to the Suns entering the AFL, but across four years managed to compile a 24-64 record before his dismissal. McKenna notes list imbalance and the influence of external (i.e. outside the Club) pressure as his undoing.

His belief in the “80-20” rule – borrowed from two-time premiership coach Malcolm Blight – is fundamental to understanding a team’s development, especially in its infancy. This states that 80% of a new playing list will be unable to sustain the rigours of a 23-week AFL season. The remaining 20% will either be elite draftees or recruited senior talent, but it must be available to support the youth across the list at all times.

In McKenna’s final season, the Suns started the season 7-2 before that fatigue – and key injuries – eroded that 20%, such that he was replacing experienced, hardened talent with 18-year-old rookies. After battling on manfully, Gold Coast lost five of its last six games to finish 10-12, in 12th place.

He also defines success differently, stating that expansion team growth cannot be measured by wins and losses, and that all stakeholders – coaches, football and administration management, the Board, sponsors, and members – must understand these benchmarks to appreciate this growth and remain patient. This point is critical: in Greater Western Sydney’s inaugural season, the Giants’ percentage was 46.17, the lowest by any club since St Kilda in 1955, and before that Melbourne in 1919. Despite a raft of draft concessions, it took until their fifth season to secure a finals appearance.

A lesson from his early days with the West Coast Eagles: McKenna was one of six elite juniors who emerged from West Australian elite junior football ranks at the same time. An Eagles imperative was to keep this core in place and build around it, while his experience with retention on the Gold Coast (due to the prevalence of interstate recruits) made this a difficult challenge.

Such was the turnover of talent and injury / fatigue management challenge, in McKenna’s second last game as senior coach, he fielded the youngest (by age) team in his four-season stint with the Suns, evidence of list imbalance and maturation.

The Retention Question

> *"It has to feel like a football club, not a business start-up or an experiment. One thing the Tasmanian environment has going for it is history in football. What did the Giants' jumper mean from day one? How did Gold Coast players feel pulling on their jumper?In Tasmania, the colours and the State map bring more than a century of football to the table from day one." – Brendon Bolton, former Carlton AFL senior coach, Tasmanian Football Hall of Fame inductee.* [48]

A perceived shortfall of the potential success of an AFL licence in Tasmania is the capacity of the Club to retain players after the tenure of initial rookie contracts, or any extension thereof. If the Club drafts non-Tasmanians – and the reality is that the majority of initial talent will be from the Australian mainland – its ability to retain a core of elite playing talent past those first or second-term contracts will be key in its medium to long-term success.

This has proven to be the perceived case for the most recent 'start-ups', GWS and Gold Coast, both of whom were established in non-traditional AFL areas.

The Taskforce outlined that substantial draft concessions were permitted to both expansion clubs prior to their entry into the competition, as follows:

Gold Coast (inaugural AFL season 2011)

The Gold Coast Football Club was provided with significant first round priority AFL National Draft selections; early access to recruit 17-year-old players; and access to uncontracted and previously listed players in this offseason. This involved:

- At the end of 2009, up to 12, 17-year-old players were identified. These were ineligible (too young) for the 2009 AFL draft, but would continue to undergo junior development under Gold Coast guidance.
- At the end of 2010, up to 10 players who were not on an AFL list but had previously nominated for a national draft. Gold Coast could immediately trade any players recruited in this manner.
- At the end of 2010, up to 16 players who were on an AFL list but were out of contract at the end of the season.
- At the end of each season 2010-12, up to five players recruited from the Queensland zone, and prior to the 2010 draft, up to three players from the Northern Territory zone.

Then, in respective drafts, Gold Coast had the following selections:

- 2009 rookie draft, the first five selections.
- 2010 national draft, the first selection in each round, and picks No. 2, 3, 5, 7, 9, 11, 13 and 15 in the first round.

Greater Western Sydney (inaugural AFL season 2012)

The Greater Western Sydney Giants were also provided with additional draft selections, early access to recruit 17-year-old players, and access to uncontracted and previously listed players in this offseason. This involved:

[48] See, DNA of a Football Club, Appendix 11

- At the end of 2010, up to 12, 17-year-old players were identified. These were ineligible (too young) for the 2010 AFL draft, but would continue to undergo junior development under Giants guidance.
- At the end of 2011 or 2012, access to up to 10 players who were not on an AFL list but had previously nominated for a national draft.
- At the end of 2011 or 2012, up to 16 players who were on an AFL list but were out of contract at the end of the season.
- Up to 16 players recruited from the New South Wales and Australian Capital Territory zone, recruited at any time between 2010-13, and from the Northern Territory zone, recruited between 2011-13.

Then, in respective drafts, GWS had the following selections:

- In the 2011 national draft, the first selection in each round, and picks No. 2, 3, 5, 7, 9, 11, 13 and 15 in the first round.
- In the 2011 rookie draft, the first eight selections.
- In the 2012 rookie draft, the first selection in each round.

Additionally, at the end of 2011, GWS had the ability to trade the only four selections in a once-off “mini-draft” to recruit 17-year-old players.

Retaining this talent

The general perception is that both Clubs struggled to retain this wealth of junior and indeed established talent.

The Taskforce noted that, between them, only three players selected in the first round of the national draft chose to leave after their initial two-year contract: Taylor Adams and Dom Tyson (GWS), and Josh Caddy (GC). More typical departures came after the second contract completion, or near-completion, with by-now established talent departing for their home state:

- Gold Coast: Charlie Dixon (5), Harley Bennell (5), Dion Prestia (6), Tom Lynch (8) Steven May (8).
- GWS: Adam Treloar (after 4 seasons), Will Hoskin-Elliott (5), Devon Smith (6), Dylan Shiel (7), Jonathon Patton (8), Adam Tomlinson (8).

A range of factors influenced individual players’ decisions to depart:

- Increasing salary cap pressure on expansion teams as first and second contract negotiations evolve: the reality is that clubs simply cannot keep its entire top line of talent due to salary constraints;
- The lure of family. Of those named above, all but Dixon – ironically, from north Queensland – chose to return to their home state;
- Dissatisfaction with poor result. Notably, GWS has been more successful in retaining key talent than the Gold Coast, a status reflected in on-field success;
- Football ‘culture’. While playing AFL in a non-traditional State can appeal to a certain player profile, the majority reveal a preference for living and playing in an area where media and society better embrace the game, as reflected by coverage, attendance and more general awareness.

In more general terms, lessons learned from the expansion club experiences include:

- Infrastructure must be in place to allow playing list and coaches to focus on their core business: developing a talent base and playing structure that will consistently meet competitive benchmarks as quickly as possible.

- Distractions must be minimised through a well-established player welfare model: Suns head coach Guy McKenna provided his mobile number to all player parents as a form of support (contrast: GWS provided dedicated welfare managers).

- A collegiate player experience on and off the field is paramount. As an example of the fractured nature of the settling of the inaugural Gold Coast Suns team, and the youth on the list, the Club established 23 'host' families for players.

- As part of the pressure to fast-track establishment of the Suns as a local brand – to win local "hearts and minds" and by extension secure second- and third-tier commercial support, membership and attendance – Suns (and GWS) players in the first AFL season completed almost 5,000 hours of community work (school clinics, community visits, appearances, etc). This practically doubled the hours allowable in the players' Collective Bargaining Agreement (approx, 2,500 hours, depending on playing list balance).

The Tasmanian Difference: be 'AFL Ready' to promote and encourage player retention

The Taskforce sees genuine advantages in the Tasmanian 'offer' to potential draftees and recruits. Our proposed timeframe will allow appropriate development of a Club infrastructure and associated facilities to promote an elite, high performance culture from day one of competition.

In essence, any Tasmanian AFL program must be seen as 'AFL Ready' – the Taskforce emphasises this is a critical consideration for facility funding, football and administrative personnel appointment, marketing (media support) and general cultural acceptance of a Tasmanian Devils AFL program to optimise player retention prospects.

Advantages include:

- An inherent football culture. More than 150 years of Australian Rules entrenches Tasmania as a traditional football state. This in turn guarantees a captured market in terms of media support and general awareness – Australian Rules is the most popular sport (67% more than the next sport, cricket).

  Reinforcing this public engagement was the **United We Stand** campaign actioned in October 2019 by the Taskforce to engender a statement of support for a Tasmanian AFL licence. Launched with front page and wrap-around prominence in the three primary Tasmanian mastheads (*The Mercury* (Hobart), *The Examiner* (Launceston) and *The Advocate* (Devonport)), United We Stand sought a 'pledge' of support – no financial commitment, just the opportunity to complete an online form stating allegiance to the AFL licence concept. The Taskforce established a target figure of 50,000 pledges as indicating substance of public support.

The Examiner, Advocate and Mercury covers of 30 August, 2019, illustrated the solidarity of the State's enthusiasm for an AFL licence.

  Pledge numbers closed at 64,232 (November 2019).

- The value proposition for attracting players, coaches and administrators to a Tasmanian AFL Club will be strengthened by the significant cost of living differences (in Hobart), where rentals are 30% lower and mortgages 28% lower than national averages.

- The proximity of mainland Australia (and convenience of travel) allows for ease of return to home states for family / friends.

- A timely, well planned execution of facility planning. Core elements of this panning must consider proximity of facilities to allow for a 'precinct' feel to playing, training, recovering and living arrangements. Former St Kilda captain (and Taskforce member) Nick Riewoldt recalled the experience of his Club establishing a new training base at Seaford, 25km south of the Club's traditional base at Moorabbin and 51km south of their nominal home ground of Marvel Stadium.
  Riewoldt contrast this fractured playing and training arrangement with that of his cousin, Richmond player Jack Riewoldt, who enjoys inner city proximity of training, recovery and playing opportunities.

  > *"I look at my cousin, (Richmond veteran) Jack (Riewoldt). It is not the premierships I am most envious of, it's the environment his club has built. Play at the MCG, then walk over to Punt Rd., where family and friends, including kids, mums and dads, are waiting for you.*
  >
  > *Sure, that's about proximity, which at St Kilda we compromised by moving to Seaford, far from our heartland but also nowhere near where we played. The Club was never the same after that move.*
  >
  > *But it's also about drawing people together, putting families in the same hotels when they travel, having dinners together, welcoming children into rooms at the right time, all of those things. It's about being happy. If you are happy in your environment, it will reflect in the way you train and play, and even project yourself."*

  In this context, as the Tasmania Government effectively considers a transition to an AFL pathway, a 'clean slate' allows for thoughtful positioning of these facilities.

- Engaged business alliance. The opportunity exists to create an environment which nurtures and develops talent and people through the lifecycle of playing <u>and beyond</u>. The Taskforce has identified multiple mentor figures available to support players and their families through personal and business experience.
  This includes opportunities through existing business streams and the burgeoning Tasmanian tourism industry, which has increased 45% in the last decade and of itself highlights the lifestyle advantages for an AFL-based program.
  Taskforce member and former St Kilda captain Nick Riewoldt is adamant that this structure must exist to encourage retention:

  > *"If nothing else you build relationships which open your eyes to opportunities after football," said Riewoldt. "This gives you a direction and reason to remain in a city in which, during your playing days, you have*

built knowledge and contacts and you can recognise where life might go after you finish (playing). It's much harder to walk away from somewhere if you have an interest in the community and local business, not just the footy club."

Taskforce Assessment

Takeaway: A holistic, long-term view must be taken to optimise a Tasmanian Club's opportunity to build culture and competitiveness and retain talent. The central tenet of this approach will be anchored on securing the right people for the right jobs, at the right time.

This Page Intentionally Blank

Section 4: The Final Word

De-Bunking the Myths – The Arguments Against Tasmania

These has been prevailing negativity both within the State and across the broader football community around Tasmania's capacity to secure and support an AFL licence. There is also a lengthy history of previous AFL administrations' ambivalence in discussing a Tasmanian licence opportunity in the immediate future, while failing to implement legitimate conversation about a structure or timeline with which the State could work towards. For example:

1990

After Tasmania defeated Victoria in Hobart, AFL Executive Commissioner **Alan Schwab** suggested that there was a genuine prospect of Tasmania having a team in the national competition in the near future: "***1995 is a date by which we'd be realistically looking at Tasmania joining.***" [49]

Finding: *Statement of fact* – Fremantle, not Tasmania, entered the AFL in 1995.

2007

AFL CEO **Andrew Demetriou** ruled out a Tasmanian team, saying Tasmania could not financially support it. "***You need about 30 to 40 million dollars to run a football team in our competition these days and we just believe quite sensibly that it's unsustainable in Tasmania.***" [50]

Finding: *Concern Addressed* – See The Funding Question (*page 41);* Core Findings # 1 & 6 (*pages 8-9*); Core Recommendations # 4 (*page 11*); Critical Success Factors (*page 12*).

2014

While **Wayne Jackson** was Chief Executive, the AFL undertook a report that outlined its doubts over the sustainability of a Tasmanian team. Under the heading "*The Future Structure of the Competition*", the section on Tasmania read: "*While a traditional Australian football state, no venue which complies with AFL standards is currently available…* ***The AFL Commission also has real doubts about the ability of the Tasmanian market ... to support financially a team in the AFL competition.***" [51]

Finding: *Concern Addressed* – See The Funding Question (*page 41*); Core Findings # 1, 4, 6 & 13 (*pages 8-10*); Core Recommendations # 4 (*page 11*); Critical Success Factors (*page 12*).

---

[49] australianfootball.com
[50] ABC News, 21 July 2007 – Demetriou Rules Out Tassie Team
[51] *The Hobart Mercury*, 08 March 2014

2014

AFL **Deputy Chief Executive Gillon McLachlan** announced a new structure of governance of the game in Tasmania. McLachlan said he supported a "single team representing Tasmania", but could not say what form that would take. He confirmed Tasmania would be next in line to get its own AFL team, but said it was at least 10 years away. "**It can't work without all of Tasmania behind it.**" [52]

Finding: *Concern Addressed* – See United We Stand (*page 63);* Core Findings # 9 & 13 (*pages 9-10*); Core Recommendations # 5 & 7 (*page 11*).

2015

AFL Chief Executive **Gillon McLachlan** spoke at the National Press Club on 19 August 2015 suggesting the State's capacity to afford a team was unlikely, adding that it would need $45M in revenue. "**Tasmania deserves its own team**, it just does. Their participation rates, their ratings, their attendance, they are as passionate as any state. Their numbers stack up with Victoria and in my view, they deserve their own team. **The brutal reality right now, the economy and scale of growth, mean they financially can't support their own team playing 11 games**, you need $45 million."

Finding: *Concern Addressed* – See The Funding Question (*page 41*); Government Investment: The Benefit (*page 34*); Core Findings # 1, 4, 6 & 13 (*pages 8-10*); Core Recommendations # 4 (*page 11*).

2017

AFL Commissioner **Mike Fitzpatrick** conceded the AFL had "failed" in its bid to send a team to the Apple Isle several years ago but maintained the biggest roadblock to a Tassie-based team remained the question over where the club would be located. "**In many ways the difficulty is the north-south issue in Tasmania and that has to be resolved before Tasmania can be resolved**." [53]

Finding: *Concern Addressed* – See The Funding Question (*page 41)*; The Stadium Question (*page 48*); Core Findings # 13 (*page 10*).

[52] *The Examiner*, 15 April 2014
[53] FoxSports.com.au, 15 February 2017

2018

Brisbane Lion and Tasmanian product Mitch Robinson: "I still remember clear as day the words that former AFL CEO **Andrew Demetriou** said during a visit to my previous club when expansion into south-east Queensland and Greater Western Sydney was being discussed. I asked this question, 'Why isn't Tasmania in discussions for an AFL team during these upcoming expansions?' The words that stuck with me from his reply were: '**Tasmanians already watch AFL**.'" [54]

Finding: *Concern Addressed* – See Gemba research re: declining interest (*Appendix 3, page 40*); The Game Under Threat (*page 20);* The Imperative (*page 30*); Core Findings # 4, 9, 10 (*page 9*); Critical Success Factors (*page 12*).

In addition to addressing these misconceptions, the Taskforce reiterates that our consultation and research addresses and dispels the statements that follow:

Myth 1: An AFL Licence would not be supported by a unified State.

There is now significant political alignment around an AFL licence concept, with the Coalition, Labour and Greens all having pledged their support of the State being represented in the AFL and AFLW.

The establishment of the Football Tasmania Board (early 2019) has aligned various state footballing bodies in support of a Tasmanian team. The Board features representation from all regions and functional areas of the game across Tasmania, an important step in ensuring each stakeholder is both well-informed and engaged in this pathway – as a result, stakeholders at every tier of football, from every region, clearly state that an AFL licence is platform on which a single State focus can be built.

Finally, support for ongoing, balanced north-south scheduling of matches addresses the primary concern of an AFL licence being either too Hobart or Launceston-oriented, and the 'United We Stand' campaign (Sept 2019) secured more than 60k pledges from across the State. Based on consultation a single 'Tasmanian built' club would be a unifying force for not just AFL but the state.

Myth 2: An AFL Licence cannot be supported commercially.

Best practice modelling of a start-up AFL licence has been independently completed from both a 'top down' and 'bottom up' perspective, using agreed AFL benchmarking data and a similar overall model to that of 2012 AFL expansion team Greater Western Sydney.

Mid-tier support from the League distribution model and modest contribution from the State Government (equivalent to current support for the North Melbourne and Hawthorn agreements). In every instance, the commercial model is robust, self-sufficient and sustainable.

Myth 3: Membership would be insufficient to support required revenues.

AFL states such Western Australia and South Australia have seen home-based teams enter the AFL – these were strong footballing states with patrons supporting local teams but also, typically, a VFL/AFL entity, as evidenced by the >90k current membership for AFL teams.

[54] NewsCorp, 08 February 2018

The Adelaide Crows, Port Power, West Coast Eagles and Fremantle Dockers successfully transitioned these fans 'back' to provide the foundation of their modern-day membership bases.

Tasmania it has been reported has approximately 90,000 members linked to current AFL teams.

Myth 4: Residential population will not support the required attendance revenue model.

Comparative modelling suggests this is not the case. Specifically, two scenarios the Taskforce considered – the North Queensland Cowboys in the National Rugby League and the Geelong Football Club in the AFL – indicate a similarly engaged fan base and superior immediate and regional access when set against attendance projections for an AFL licence supporting Hobart and Launceston venues. Key assumptions behind these figures (all population numbers ABS estimate at June 2019):

- Tasmania has a population in excess of 522,000
- Townsville population where the Cowboys are based and play is 192,000; incorporate nearest key residential fan source, Mackay (130,000) and Cairns (152,000), both approx. 4.5-hours by car, and that total expands to an approximate catchment of 475,000 people.
- Geelong has a population of approximately 198,000 (ABS estimate, June 2019)
- Cowboys 2019 average home game attendance is 13,658; Geelong is 33,405 (2019).
- The Hobart to Launceston drive is approx. 2hrs 30mins; Devonport to Launceston is approximately 90 minutes; Devonport to Hobart approx. 3hrs 20mins.
- AFL clubs playing home games in multiple venues is commonplace (GWS: Sydney and Canberra; Geelong: GMHBS Stadium Park and MCG, etc) and the Taskforce believes the above assumptions and associated research support projected attendance figures.

Myth 5: The venues are sub-standard for ongoing AFL requirements.

The Taskforce Terms of Reference included the scope to consider upgrade and indeed new build recommendations for venues. Applying the necessary average attendance numbers to generate agreed revenues reveals a shortfall in existing venues in Hobart and Launceston, but the timely rollout of an AFL licence program includes a phased approach to a redevelopment of UTAS stadium, with a long-term view to establish a jointly funded, multi-purpose covered venue in Hobart..

Myth 6: Local talent is necessary to support a competitive squad and secure fan identification and engagement.

In a truly national AFL competition, this has not proven to be a requirement. Illustratively, in 2019 the Brisbane Lions had just eight 'local' players on their list of 47, having competed in the competition for 32 seasons. As a traditional football culture – and with 25 Tasmanians playing AFL in 2019 – the medium to long-term opportunity would likely see a more typical representation in the Devils' list such as that of the Adelaide Crows (13 South Australians of 44 listed players in 2019).

Looking to other sports leagues it is informative to note that Florida for instance has two NHL hockey teams and only 17 rinks servicing 21M people in the state. The Canadian city of Toronto has one NHL team but 48 rinks serving 3M people. Clearly watching and supporting an ice hockey team in Florida can be mutually exclusive from participation and local identity.

Canada has 69% more players in the NHL (season 2019) than the US. Canada has just seven teams in the NHL and the US has 24 (or 3.4X Canada). Clearly, the NHL can sustain teams in the US that are supplemented or even primarily made up of Canadian talent. Conversely, the Grey Cup, being the Canadian NFL equivalent, has a majority of Americans in its league.

It has been suggested that Tasmania shouldn't expect a team until it can supply more talent to the league. While supplying more talent and participation would be ideal, it isn't necessary for a football team to be able to generate sustainable support and membership. We recommend drawing the AFL's attention to how the launch of GWS and Suns led to materially greater participation levels and talent.

The AFL audience is mature and knowledgeable in relation to player sourcing and movement, having experienced the national draft since 1986 and the subsequent expansion of player movement mechanisms such as trades and free agency. As a traditional football State with 33 Tasmanians selected in the last 10 editions of the national, rookie or pre-season drafts, the Tasmanian football culture understands this dynamic.

Myth 7: The Competition today is stressed regarding talent and another 44 player roster risks premium content in the men's league or downward pressure on player wages.

The last time the league expanded was in 2012, when the AFL increased to its current 18-team configuration. At that date, the Australian population was 22.74M [55] and the number of males participating in AFL was **0.7M** [56].

By 2018, the Australian population had increased to 25.2 M, or an increase of 11%. AFL male participation had outperformed population growth and had risen, over the same period, by **58%** to **1.1M**.

By 2025 the national population is forecast to rise to 28.3M or 24% over 2012. More relevantly, participation would reasonably be expected to exceed the 2018 participation growth noted above (58%).

Informatively, one additional team will add 5% to AFL playing ranks. Clearly centred off the assumption that in 2012 there was adequate talent to go to 18 clubs, and based off current junior male participation trends, talent available by 2025 in a 19-team competition should as a base line be no less comparable than to 2012.

[55] ABS, June 2012 and 2018
[56] AFL Annual Report 2012 and 2018

Conclusion 1

Why Should the AFL grant a Tasmanian licence?

- *Commercial Viability:* a Tasmanian team would have substantial underwriting and backing from the State Government that would mean the level of AFL funding / contributions made to other clubs would not be required by the Tasmanian team – we have modelled a robust and sustainable business plan on mid or average levels of media rights and entitlement distributions. A Tasmanian team will also add content and broadcast value to the AFL and corporate exposure and sponsorship benefits to the other clubs.

- *Broadcasting Revenue:* the potential increase in revenue from an additional 11 games when considered at a like-for-like benchmark will generate approx. $19.9M.

- *Long-term commitment:* The appetite for the AFL product is strong, with > 90k Tasmanians currently holding memberships with mainland-based teams. A Tasmanian team will increase this further by attracting committed local AFL fans to the new club and also attract the substantial 'ex-pat' community on the mainland who will support the team financially.

- *Heritage and Representation of a traditional football State:* the rich pipeline of talent that the AFL / VFL has relied on for more than a century is deteriorating. The Taskforce believes the talent resources will be restored via establishment of an aspirational pathway to a local AFL-based club.

- *Addressing local product disengagement:* There is currently a significant lack of alignment between the AFL / AFL Tasmania and local football competitions, administrators and the general footballing supporter base. The 2018 Steering Committee and its subsequent report was a step in the right direction but requires a true end-to-end solution.

- *There is precedent in traditional football States:* West Australian and South Australian AFL entry demonstrated the rapid establishment and success of states transitioning from strong, state-based AFL markets to AFL entry. Ownership of the game via a Commission model was seen as a positive by local stakeholders and contributed commercially to the game's health.

- *Market Protection:* A primary consideration. The longer an AFL entry is delayed, the wider the door opens for competitive sports identifying easier, more seamless entry into the last 500k market. The Tasmanian football community is a core home AFL market. Good businesses protect home markets before chasing expansion, and the long-term cost of regaining an advantage, if lost, will be substantial.

- *Management Burden:* the transition of the Devils and key football elements to the TFCL will assist in more clearly defined local management of resources to oversee the game.

Conclusion 2

Why Should the Tasmanian Government support an AFL licence?

- *Eroding existing agreements:* Current public support for North Melbourne and Hobart is waning, such that any extension on the current agreements would represent a questionable Return on Investment for the Government. Conversely, the backing of a local Tasmanian team appears to offer the State a better ROI: more games (11 v 8) for less revenue ($7.3 vs 8.0M).

- *The Sports Tourism benefit:* Despite this reducing benefit, both Hobart and Launceston enjoy considerable revenues from hosting AFL matches. This includes inbound tourism spend and incremental employment opportunities, quantifiable support metrics for continuation of an AFL product.

- *Associated wellbeing:* an AFL team representing Tasmania will have clear benefits in aspiration pathways leading to improved health outcomes both physical and mental. The broader societal correlation between better health and lower Government health costs is an imperative that should be pursued.

- *A level playing field:* The Taskforce recommendation of establishing VFLW and AFLW teams is an extension of the growth of female football participation, the fastest growing segment in Australian Rules participation and a driver of sports equality which can be 'owned' by Government.

- *Enhanced Facilities:* Under the model proposed to support an AFL licence, facilities for playing, training, recovery and administration must be upgraded in both Launceston and Hobart as part of the unified 'north-south' model. This will deliver improved spectator and participant options, with an end game for consideration being a covered, multi-purpose stadium to dramatically change the sport and entertainment landscape in Tasmania.

Taskforce Assessment

The Tasmanian Taskforce believes the pathway to an AFL and AFLW licences exists, and pending ongoing AFL consultation, further analysis of commercial models, and commission of review of stadia opportunities, it should be pursued.

Appendices

Please note appendices in italics (i.e. Appendices 2, 9 and 10) were not commissioned by the Taskforce. Rather, they were provided by interested parties with a view to enhancing the work being undertaken. The Taskforce does not therefore endorse the integrity of these appendices or their contents, but believes their inclusion provides useful starting points for future discussion in relation to marketing (2) and stadia (9 and 10).

Appendix 1

Tasmanian AFL License Project Team
Terms of Reference

1. Background

1.1. As part of the Tasmanian Government's broader plan to support and grow AFL in the State a key component is the establishment of the Tasmania AFL License Project Team (Project Team) to develop a business case to support the attainment of a Tasmanian license in the AFL and AFLW.

2. Purpose and objectives

2.1. The purpose of the Project Team is to develop the framework and business case to support the granting of a Tasmanian AFL and AFLW license.

2.2. The Project Team is to consult with Government, the Football Tasmania Board, the AFL and the Tasmanian football community and is to ensure that the Tasmanian community remains united in its support for Tasmanian AFL and AFLW teams.

3. Deliverables

3.1. The Project Team will produce a business case to support the attainment of a Tasmanian license in the AFL and AFLW.

3.2. The business case will include a financial model and recommended organisational structure of a Tasmanian club that would meet AFL license requirements.

3.3. The business case will outline steps that need to be implemented in order to place Tasmania in a strong position to be granted an AFL license when one next becomes available.

3.4. The project team will provide advice to Government on the role that the current AFL partnerships have in supporting and enabling the attainment of an AFL Licence.

4. Project Team membership

4.1. The Project Team will comprise up to 6 Members and a Chairperson.

4.2. The Members and Chair will be selected by the Government on the basis of their skills, experience and knowledge of governance, establishing sport and commercial entities, and football.

4.3. Members may be renumerated for their time and claim reasonable out-of-pocket expenses that are directly incurred through participating in activities that have been that have been endorsed by the Chair or Department of State Growth

4.4. The Members and Chair are appointed for up to a12 month period from the date of their letter of engagement or earlier if the project has been deemed completed.

4.5. The Minister may terminate the appointment of a Member, Chair or the team as the Minister sees fit, detailing reasons for the termination in writing to the Chair.

5. Work with other parties

5.1. The Project Team is to consult with any interested party it deems useful, and may procure advice and services on reasonable commercial terms as and where required.

6. Legal responsibilities of the team

6.1. Members and Chair will not incur any personal liability in respect of any act done or omitted to be done by the Member in good faith in the performance or exercise of any function as outlined in the terms of reference.

7. Administrative support

7.1. The Department of State Growth will be responsible for all administration and associated processes including meeting arrangements and coordination of agreed activities of the Team.

7.2. Procurement and payment for services will be managed by the Department in accordance with the Department of State Growth policies and procedures.

8. Timing

8.1. It is expected that the Project Team will finalise the business case for a Tasmanian AFL and AFLW license by the end of 2019.

Appendix 2 Brand Overview: “Unleashing the Fires of Passion”

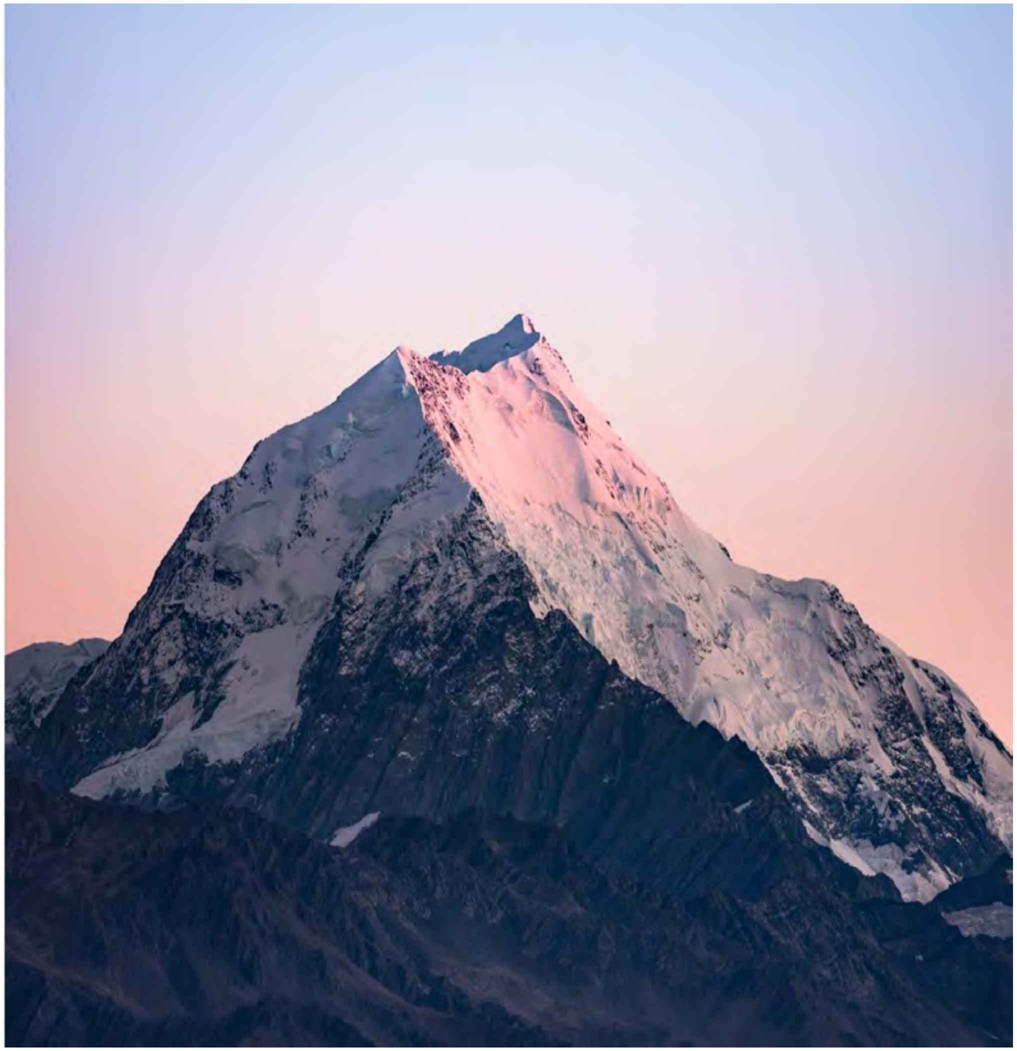
TODAY'S AGENDA

1. BUSINESS STRATEGY
   An Island United

2. BRAND STRATEGY

3. GTM STRATEGY
   Unleashing the Fires of Passion

4. ATTRACTING SPONSORS
   Value Tasmania adds to the AFL




BUSINESS STRATEGY

OUR MISSION

LAUNCH A COMMERCIALLY VIABLE TASSIE AFL TEAM

WHAT IS HOLDING US BACK

IT'S A DAVID AND GOLIATH STORY

1

SMALL POPULATION

With 500,000 residents, this is a forgotten part of the world.

2

LACK OF CORPORATE SPONSORSHIP

With few local businesses, could a local team be financially supported?

3

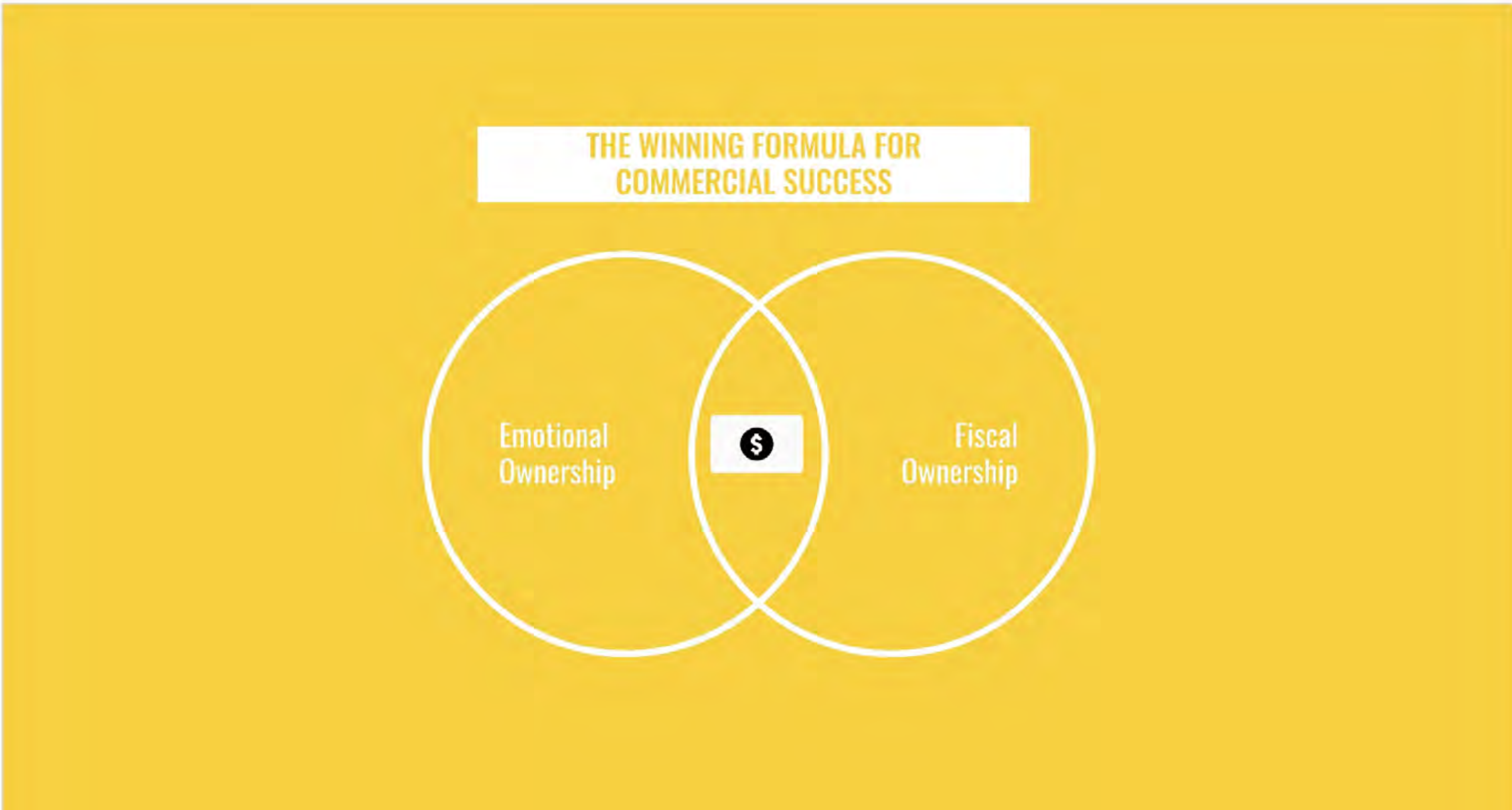
BIDS FROM OTHER CITIES

Previous bids for a Tasmanian team have coincided with other expansion teams.

4

THERE ARE ALREADY AFL GAMES IN THE STATE

Both Hawthorn and North Melbourne play home games in Tasmania every year.


THE WINNING FORMULA FOR
COMMERCIAL SUCCESS
Emotional
Ownership
$
Fiscal
Ownership

FISCAL OWNERSHIP

THE SECRET SAUCE TO SUCCESS

BORUSSIA DORTMUND

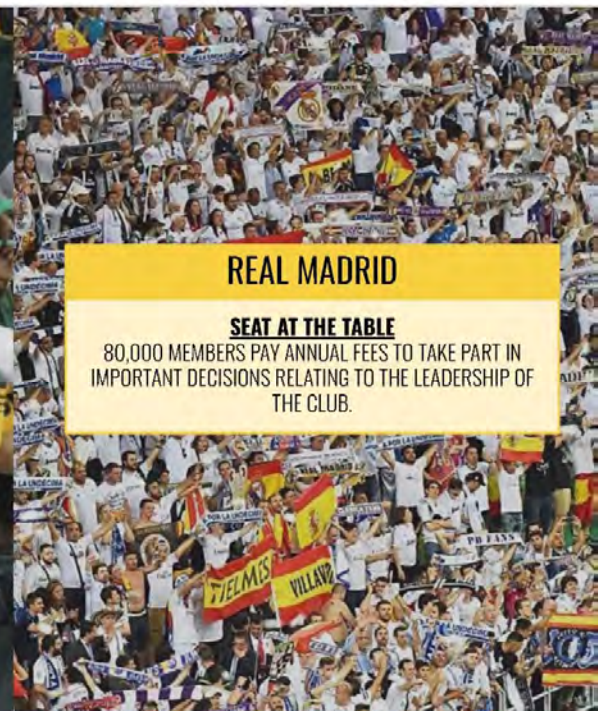
FOR US BY US

FANS HAVE A MAJORITY SHARE OF OWNERSHIP AND EACH OF THEM HAVE A VOICE IN THE DECISIONS WHICH SHAPE THEIR RELATIONSHIP WITH THE TEAM.

GREEN BAY PACKERS

SKIN IN THE GAME

IN A TOWN OF JUST OVER 100,000 PEOPLE, THE PACKERS HAVE 360,000 SHAREHOLDERS WHO SUPPORT THE TEAM FROM AROUND THE COUNTRY.



REAL MADRID

SEAT AT THE TABLE

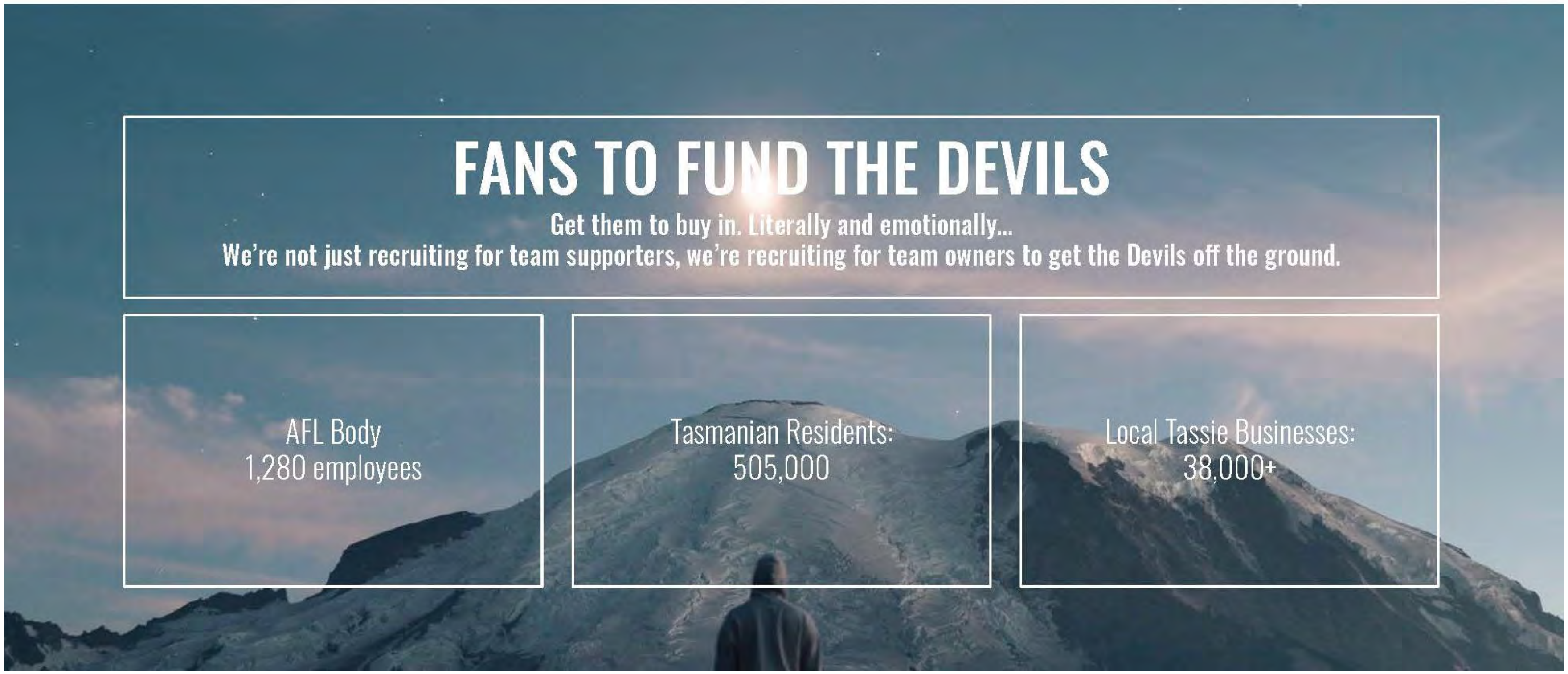
80,000 MEMBERS PAY ANNUAL FEES TO TAKE PART IN IMPORTANT DECISIONS RELATING TO THE LEADERSHIP OF THE CLUB.

EMOTIONAL OWNERSHIP

THE SECRET SAUCE TO SUCCESS

THE BUSINESS MODEL

GENERATE FISCAL SUPPORT VIA AN EMOTIONAL BUY IN



WHAT WE'RE SELLING

FANS & SPONSORS WILL RUN ONTO THE FIELD WITH THE DEVILS FOR EVERY GAME

Team Owners

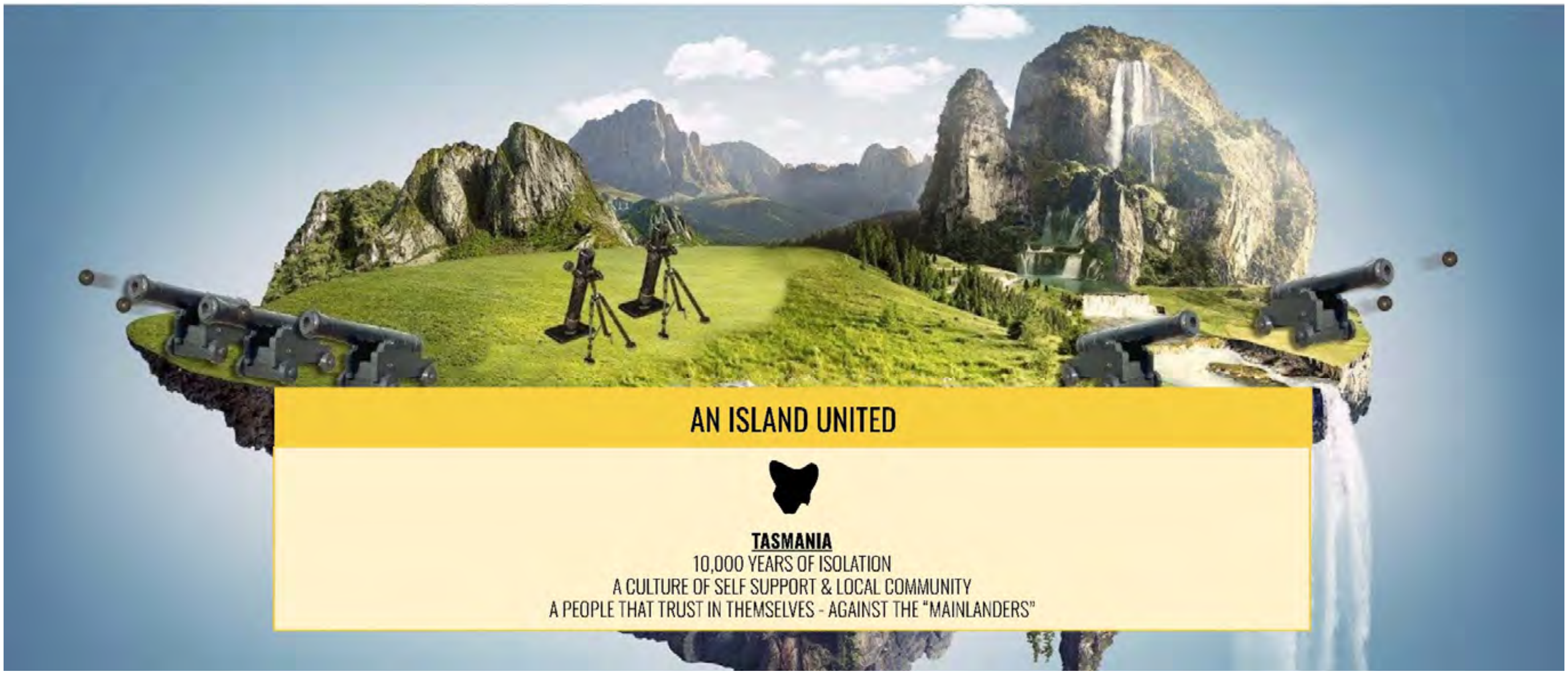
Every local investor (big or small) will get their names printed on the inside of every Devils' jersey to create the feeling that they are not just a part of the team, they run alongside the players too.

Corporate Sponsors

Corporate sponsors will get back and front of the jersey placement based on their level of investment.

THE OUTCOME: AN ISLAND UNITED

CREATE AN EMOTIONAL BOND TO TASMANIA'S UNIQUE SPIRIT THROUGH THE DEVILS



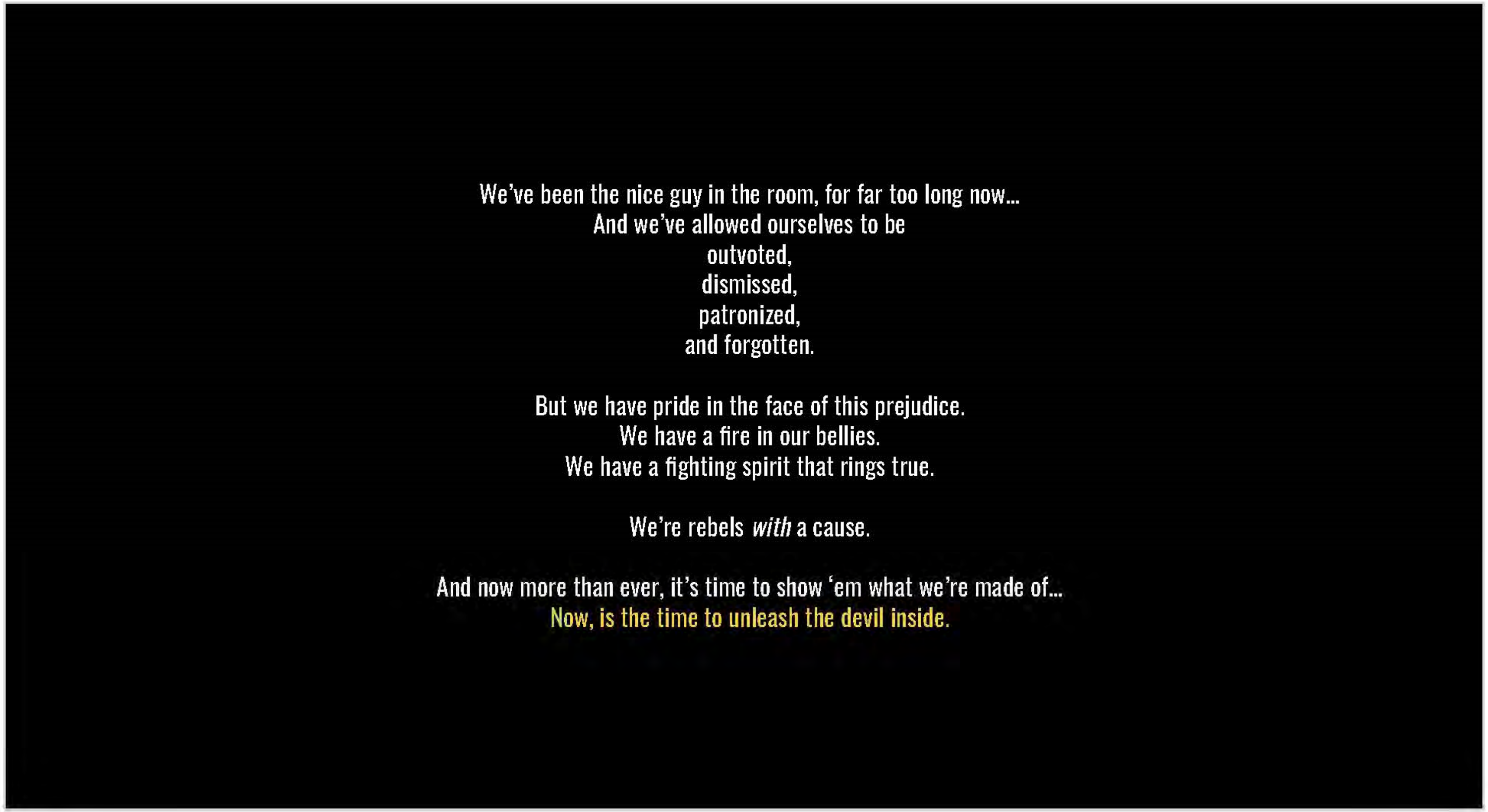

BRAND STRATEGY

THE OPPORTUNITY TO CONNECT

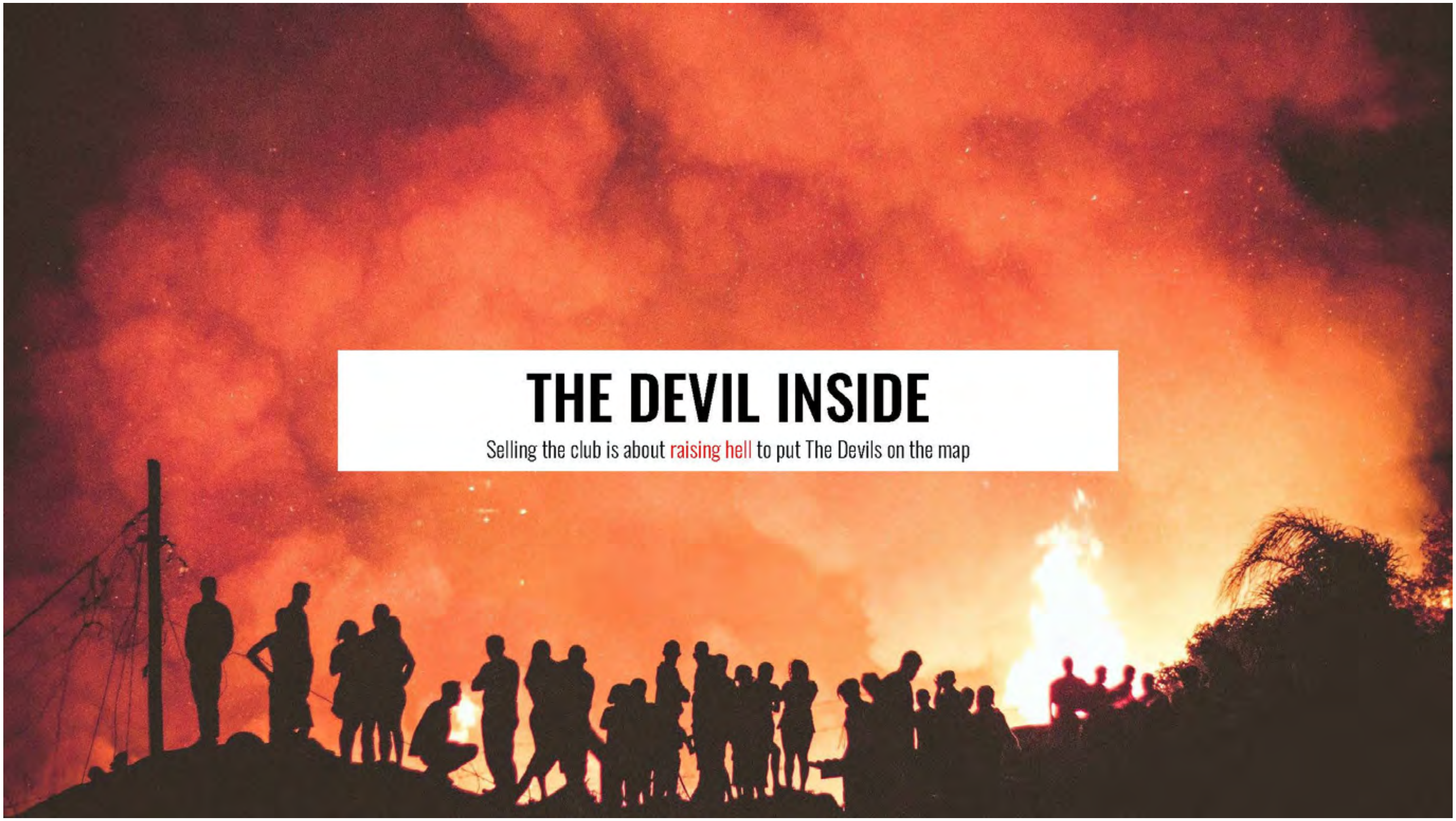
CREATING EMOTIONAL BUY IN

PEOPLE	CATEGORY
Devilish Charms We're a community of whiskey makers, jazz lovers, off the griders, salmon farmers, fresh-air lovers, and mountain men. It's our rich and charming culture that sets us apart.	**Punching Above Our Weight** With 1m annual visitors to our tiny 64,000 km island, we give the big boys a kick in the pants.
Devil May Care Attitude We have a distinct way of doing things, and we don't back down or care to conform to the mainland ways.	**A Walk on The WIld Side** We've always been way out of left field: Mona Foma, The Winter Solstice Nude Swim, Dark Mofo... We're a bit different. We're a little bit weird. We don't play by the rules. And that's what the mainland loves about us.
CULTURE	BRAND

?


We've been the nice guy in the room, for far too long now...
And we've allowed ourselves to be
outvoted,
dismissed,
patronized,
and forgotten.
But we have pride in the face of this prejudice.
We have a fire in our bellies.
We have a fighting spirit that rings true.
We're rebels *with* a cause.
And now more than ever, it's time to show 'em what we're made of...
Now, is the time to unleash the devil inside.


THE DEVIL INSIDE
Selling the club is about owning the fact that we're the underdogs (and damn proud to be)

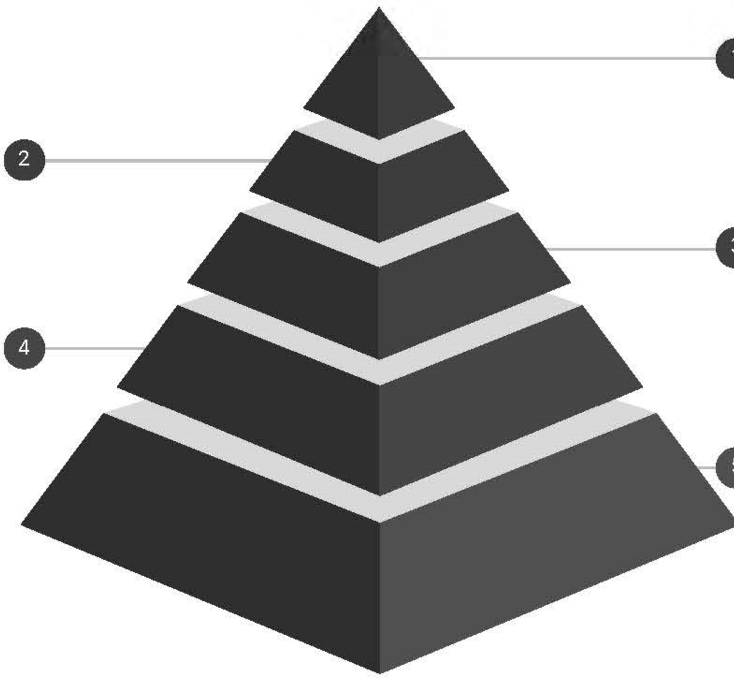

THE DEVIL INSIDE
Selling the club is about raising hell to put The Devils on the map

THE DEVIL INSIDE

Selling the club is about harnessing the wild side of Tasmania

WHAT DOES THE DEVIL INSIDE MEAN?

WE'RE A CHALLENGER BRAND WHO NEVER BACK DOWN IN THE FACE OF ADVERSITY



1 Brand Essence

Raw Rebellion

2 Brand Persona

Authentic
Spirited
Defiant
Determined

3 Emotional Benefit

An unbridled sense of pride and belonging

4 Functional Benefit

Gives Tassie something to barrack for

5 Product Attributes

- Uniting Tasmania under one banner
- Revenue back in our pockets
- Entertainment that brings tourism into Tasmania

HOW DO WE BEHAVE TO BRING THE DEVIL INSIDE TO LIFE?

THREE KEY BRAND BEHAVIOURS

CHEST BEATING, GUNS BLAZING

We may be small, but we pack a punch. We bring the heat and a fever pitch of excitement in everything that we do.

STORMING THE FLAG

When we run onto the field, every Tasmanian runs alongside us. Come hell or high water, we're for putting our people on the map.

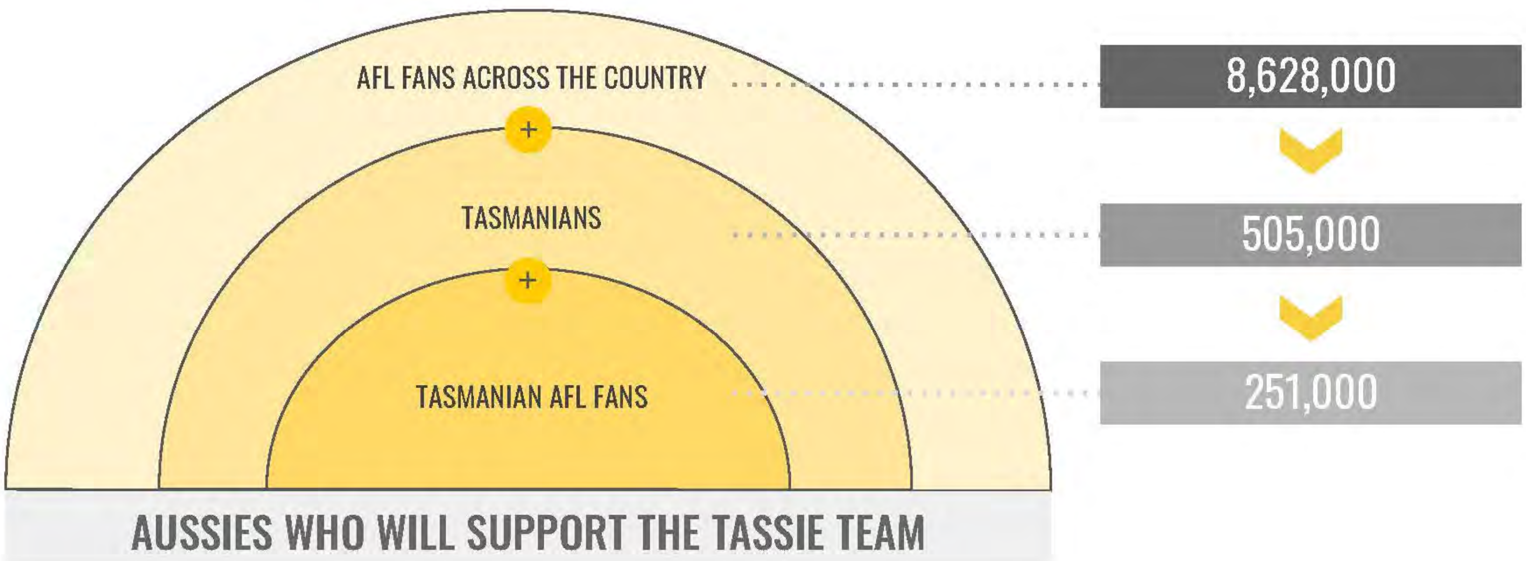
STAKE IN THE GROUND

Making it known that we're not just here to play, we're here to stay. A real force to be reckoned with.


GO-TO-MARKET STRATEGY

WHERE CAN WE STOKE THE FLAMES OF PASSION?

THIS CAUSE IS FAR BIGGER THAN OUR ISLAND



GTM APPROACH FOR THE DEVIL INSIDE

STOKING THE FIRES OF PASSION FOR THE UNDERDOGS FROM THE GROUND UP

STOKING LOCAL FIRES

GARNER MEDIA SUPPORT TO PAINT THE TOWN GREEN

LOCAL PRINT MEDIA

The Advocate
theadvocate.com.au

The Examiner

Mercury
themercury.com.au

Tasmania 40South

Island

LOCAL RADIO

ABC Radio Hobart

ABC Northern Tasmania

Hobart's 7HOFM 101.7

Triple M 107.3 Hobart

hit100.9 Hobart

OOH OPPORTUNITIES

CASCADE BREWERY

CUSTOMS HOTEL

CONSTITUTION DOCK

RESIDENTS AS ADVOCATES

BUMPER STICKERS

SCARVES

FLAGS

HOMES AND STOREFRONTS

STOKING NATIONAL FIRES

RECRUITING FAMOUS TASMANIANS TO DRIVE THIS PLATFORM

THE DEVIL INSIDE

INTERNATIONAL STARS
PRINCESS MARY OF DENMARK
SIMON BAKER
RACHAEL TAYLOR

AUSSIE SPORTING HEROES
RICKY PONTING
DAVID BOON
TIM PAINE

AFL SPORTING HEROES
MATTHEW RICHARDSON
NICK RIEWOLDT
ALASTAIR LYNCH
RODNEY EADE

POLITICIANS
BOB BROWN
WILL HODGMAN
RICHARD COLBECK

STOKING CORPORATE FIRES

ALIGNING WITH LIKE-MINDED, CHALLENGER BRANDS

CORPORATE CRITERIA	POTENTIAL LOCAL SPONSORS	POTENTIAL CORPORATE SPONSORS
CONTRIBUTE TO BRAND PERSONALITY	HUON VALLEY SEAFOODS PTY LTD; SPIRIT OF TASMANIA	Cadbury; Tasmanian Government
CONSISTENT AND COMMERCIALLY APPEALING	CASCADE -BREWERY Co-; MyState; KING ISLAND	JAMES BOAG TASMANIA'S FINEST – SINCE 1881 –; airbnb
ALIGNED AND SAFE BRAND ATTRIBUTES	PYENGANA DAIRY; TASFOODS LTD; TasGas	Uber


ATTRACTING SPONSORS

CORPORATE PARTNER SHORTLIST
TOURISM/TRAVEL CATEGORY

PARTNERS	THE APPEAL FOR CLIENTS	THE OFFER TO CLIENTS
SPIRIT OF TASMANIA airbnb Virgin australia	CLEAR CATEGORY ALIGNMENT 1. HUGE PROVEN APPEAL OF TASMANIAN TOURISM 2. TRAVELING FANS FOR LOCAL/HOME GAMES TEAM BRAND ALIGNMENT DUE TO PULLING ON THE IMAGERY OF THE STATE	TAILORED TOURS & ACCOMMODATION ALIGNED TO HOME GAMES (TARGETED SPECIFICALLY TO APPEAL TO AWAY TEAM FANS). EG CONVICT TOUR FOR COLLINGWOOD FANS SPIRIT OF TASMANIA: TRAVEL BOOKING PRIORITY CONNECTION FOR SPONSORS (LINK FROM TICKET BOOKING TEAM SITES) AIRBNB: HOSTED TOURS & ACCOMMODATION FROM TEAM OWNERS

CORPORATE PARTNER SHORTLIST
PRODUCE MANUFACTURING

PARTNERS	THE APPEAL FOR CLIENTS	CUSTOM & UNIQUE SPONSOR ASSETS
Cadbury	MADE IN TASMANIA - ENJOYED AROUND AUSTRALIA	SAMPLING AND GUIDED TOURS OF FACILITIES
CASCADE BREWERY CO	ABAC GUIDELINES APPROVED DUE TO SPORT	ABAC GUIDELINES APPROVED DUE TO SPORT
tassal	FRESH PRODUCE - DISTINCTLY TASMANIAN	
KING ISLAND, TASMANIAN ICE CREAM VALHALLA, PYENGANA DAIRY	FAMILY TARGETING (FMCG PRODUCTS)	SAMPLING AND GUIDED TOURS OF FACILITIES

FANS/OWNERS SUPPORT BY WEARING BRAND COLOURS FOR KEY GAMES (CREATES A SPECTACLE FOR TV VIEWERS)

CREATION OF A PUBLIC HOLIDAY NAMED AFTER TIER ONE SPONSOR THE DAY BEFORE/AFTER ANY FINALS APPEARANCES OF TEAM

UNIQUE SPONSOR ASSETS
ONLY IN TASMANIA

HUON RIVER JET

SYDNEY TO HOBART

A TASTE OF TASMANIA FESTIVAL

ROYAL HOBART REGATTA

MONA FOMO

SALAMANCA MARKET

ADDING VALUE

REAPING BENEFITS ACROSS THE BOARD

THE AFL

AFL is undoubtedly our national sport. It's in the name.

However, with the NRL confirming that Tasmania is a key focus for their next five years and the A-League looking to expand to 16 teams by the 2023 season, now may be one of the final opportunities to cement the AFL as our only truly national game.

A team in Tasmania would all but confirm that our national game is exactly that.

Belonging to the whole nation.

GLOBAL SPONSORS

While Tasmania is a single state and the AFL is a national competition, the reach is undoubtedly global with international companies from across the world buying into teams and jumping on board as major sponsors.

For any global brand looking to break into the Australian market, aligning with the Tasmanian brand and a true blue underdog on the big stage is an opportunity which may not present itself again.

EXISTING SPONSORS

The opportunity for incremental exposure to the Tasmanian market is a much more appealing prospect than trying to claim share of voice in a Victorian market which is already oversaturated.

This exposure is the perfect opportunity for brands to test some untouched waters and a stepping stone for growth into a previously untapped market.

BROADCAST RIGHTS

Our intel indicates that approximately 85,000 supporters will be keeping up to date with a Tasmanian team, the AFL holds a strong position in when it comes to negotiating for a more lucrative broadcast rights deal.

Not only will the broadcaster have exclusive access to an increased market of people tuning in, the opportunity to capture moments which will form the foundation of a club's identity is something that will live on indefinitely.


QUOTES FROM THE EXPERTS

SPONSOR VALUE & APPEAL

A MEDIA BOSS' PERSPECTIVE

VALUE & SCALE

Nielsen (previously Repucom) have shown value return of up to 8x investment for AFL signage. Full stadiums of local supporters (particularly in launch years and then successful seasons) give added value beyond TV audiences. In a time of decreased TV audiences, live sport continues to deliver scale.

ALIGNMENT

Tasmania represents desired brand attributes. Game environments are well regulated and controlled. The AFL has a strong history of representing the best of our society and culture.

FAMILIES

With strong community support we expect families to be a key fan base. Families are the core audience for FMCG clients and create safe brand environments.

ENGAGEMENT

The unique prospect of a team owned by an Island State provides access to assets not previously imagined in Australia's biggest sporting code. Alignment and storytelling through these assets (beyond TV) will connect to audiences and grow brands.

The launch of an AFL Team in the stronghold of Tasmania provides a unique and valuable opportunity for advertisers in Australia. The ability to leverage the story and goodwill unleashed from the Apple Isle will create value extending beyond regular audience buys in sport. Early partners will gain brand recognition and cooperation that isn't possible with established organisations.

Paul Murphy
Head of Media - Cummins&Partners

PASSION-FUELED BRANDS BUILD SUCCESS
A BRAND STRATEGY PERSPECTIVE

Sporting brands succeed when high levels of local passion meet economic growth.

With both those criteria fulfilled - and the right investment in brand building and community engagement - the time is ripe for Tasmania to launch a commercially successful AFL franchise... One that will drive long-term brand loyalty, engagement, and more importantly revenue."

Tom Ward
Chief Strategy Officer - Cummins&Partners

A TASSIE TEAM WILL ENHANCE THE AFL BRAND

AN INSIDER'S PERSPECTIVE

There is not a true AFL fan in Australia who doesn't feel a longing - and a conditioned guilt - to see a Tasmanian team. When this day comes this Tasmania brand alone will epitomize all that Aussies love. An underdog. A wrong that has been righted.

In today's advertising a brand must have a purpose. Purpose is the new digital. And a Tasmanian AFL team's purpose is to have a place on the field to legitimately represent and connect it's Tasmanian community to Australia's most popular sport. This may be the first AFL team that has a truly indelible community purpose at its core.

And that makes it a brand purpose built for the future. And a chance for the AFL to recognise that it will confer new meaning to whole sport. And enhance the AFL brand and any brands who want to own the future.

Sean Cummins
Founder - Cummins&Partners | Former Board of Directors - Hawthorn Club

MAKING IT A TRULY NATIONAL GAME

A BROADCAST PERSPECTIVE

Being a truly national game, AFL growth into Tasmania can only be a good thing – evident by several clubs wanting to set the 'Apple Isle' as second home base.

This will also help grow new audience from a broadcast perspective which in turn will help popularise the code, something that other sporting codes like the NBL had to contend with in recent times"

Ken Lam
National Head of Investment - Dentsu X

THE BEAUTIFUL STORY OF TASSIE

A CLIENT PERSPECTIVE

As well as being an icon for authenticity and fresh produce for brands nationally, Tasmanians embrace quality products such as Chobani. Whilst direct marketing efforts for our brands have been highly successful to date, having a powerful marketing vehicle such as a local AFL team available would be game-changing for the right products locally. A grassroots organisation would generate both goodwill and exposure, both in Tasmania and nationally.

Steven Blakers
National Brand Manager - Chobani


THANK YOU

Appendix 3 AFL Taskforce Tasmania Gemba Report October 2019

Gemba

Appendix 3

TASMANIAN GOVERNMENT

INPUT INTO AFL BUSINESS CASE

17 OCTOBER 2019

Gemba

THE AFL TASMANIA TASKFORCE ENGAGED GEMBA TO CONDUCT A REFRESH OF ITS 2008 BUSINESS CASE

PROJECT BACKGROUND AND SCOPE

PROJECT BACKGROUND

- In 2008, Gemba assisted the Tasmanian State Government compile a comprehensive business case for a Tasmanian AFL Club. The Business Case considered analysis from Gemba's proprietary research, bespoke choice modelling research and data from Gemba's Market Insights
- It has now been more than a decade since the original Tasmanian AFL Business Case and a Taskforce has been established to reinvestigate the potential for an AFL license in Tasmania
- The Taskforce recognised that the metrics and benchmarks within the original Business Case are now more than a decade old and require recalibration to a new Tasmanian, Sport and Entertainment landscape
- Gemba was engaged to refresh all consumer and market data, conduct bespoke research among Tasmanians and conduct a peer review of the Taskforce's Business Case

PROJECT SCOPE

Gemba's project scope contains three separate streams of work:

1. Data Refresh – refresh all consumer market sizing and market benchmark data from the 2008 report and provide insights on the broader consumer and industry landscape changes (in Tasmania, AFL, sport and entertainment)
2. Choice Modelling Refresh – conduct a new choice modelling study to test consumer interest for different game locations, membership and ticketing interest, which has driven bottom-up revenue models
3. Peer Review – upon completion of the Taskforce's Business Case, conduct a peer review to outline areas of improvement and provide additional analysis that could add further weight to the business case

Phase 1 and 2 of the project scope are summarised within this report, with additional information contained within separate attachments

THIS DOCUMENT IS INTENDED TO BE USED AS INPUT INTO THE TASMANIA AFL TASKFORCE'S ONGOING BODY OF WORK

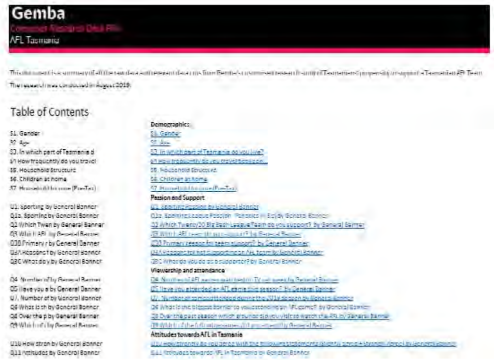
PURPOSE OF THIS DOCUMENT

- The Tasmania AFL taskforce has been established to shape the narrative for an AFL license in Tasmania
- This document should be seen as a contributing fact base to the Taskforce's work
- It is not intended for public distribution or as a stand-alone case for Tasmania, but rather a resource for the Taskforce to use to tell its overall story
- Gemba has made a number of assumptions throughout this document. These assumptions may warrant further updates stemming from review by the Taskforce and other information as it arises
- This document should be read in conjunction with addenda to this document:
  – *Appendix D – Business Case reconciliation 151019* (Microsoft Excel)
  – *Profit and Loss Model 150919* (Microsoft Excel)
  – *Tasmania AFL Consumer Research Data File 060919* (Microsoft Excel)

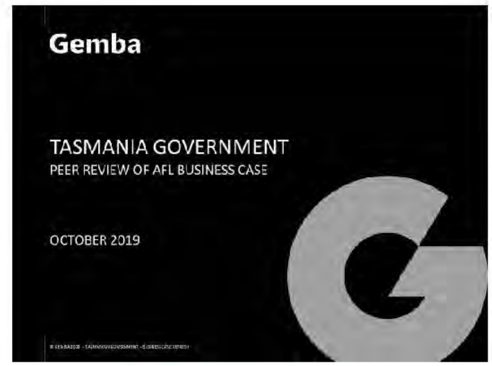
THIS DOCUMENT IS ONE OF SEVERAL DELIVERABLES THAT GEMBA WILL PROVIDE TO THE AFL TASMANIA TEAM TASKFORCE

DELIVERABLES

- PowerPoint report that summarises refreshed consumer and market data (this report)
- Excel model that contains financial analysis and supporter base sizing for scenario analysis (attached separately)
- Excel summary of key changes between 2008 Business Case and refreshed 2019 Business Case Input (attached separately)



- Excel output of all raw data and relevant data cuts from customised research study of Tasmanians' propensity to support a Tasmanian AFL Team
- SPSS (research data) format for further analysis if required
- Questionnaire that reconciles to research for future studies if required



- Peer review of the AFL Tasmania Team Taskforce Draft Business Case for recommended changes or inclusions based on Gemba's experience and knowledge of the Australian sport and entertainment market

GEMBA HAS ALSO PREPARED A BUSINESS CASE RECONCILIATION TO ALIGN INPUTS FROM THE 2008 BUSINESS CASE TO THE UPDATED BUSINESS CASE

BUSINESS CASE RECONCILIATION

Gemba
Business Case Reconciliation
AFL Tasmania

2008		2019	
Pg.	Data input	Pg.	Commentary
7	Australian population	64-65	Australian population has increased from 21m to 23.4m
7	Number of domestic sporting teams (broken down by state)	18, 19, 59, 60	There have been six new leagues and 67 new elite teams introduced in Australia since 2008. The number of teams in Victoria and NSW has more than doubled, while all other States have experienced increases between 40-200%. A full list of elite teams can be found in Appendix A.
8	Australian Population by major city/region	City + Region data	The Tasmanian population has increased by 7% over the past decade, compared to other cities which have increased by approximately 22%
11	AFL Engagement Level (1-5)* vs. Attendance	N/A	*No longer relevant due to updated Gemba methodology, replaced by "engaged supporter"*
11	AFL Engagement Level (1-5)* vs. Read, Watched, Listened	N/A	*No longer relevant due to updated Gemba methodology, replaced by "engaged supporter"*
12	Number of AFL Supporters per city/region	City + Region data	Sydney is the now the city with the highest AFL Supporter base per team (vs. Brisbane in 2008)
12	Number of engaged AFL Supporters per city/region	15	All 'heartland' Australian Rules Football States have experienced declines of between 11-19% in fanaticism over the last decade
13	Number of AFL teams per per city/region	59	Two new AFL teams have been introduced to the league since 2008 (Gold Coast Suns and Greater Western Sydney). A full list of AFL teams can be found in Appendix A.
13	Number of engaged AFL Supporters per team	37	Gemba market sizing shows in 2019 the Sydney Swans, Adelaide Crows and West Coast Eagles have the most engaged supporters. In 2008 Brisbane, Perth and Sydney market had the highest number of engaged AFL supporters.
15	AFL Team Support in Tasmania (% breakdown)	24	Tasmanians have failed to engage significantly with teams domiciling their games out of Launceston and Hobart with the number of Tasmanians that don't support a team more than doubling over the last decade from 22% to 48%. Carlton and Collingwood currently have the highest number of AFL fanatics in Tasmania.
15	% of 'Engaged' Supporters for AFL Teams in Tasmania	63	There are currently 13K Tasmanian fanatics with an existing team that might swap to support a local Tasmanian team, plus an additional 48K who would follow a Tasmanian team in addition to their current team
18	AFL Club License Ownership Structures	N/A	Update: North Melbourne and Greater Western Sydney are membership based clubs and Adelaide Crows and Port Adelaide are no longer owned by SANFL - they are now Limited by Guarantee

The excel document *Appendix D* reconciles data from the 2008 Business Case to the 2019 Business Case by page number and includes high level change commentary.

Gemba

1 EXECUTIVE SUMMARY

MACRO TRENDS HAVE ALTERED THE TASMANIAN AND BROADER SPORT LANDSCAPE OVER THE LAST DECADE

THE LAST DECADE

#	INSIGHT
1	The popularity of Australian Rules Football has declined in Tasmania over the past decade, with Fanatics decreasing by 19% (37% to 30%) and the number of disinterested consumers increasing by 36% (42% to 57%).
2	The decrease in fanatics over the past decade is equivalent to a potential loss of $11m revenue based on an average yield per fanatic calculation. Under a hypothetical scenario where an AFL team was established in Tasmania in 2010, Australian Rules Football passion may have increased to 40% in 2019.
3	The decline in popularity of Australian Rules Football in Tasmania has also been experienced in other key Australian Rules Football states. Despite declining popularity, Australian Rules Football is still the most popular sport in Tasmania
4	Tasmanian participation in Australian Rules Football has increased by 24% over the last decade, driven by growth in female participation and school programs. Registered male participation has inversely eroded over the past decade.
5	The number of elite sporting teams in Australia has more than doubled over the past 10 years to 128 (up from 61). This has been underpinned by the rise of women's sport, league expansions and the rise of esports.
6	The increase in the number of elite sporting teams has not resulted in a significant increase of teams in Tasmania, with the Hobart Hurricanes (men's and women's) the only elite clubs based in Tasmania. There is yet to be an elite Winter team established in Tasmania.
7	Tasmania has become an increasingly popular tourism destination, with the number of visitors and direct spending increasing by 45% and 63% respectively over the past 10 years.
8	The combination of all these factors has led to at least four Australian sporting leagues considering Tasmania as a viable option for expansion with a number of leagues looking to establish teams in the State.

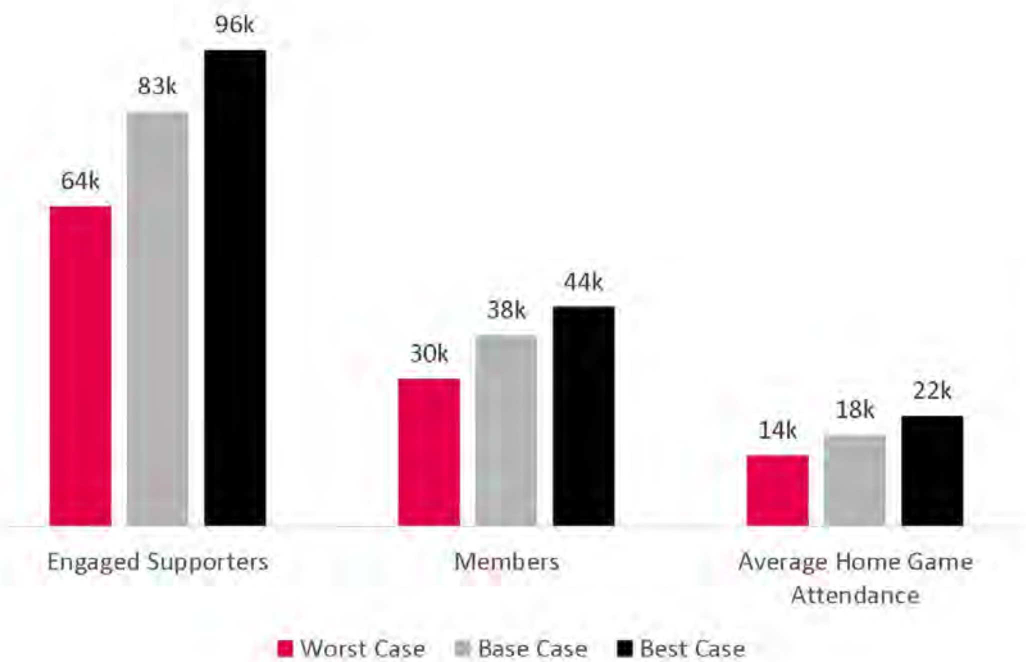
TASMANIA IS A COMPELLING PROPOSITION FOR AN AFL CLUB – CONTRIBUTING POSITIVE AUDIENCE GROWTH WITHOUT SIGNIFICANTLY IMPACTING EXISTING CLUBS

THE CASE FOR TASMANIA

#	INSIGHT
1	The presence of North Melbourne and Hawthorn in Tasmania over the last decade has failed to convert Tasmanians to support an AFL team, with the proportion of the population that don't support a team more than doubling.
2	The addition of a Tasmanian AFL team may lead to incremental audience reach for the AFL, with Tasmanians 62% more likely to attend more games and 36% more likely to watch more games if an AFL team was based in Tasmania.
3	A Tasmanian AFL team would not substantially cannibalise existing AFL Club support in Tasmania, with data indicating from year one only 18% would switch their primary team support to the Tasmanian team and only 19% would not continue their existing Club membership if a Tasmanian AFL team existed.
4	Tasmanian venues are currently right-sized for a local AFL team with regular season AFL content attracting comparable attendances and fill rates to other venues. A new stadium has the potential to significantly increase existing membership and attendance market sizing.
5	Despite being 67% more popular than Cricket, Australian Rules Football hosts almost half the number of games in Tasmania and doesn't have a locally based Club.
6	The Hobart Hurricanes have highlighted that Tasmanian-based Clubs can be competitive, sustainable and contribute positively to national competitions and sporting codes.
7	Similarly, other smaller regional-based Clubs in the AFL (Geelong) and NRL (North Queensland Cowboys) have demonstrated over a sustained period their ability to over-index compared to competition averages for television audience and attendances.
8	The value proposition for attracting players, coaches and administrators to a Tasmanian AFL Club will be strengthened by the significant cost of living differences (in Hobart), where rentals are 30% lower and mortgages 28% lower than national averages.

GEMBA'S MARKET SIZING OF KEY SUPPORTER BASE METRICS INDICATES THAT SUSTAINABLE APPETITE FOR AN AFL TASMANIA TEAM COULD EXIST

YEAR ONE MARKET SIZING | AFL TASMANIA TEAM



INSIGHTS

- Gemba's analysis of the potential engaged supporter base size for a Tasmanian AFL team could be between 64k and 96k
- Using conversion rates from claimed appetite for membership of the Tasmanian Club, members are projected to be between 30k and 44k
- Average home attendances are projected to be between 14k and 22k per game

Source: Gemba Insights Program, Gemba Market Sizing
Note Gemba data based on market sizing of population 16-65. For all ages market sizing refer to Appendix.

USING A BOTTOM-UP AND TOP-DOWN APPROACH, A TASMANIAN AFL TEAM MAY GENERATE A NET LOSS OF -$2.4M

FINANCIAL SUMMARY

REVENUE	$
AFL Distributions	17,704,628
Corporate football revenue	9,902,843
Retail football revenue	8,476,291
Other football revenue	408,768
Non-football revenue	0
TOTAL REVENUE	**36,492,530**
EXPENDITURE	**$**
Corporate football expenditure	3,178,609
Retail football expenditure	4,765,717
Other football expenditure	373,976
Administration expenditure	6,021,611
Football expenditure	24,586,245
Non-football expenditure	0
TOTAL EXPENDITURE	**38,926,159**
NET PROFIT / (LOSS)	**(2,433,629)**

INSIGHTS

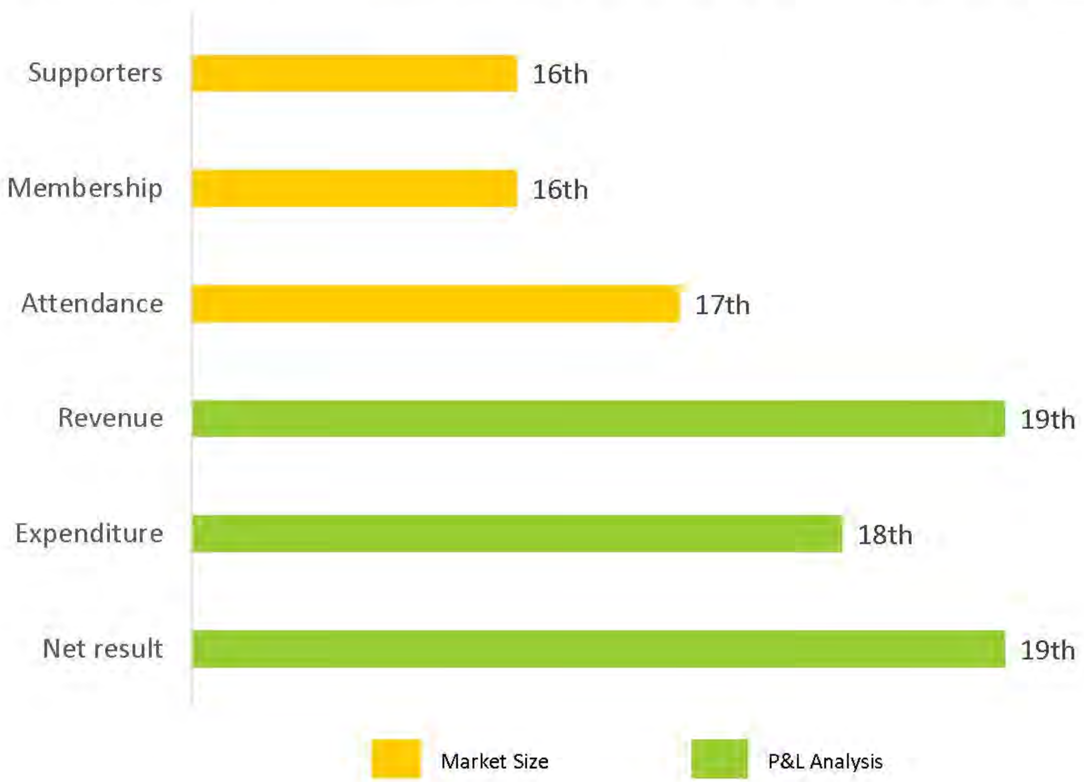
- Top-down and bottom-up revenue and expenditure analysis has determined that a Tasmanian AFL team may incur a net loss of -$2.4m
- Modelling is based on benchmark of league averages and supporter base size
- This model excludes consideration of commercial arrangements and capacity in the Tasmanian market to generate other revenue sources (e.g. government grants)

Source: 2018 AFL club benchmarking

PROFIT, REVENUE AND EXPENDITURE RANKINGS PLACE THE AFL TASMANIA TEAM IN THE BOTTOM QUARTILE OF AFL CLUBS DUE TO ITS SMALL MARKET SIZE

COMPARATIVE RANKING | FINANCIAL AND MARKET SIZING

RANKING OF TASMANIAN AFL TEAM COMPARED TO EXISTING 18 AFL CLUBS



INSIGHTS

- The AFL Tasmania team ranks 16th (out of 19) for market size, 19th for revenue potential and 18th for potential expenditure
- The profit, revenue and expenditure excludes consideration of commercial arrangements and capacity in the Tasmanian market to generate any non-football related revenue and expenditure (e.g. government grants)

Note: Higher ranking for expenditure indicates lower levels of spending compared to other AFL clubs
Source: All rankings based on 2018 benchmarking provided by the AFL

Gemba

2 THE LAST DECADE

MACRO TRENDS HAVE ALTERED THE TASMANIAN AND BROADER SPORT LANDSCAPE OVER THE LAST DECADE

KEY INSIGHTS

1. The popularity of Australian Rules Football has declined in Tasmania over the past decade, with Fanatics decreasing by 19% (37% to 30%) and the number of disinterested consumers increasing by 36% (42% to 57%).

2. The decrease in fanatics over the past decade is equivalent to a potential loss of $11m revenue based on an average yield per fanatic calculation. Under a hypothetical scenario where an AFL team was established in Tasmania in 2010, Australian Rules Football passion may have increased to 40% in 2019.

3. The decline in popularity of Australian Rules Football in Tasmania has also been experienced in other key Australian Rules Football states. Despite declining popularity, Australian Rules Football is still the most popular sport in Tasmania

4. Participation in Australian Rules Football has increased by 24% over the last decade, driven by incremental growth in female participation and school programs. Registered male participation has inversely eroded overtime.

5. The number of elite sporting teams in Australia has more than doubled over the past 10 years to 128 (up from 61). This has been underpinned by the rise of women's sport, league expansions and the rise of esports.

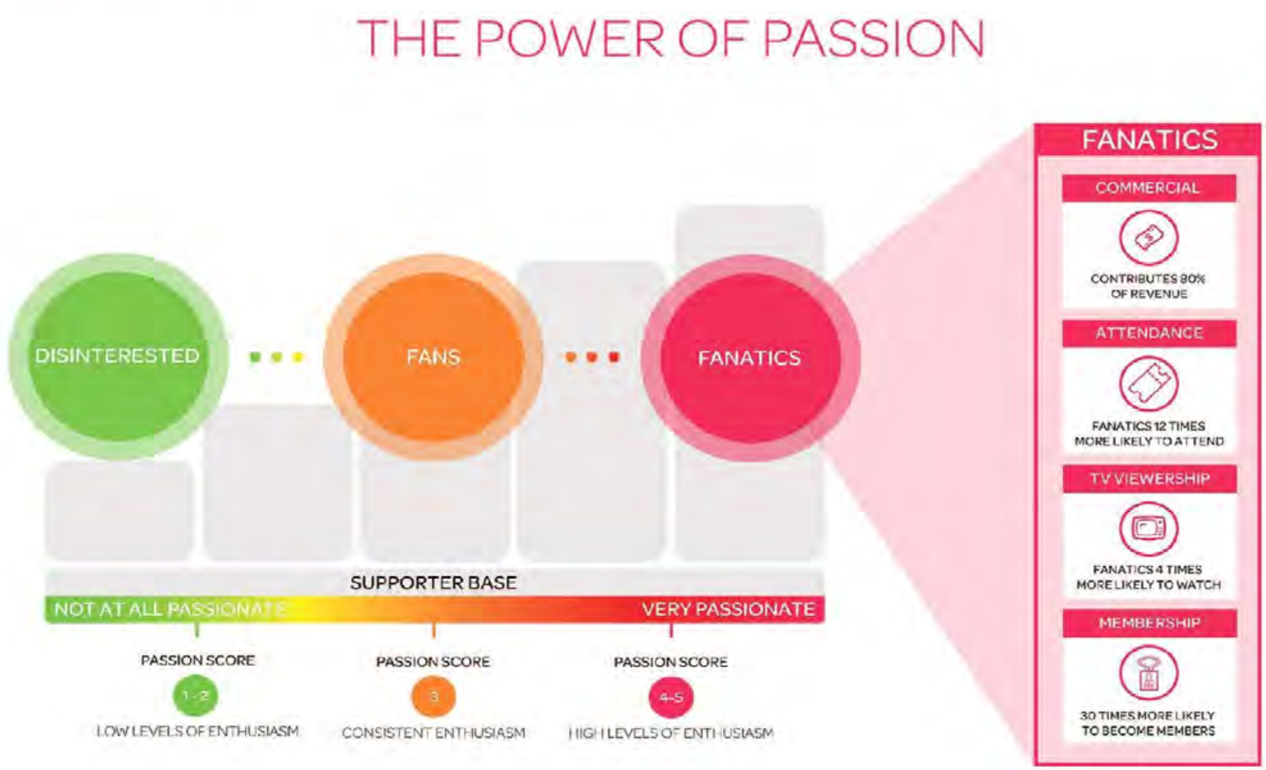
6. The increase in the number of elite sporting teams has not resulted in a significant increase of teams in Tasmania, with the Hobart Hurricanes (men's and women's) being the only elite clubs based in Tasmania. There is yet to be an elite Winter team established in Tasmania.

7. Tasmania has become an increasingly popular tourism destination, with the number of visitors and direct spending increasing by 45% and 63% respectively over the past 10 years.

8. The combination of all these factors has led to at least four Australian sporting leagues considering Tasmania as a viable option for expansion with a number of leagues looking to establish teams in the State.

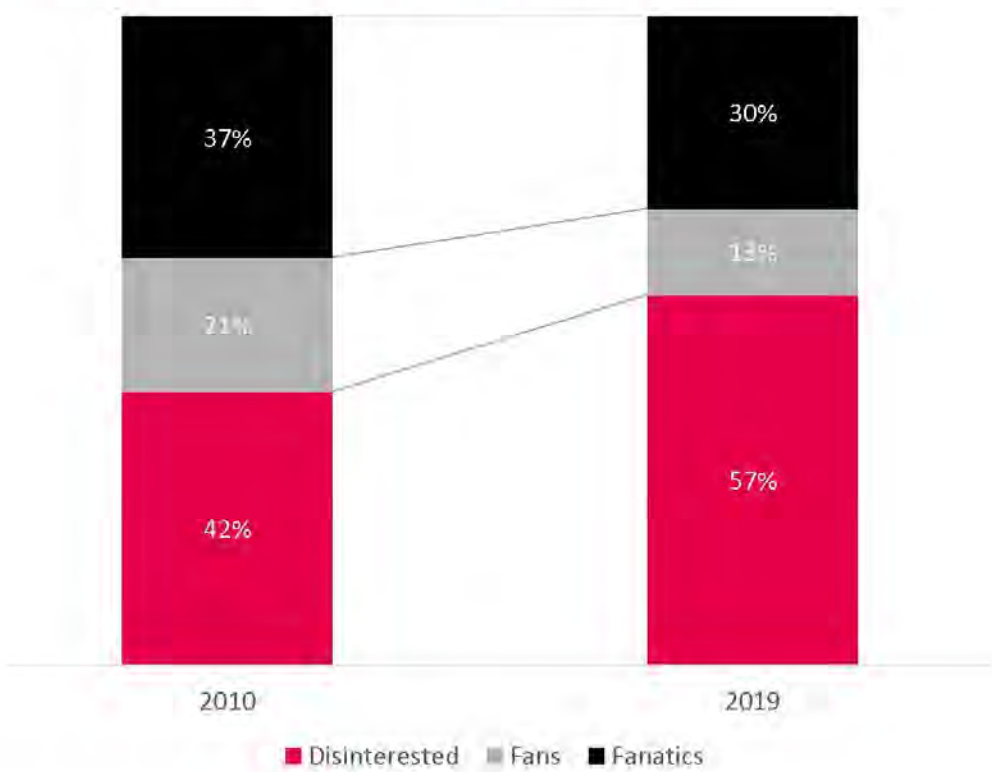
GEMBA USES PASSION AS A METRIC FOR GAUGING THE LEVEL OF FANATICS WITHIN A VARIETY OF SPORT AND ENTERTAINMENT PROPERTIES

GEMBA PASSION SCALE



THE NUMBER OF TASMANIANS WHO ARE FANATICAL ABOUT AUSTRALIAN RULES FOOTBALL HAS DECREASED BY 19% SINCE 2010

AUSTRALIAN RULES FOOTBALL PASSION | TASMANIA



INSIGHTS

- Since 2010, passion for Australian Rules Football amongst Tasmanians has declined significantly
- The number of fanatics (who represent ~80% of revenue for sports) has declined by 19%
- The number of fans has declined by 38%
- The decline in fanatics and fans is being directly realised in the number of disinterested supporters of Australian Rules Football, which has increased by 36%

Source: Gemba Insights Program

THE DECREASE IN FANATICS IS EQUIVALENT TO A POTENTIAL LOSS OF $11M REVENUE BASED ON AN AVERAGE YIELD PER FANATIC CALCULATION

CHANGE IN FANATICS| TASMANIA

Average revenue per AFL fanatic in 2018*		Difference in fanatics		Revenue impact
$428.89	x	25,540	=	($11m)

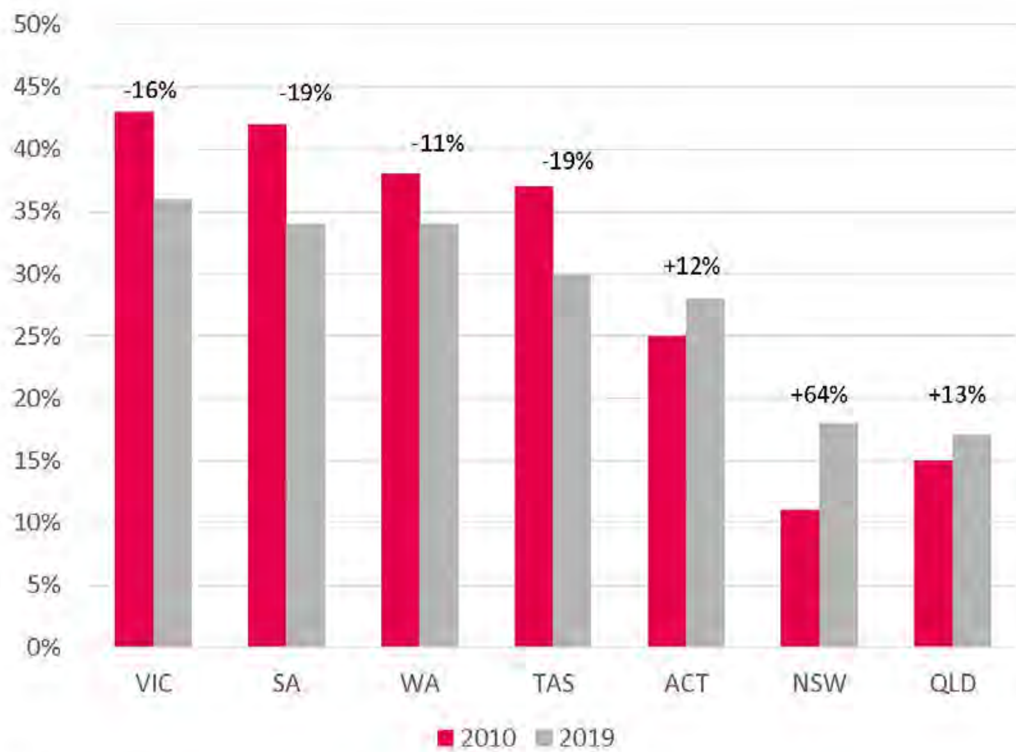
INSIGHTS

- If 2010 rates of fanaticism were constant (37%), there would be 121k fanatics in Tasmania
- Based on actual rates of fanaticism (30%) in 2018, there are 96k Australian Rules fanatics in Tasmania in 2018
- The difference in fanatics can be quantified as approximately $11m loss in revenue based on average revenue generated per AFL fanatic in 2018*

Source: Gemba Insights Program, ABS
Number of fanatics based on market sizing of Tasmanian population 16-65
*Average revenue per AFL fanatic calculated as total revenue of existing 18 club revenue in 2018 divided by total number of club fanatics in 2018

TASMANIA'S DECLINE IN FANATICS HAS BEEN CONSISTENT WITH OTHER 'FOOTBALL' STATES SUCH AS VICTORIA AND SOUTH AUSTRALIA

CHANGE IN AUSTRALIAN RULES FANATICS 2010 TO 2019 | BY STATE



INSIGHTS

- All 'heartland' Australian Rules Football States have experienced declines of between 11-19% in fanaticism over the last decade
- States where expansion Clubs have been introduced (NSW and QLD) have increased in fanaticism for Australian Rules, as has the ACT (where GWS represent the region)
- The decline of fanatics in Tasmania of 19% is equal highest with South Australia

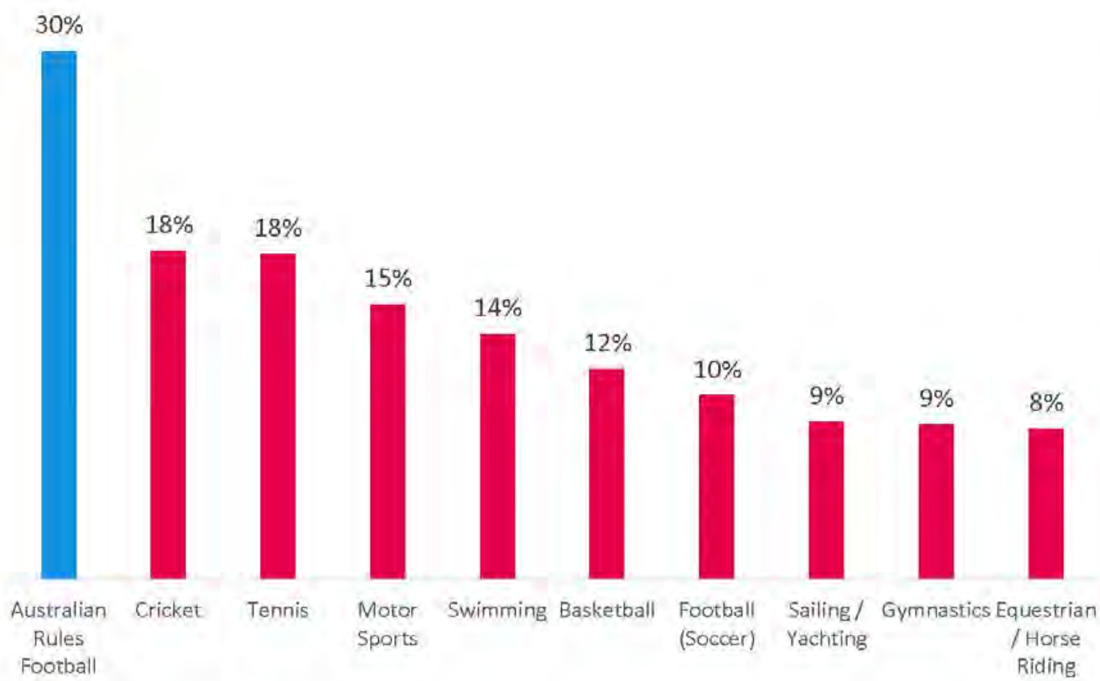
Note: NT excluded due to small sample size

Source: Gemba Insights Program

AUSTRALIAN RULES FOOTBALL REMAINS THE MOST POPULAR SPORT IN TASMANIA – IT IS 67% MORE POPULAR THAN CRICKET

TOP 10 SPORT FANATICS | TASMANIA

ALL AGES



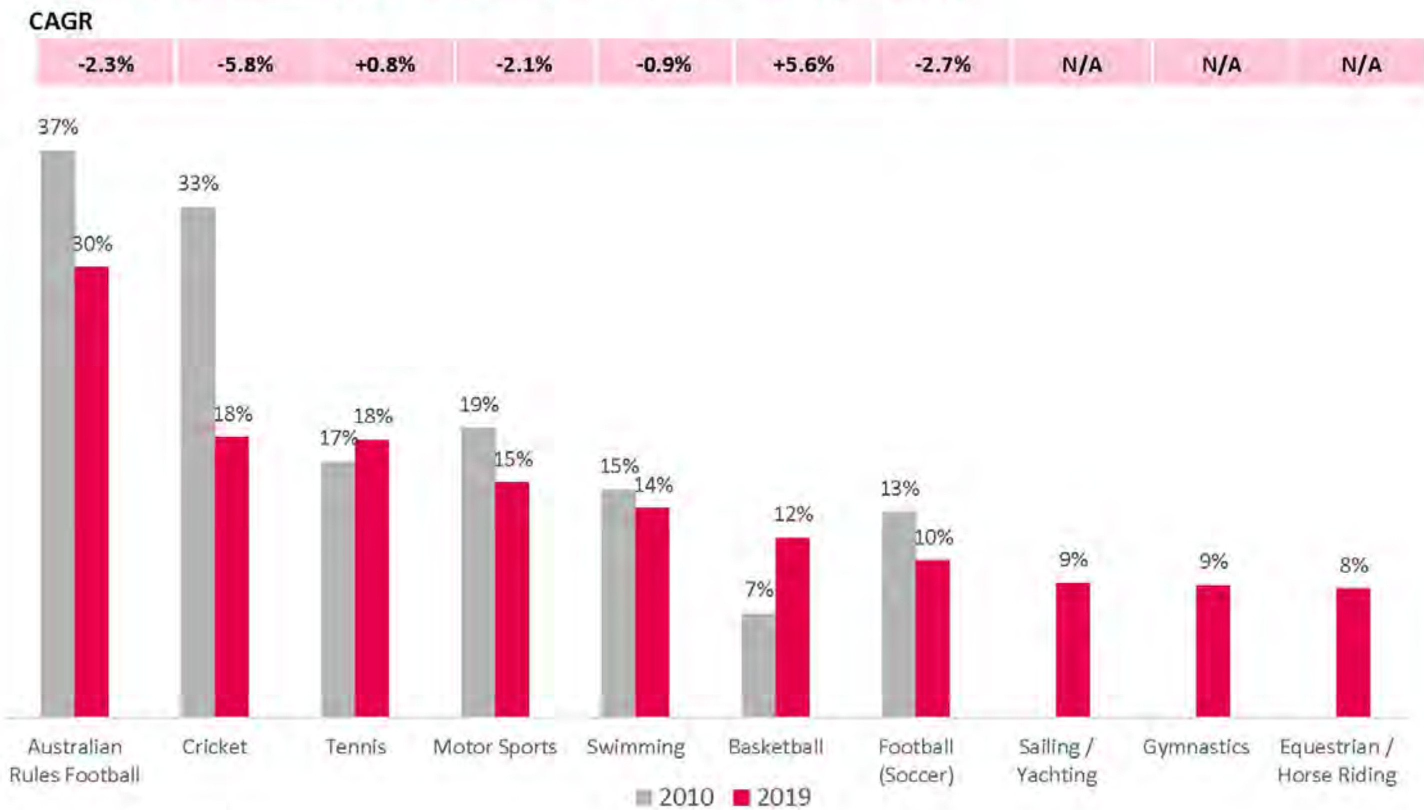
INSIGHTS

- Despite the decline in passion for Australian Rules Football over the past decade, it is still the most popular sport in Tasmania
- Australian Rules Football is significantly more popular than other major sports such as Cricket and Tennis, while it is also more than three times as popular as emerging sports (in Australia) such as Football and Basketball

Source: Gemba Insights Program

AMONGST TASMANIANS TOP 10 FAVOURITE SPORTS, AUSTRALIAN RULES HAS EXPERIENCED THE THIRD HIGHEST DECLINE IN PASSION OVER THE LAST DECADE

TOP 10 SPORT FANATICS CHANGE SINCE 2010 | TASMANIA (ALL AGES)

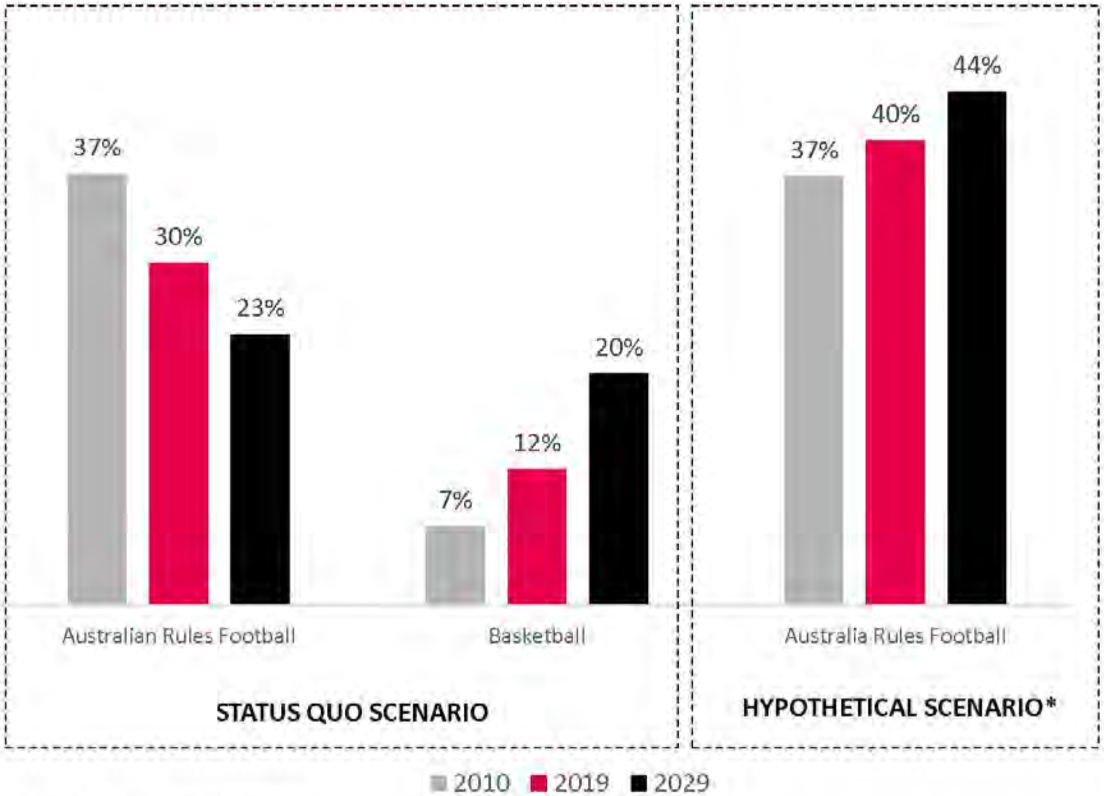


Source: Gemba Insights Program

Note: N/A = research metrics for territory not measured in 2010

IF PASSION TRENDS WERE TO CONTINUE, PASSION FOR AUSTRALIAN RULES FOOTBALL WILL HAVE DECLINED BY 38% FROM 2010 TO 2029

FORWARD PASSION PROJECTIONS | TASMANIA (ALL AGES)



INSIGHTS

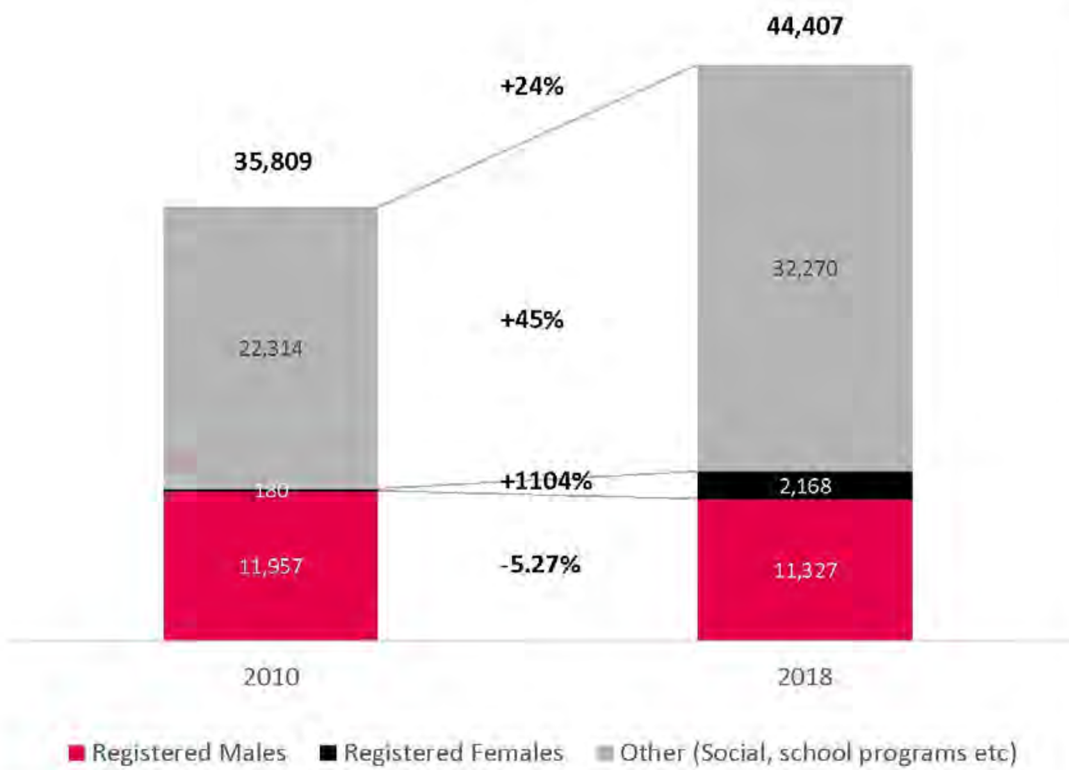
- The fastest growing sport for passion in Tasmania is Basketball
- If current trends were to continue, Basketball will almost overtake Australian Rules as Tasmania's favourite sport by 2029
- Under the hypothetical scenario where an AFL team was established in Tasmania in 2010, Australian Rules Football passion may have increased to 40% in 2019. This is based on Soccer passion levels in Sydney following the establishment of Western Sydney Wanderers in 2012

Source: Gemba Insights Program

*Hypothetical scenario of AFL intervention if a Tasmanian AFL club was established in 2010. Passion growth rates based on Soccer passion levels in Sydney following the inception of Western Sydney Wanderers in 2012.

AUSTRALIAN RULES FOOTBALL PARTICIPATION HAS INCREASED BY 24% IN TASMANIA – DRIVEN BY FEMALE PARTICIPATION AND SCHOOL PROGRAMS

TASMANIA AUSTRALIAN RULES FOOTBALL PARTICIPATION



Source: AFL Tasmania figures

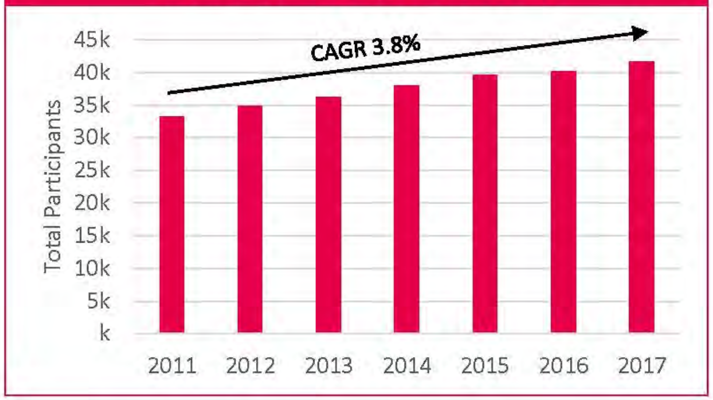
INSIGHTS

- Despite declining passion for Australian Rules Football, Tasmanian participation has increased by 24% since 2010
- The growth is largely attributable to a rise in registered female participation and school programs
- Registered male participation has conversely eroded over the past decade highlighting that the total participation growth is driven by new participants groups (e.g. females and school programs), rather than an increase in core participants

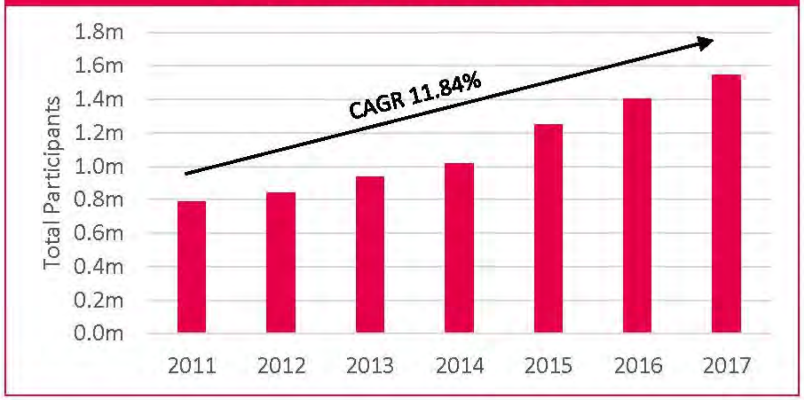
WHILE AFL PARTICIPATION IN TASMANIA IS INCREASING, IT IS GROWING AT A SLOWER RATE THAN NATIONAL PARTICIPATION

AUSTRALIAN RULES FOOTBALL PARTICIPATION

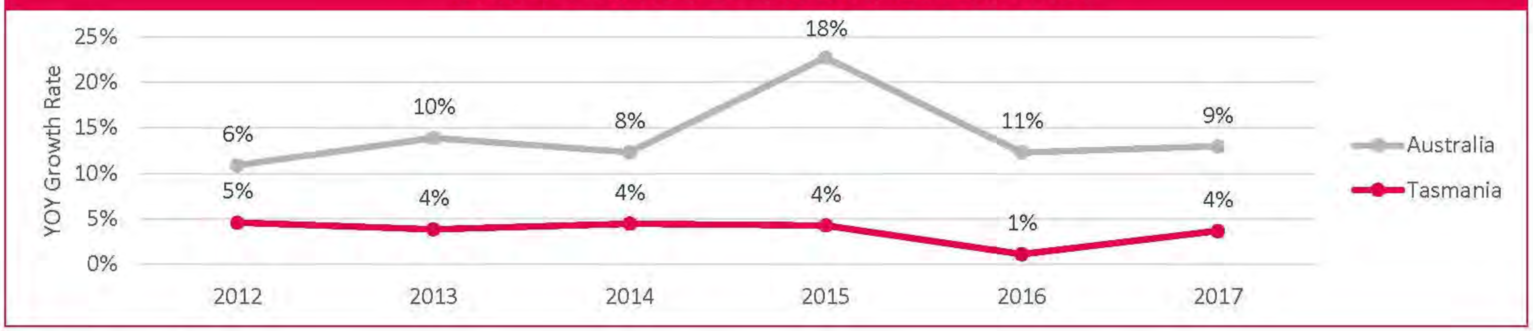
TASMANIAN PARTICIPATION



NATIONAL PARTICIPATION



YEAR-ON-YEAR AFL PARTICIPATION GROWTH



Source: AFL Annual Reports

TASMANIAN AUSTRALIAN RULES FOOTBALL PARTICIPATION ALSO DISPLAYS A SLOWER GROWTH RATE COMPARED TO CRICKET IN TASMANIA

PARTICIPATION – AVERAGE ANNUAL GROWTH RATES (2013-2018)

Source: Annual Reports

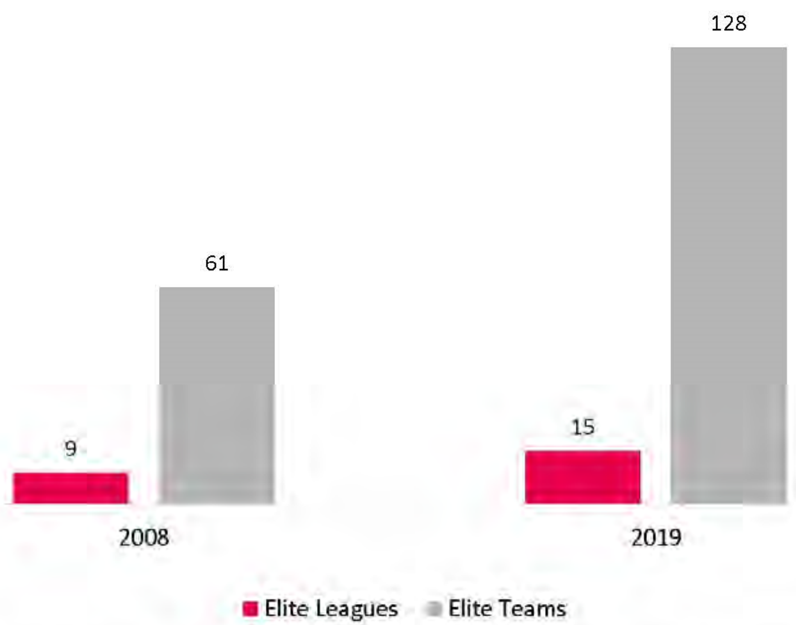
INSIGHTS

- Whilst all sports use different methodologies for classifying and measuring participation, it is apparent that the growth rate of Australian Rules Football in Tasmania is consistently below that of cricket at a national and state level
- In addition to national Australian Rules, the annual growth rate of cricket participation in Tasmania and Australia is more than double that of Australian Rules in Tasmania

WITH THE ADDITION OF MORE LEAGUES AND TEAMS, THE AMOUNT OF AUSTRALIAN SPORTING CONTENT HAS INCREASED DRAMATICALLY OVER THE PAST DECADE

AUSTRALIAN SPORTS LANDSCAPE

ELITE AUSTRALIAN SPORTING LEAGUES AND TEAMS



INSIGHTS

- There have been six new leagues and 67 new elite teams introduced in Australia since 2008
- The increase in sporting content is not restricted to just Australian content, with significant popularity of global sporting leagues such as the NBA and Premier League also contributing to a saturated sporting content landscape

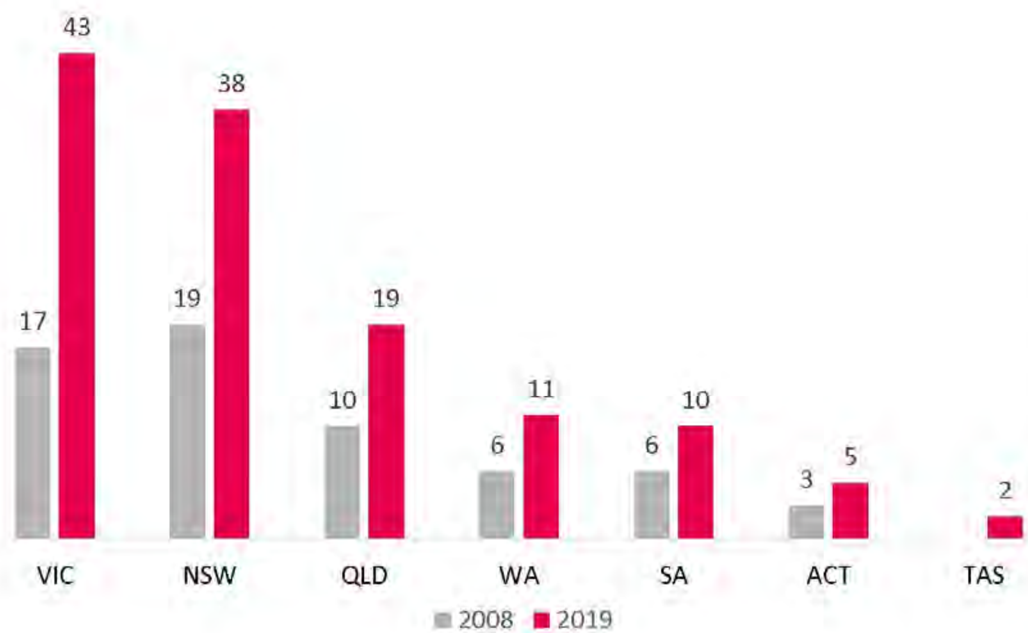
Note: Elite teams are defined as the number of men's and women's teams within the top-tier of each sport | See Appendix A for full list

Source: Gemba Market Insights

ALL STATES HAVE EXPERIENCED INCREASES IN THE NUMBER OF ELITE TEAMS OVER THE LAST DECADE

STATE SPORTS LANDSCAPE

NUMBER OF ELITE SPORT TEAMS IN EACH STATE



INSIGHTS

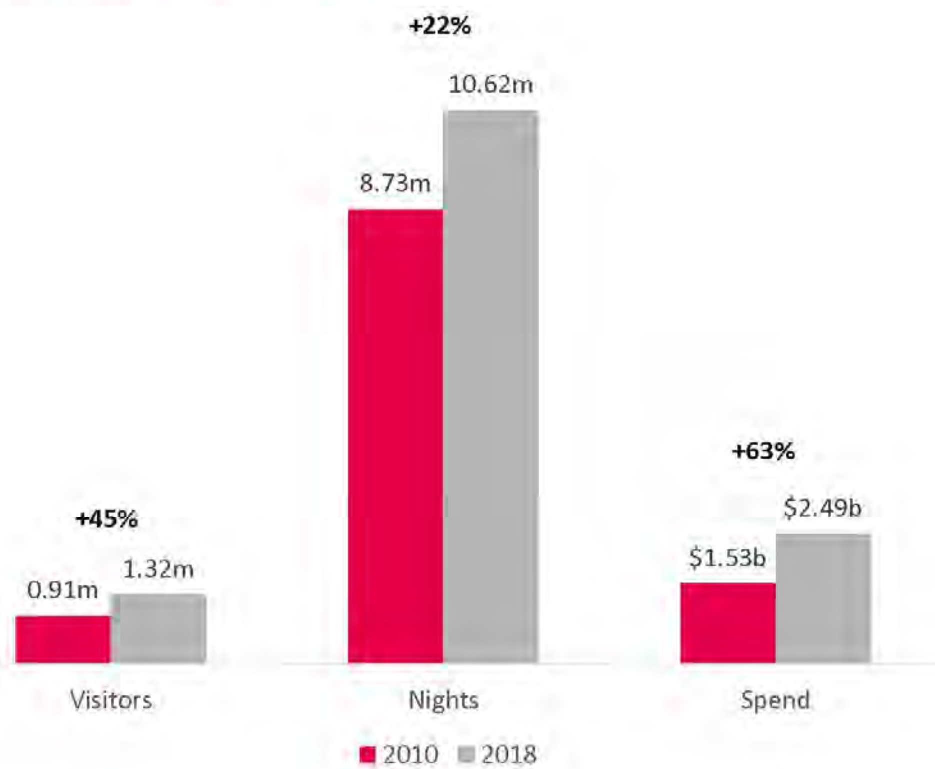
- There has been a significant increase in the amount of elite teams in Australia across all states
- The number of teams in Victoria and NSW has more than doubled, while all other States have experienced increases between 40-200%
- Tasmania remains the least-served with local elite sporting teams, with only the Hobart Hurricanes (men's and women's) BBL/WBBL teams based in the state
- There is still no elite Winter sport team in Tasmanian

Note: Elite teams are defined as the number of men's and women's teams within the top-tier of each sport

Source: Gemba Market Insights

OVER THE PAST DECADE, TASMANIA HAS TRANSFORMED INTO A MAJOR TOURISM DESTINATION

TASMANIA TOURISM GROWTH



Source: Tourism Tasmania

INSIGHTS

- Tasmania has repositioned itself over the past decade as a major destination within Australia with visitors increasing 45% and visitor spend increasing 63%
- The increase in Tourism (visitors and spend) has a direct correlation with MONA's opening in 2011

THERE ARE A NUMBER OF OTHER SPORTS CURRENTLY ASSESSING EXPANSION INTO TASMANIA

TASMANIA MARKET ENTRY

BASKETBALL

- The NBL is assessing Tasmania as a possible base for a 10th team to join the league
- Three teams from Tasmania currently compete in the NBL1, a newly formed semi-professional league with teams from Victoria, Tasmania, NSW and ACT
- NBL's owner (Larry Kestelman) believes there is a large basketball presence in Tasmania already and hopes to capitalise on it in the future

SOCCER

- A-league expansion in Tasmania has been proposed since the establishment on the competition
- There was an A-league exhibition match between Melbourne City and Sydney FC in Tasmania in 2014 showing great interest
- There are aspirations to expand the league to 16 (from 12) by approximately the 2023/24 Season

RUGBY LEAGUE

- The NRL confirmed in its 2018-2022 strategic plan that expansion would be a key focus for the next five years
- There was an NRL exhibition match between the Melbourne Storm and the Brisbane Broncos in Hobart in 2012 that drew a crowd of almost 12,000 people
- The NRL is currently investigating its future footprint, with the findings to be presented to the NRL Commission in December, however Brisbane and Perth are considered the more likely cities for expansion

NETBALL

- There is a current partnership between the Tasmanian Government and Collingwood Magpies Netball, a team in the Suncorp Super Netball competition
- This partnership brings one pre-season game and one Suncorp Super Netball game to Tasmania each year
- Netball Tasmania has an ambition to secure a local team in the Super Netball competition

Source: Gemba Market Insights

Gemba

3 THE CASE FOR TASMANIA

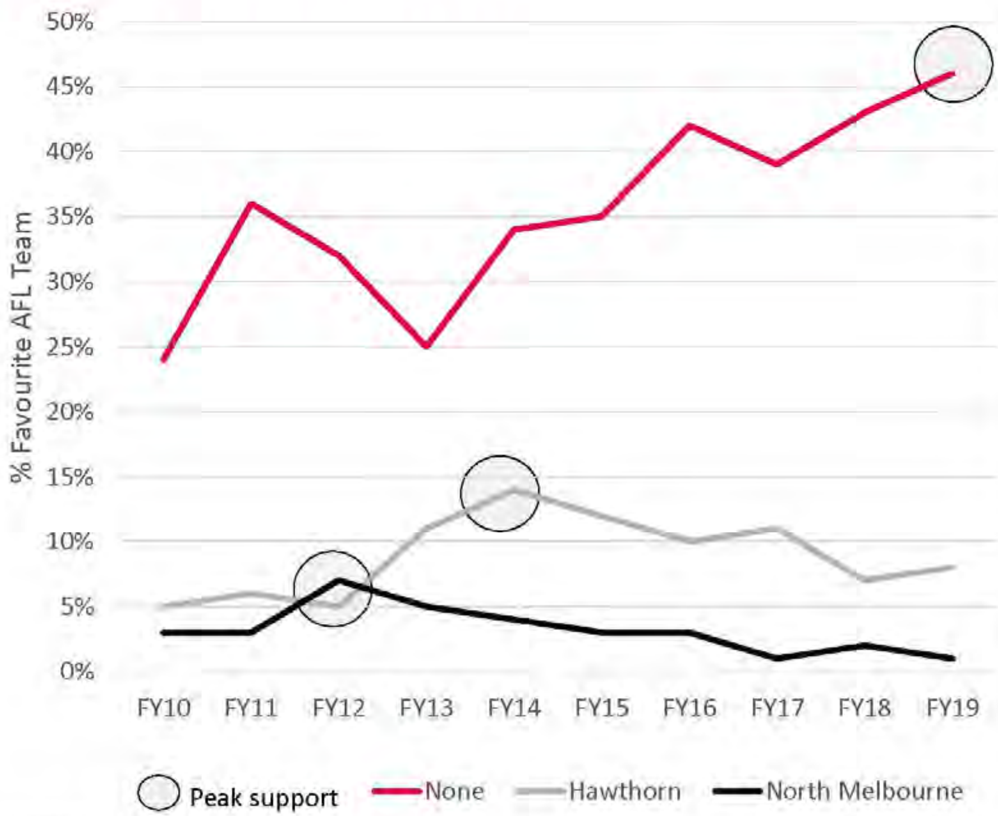
TASMANIA IS A COMPELLING PROPOSITION FOR AN AFL CLUB – CONTRIBUTING POSITIVE AUDIENCE GROWTH WITHOUT SIGNIFICANTLY IMPACTING EXISTING CLUBS

KEY INSIGHTS

1. The presence of North Melbourne and Hawthorn in Tasmania over the last decade has failed to convert Tasmanians to support an AFL team, with the proportion of the population that don't support a team more than doubling.
2. The addition of a Tasmanian AFL team will likely lead to incremental audience reach for the AFL, with Tasmanians 62% more likely to attend more games and 36% more likely to watch more games if an AFL team was based in Tasmania.
3. A Tasmanian AFL team would not substantially cannibalise existing AFL Club support in Tasmania, with data indicating from year one only 18% would switch their primary team support to the Tasmanian team and only 19% would not continue their existing Club membership if a Tasmanian AFL team existed.
4. Despite being 67% more popular than Cricket, Australian Rules Football hosts almost half the number of games in Tasmania and doesn't have a locally based Club.
5. The Hobart Hurricanes have highlighted that Tasmanian based Clubs can be competitive, sustainable and contribute positively to national competitions and sporting codes.
6. Other smaller regional based Clubs in the AFL (Geelong) and NRL (North Queensland Cowboys) have demonstrated over a sustained period their ability to over-index compared to competition averages for television audience and attendances.
7. Tasmanian venues are currently right-sized for a local AFL team with existing AFL content attracting comparable attendances and fill rates to other venues. A new stadium has the potential to significantly increase existing membership and attendance market sizing.
8. The value proposition for attracting players, coaches and administrators to a Tasmanian AFL Club will be strengthened by the significant cost of living differences (in Hobart), where rentals are 30% lower and mortgages 28% lower than national averages.

THE PRESENCE OF HAWTHORN AND NORTH MELBOURNE IN TASMANIA HAD EARLY SUCCESS BUT HAS FAILED TO CAPTURE LONG TERM PASSION

FAVOURITE AFL TEAM | TASMANIA



Source: Gemba Insights Program

INSIGHTS

- Tasmanians have failed to engage significantly with teams domiciling their games out of Launceston and Hobart with the number of Tasmanians that don't support a team more than doubling over the last decade from 22% to 48%
- Support for North Melbourne and Hawthorn peaked during the early years of their Tasmanian presence, however passion levels have since eroded
- The engagement lifecycle over the last decade suggests that while Hawthorn and North Melbourne experienced early success in Tasmania, both clubs have struggled to capture the long term interest of the Tasmanian community

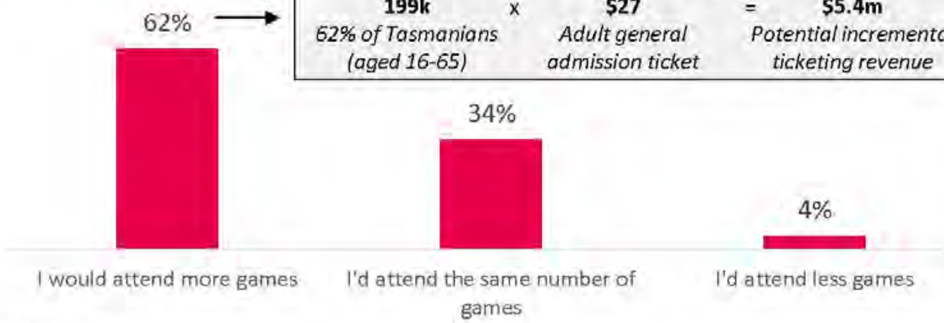
A TASMANIAN AFL TEAM WILL LIKELY PROVIDE INCREMENTAL ATTENDANCE AND TELEVISION AUDIENCE TO THE LEAGUE

INCREMENTAL AUDIENCE GROWTH AMONG TASMANIANS

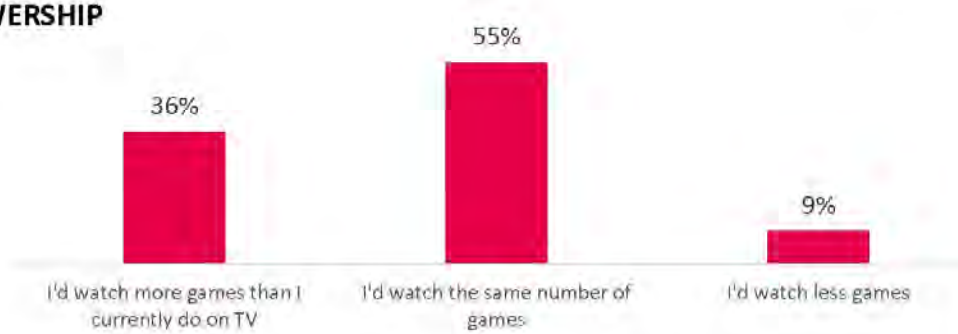
ATTENDANCE

Potential incremental revenue*

199k	x	**$27**	=	**$5.4m**
62% of Tasmanians (aged 16-65)		*Adult general admission ticket*		*Potential incremental ticketing revenue*



VIEWERSHIP



INSIGHTS

- If an Tasmanian AFL team existed, 62% of Tasmanians stated that they would attend more games than they currently do
- Assuming each of these Tasmanians commit to purchasing an additional adult general admission ticket, this could equate to $5.4m incremental revenue
- Similarly, 36% of Tasmanians indicated they would watch more games on TV if a Tasmanian team were included in the AFL

Q: If a Tasmanian team entered the AFL would you attend/watch games more often, less often or about the same?

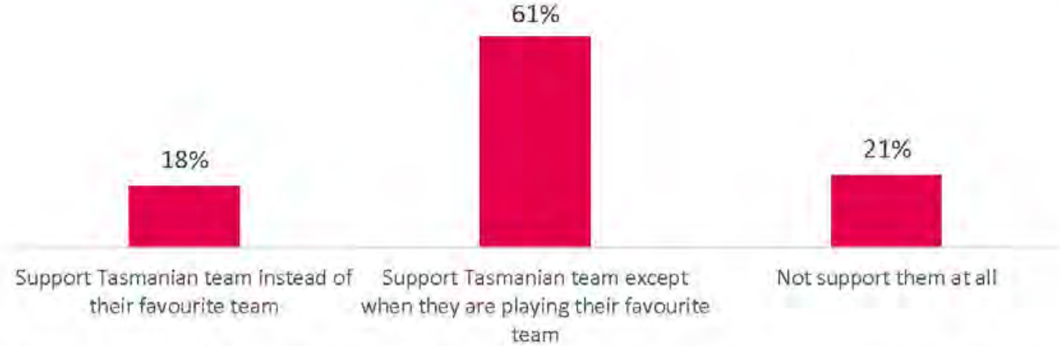
*Potential incremental revenue assuming each person purchase an additional GA ticket during the season

Source: Tasmania AFL Team Bespoke research

IN EARLY YEARS, THE INCLUSION OF A TASMANIAN AFL TEAM WOULD NOT SIGNIFICANTLY CANNIBALISE EXISTING SUPPORTER BASES FOR AFL CLUBS

CONVERSION OF EXISTING AFL CLUB SUPPORTERS AND MEMBERS | YEAR 1

CONVERSION OF SUPPORT FROM EXISTING CLUB TO TASMANIAN TEAM



CONVERSION OF MEMBERSHIP FROM EXISTING CLUB TO TASMANIAN TEAM

INSIGHTS

- In the early years, the inclusion of a Tasmanian team in the AFL would only result in 18% of Tasmanians who already support an AFL team, switching to support them as their favourite team, with 82% supporting them in addition to their existing team or not at all
- Of existing AFL Club members in Tasmania, 49% state that they would remain a member of their Club if a Tasmanian AFL Club existed

Q. If a Tasmanian team entered the AFL and played its home games in X, would you...

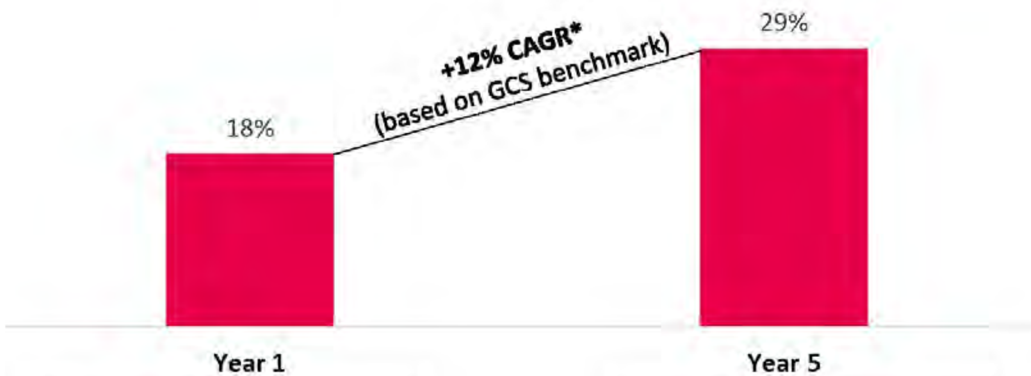
Q. If you took up a membership with a new Tasmanian club, how likely would you be to continue your current membership with

Source: Tasmania AFL Team Bespoke research

OVER TIME, THE CONVERSION OF LOCAL TASMANIAN CLUB SUPPORTERS MAY INCREASE TO 29%

CONVERSION OF EXISTING AFL CLUB SUPPORTERS AND MEMBERS

LIKELY TO SUPPORT TASMANIAN TEAM INSTEAD OF THEIR FAVOURITE TEAM



Based on Gemba's research, 21% of existing AFL club supporters would convert to support a Tasmanian team

In Year 5 up to 29% of existing Tasmanian AFL club supporters may convert to support a local Tasmanian team

*CAGR based on growth in local Gold Coast Suns fanatics during first five years of establishment

Q. If a Tasmanian team entered the AFL and played its home games in X, would you...

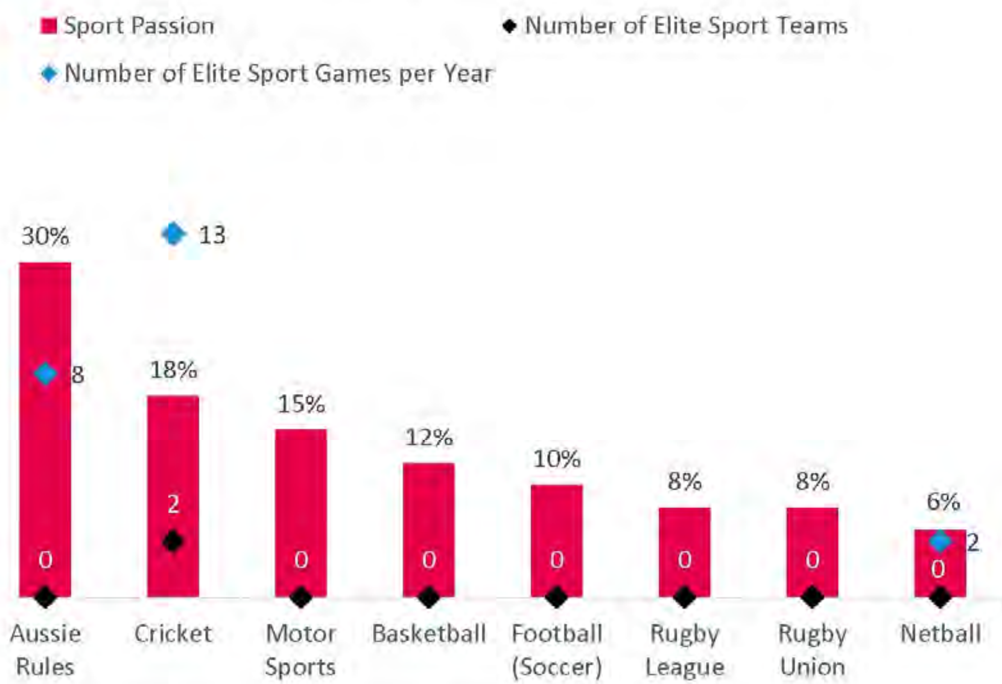
Q. If you took up a membership with a new Tasmanian club, how likely would you be to continue your current membership with

Source: Tasmania AFL Team Bespoke research

TASMANIANS ARE PASSIONATE ABOUT AUSTRALIAN RULES MORE THAN ANY OTHER SPORT, BUT ARE NOT SERVED BY TRUE HOME-STATE AFL TEAMS

ELITE SPORTS IN TASMANIA

TASMANIAN SPORT LANDSCAPE, 2019



INSIGHTS

- Australian Rules Football has the highest passion among sports in Tasmania with 30% of people passionate about it
- Cricket has the second most passionate fans and is the only sport to have a Tasmanian team in a national competition
- There were eight AFL games played in Tasmania in 2019 compared to 13 BBL matches

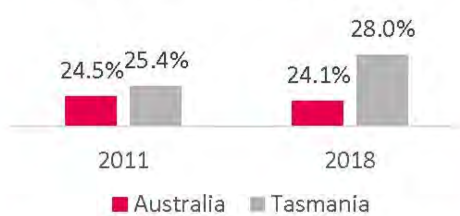
Source: Gemba Insights Program and Market Insights

THE HOBART HURRICANES ARE AN EXAMPLE THAT A LOCAL TEAM CAN HAVE A POSITIVE IMPACT ON SPORT PASSION AND INTEREST IN TASMANIA

HOBART HURRICANES | CASE STUDY

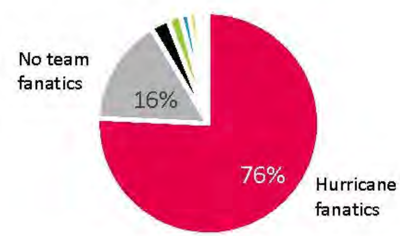
GROWING CRICKET PASSION

Since the inception of the Hurricanes in 2011, Tasmanian cricket passion has outgrown Australian cricket passion



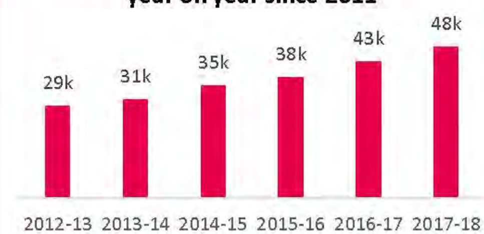
LOCAL TEAM SUPPORT

Three quarters of cricket fanatics in Tasmania support the Hobart Hurricanes



INCREASE IN PARTICIPATION

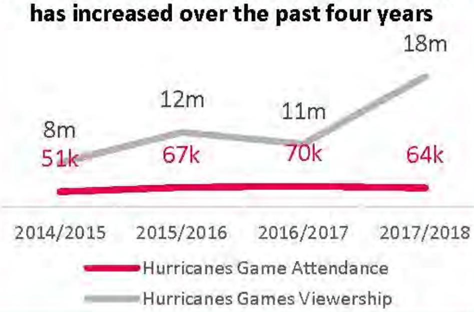
Tasmanian cricket participation has grown year on year since 2011



Source: Australian Cricket Census

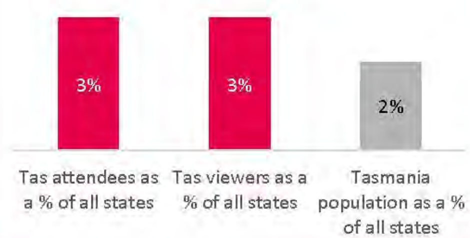
INCREASING BBL REACH

Hurricanes BBL attendance and viewership has increased over the past four years



OVER-INDEX ENGAGEMENT

In BBL17/18 Tasmania over-indexed the population in attendance and viewership



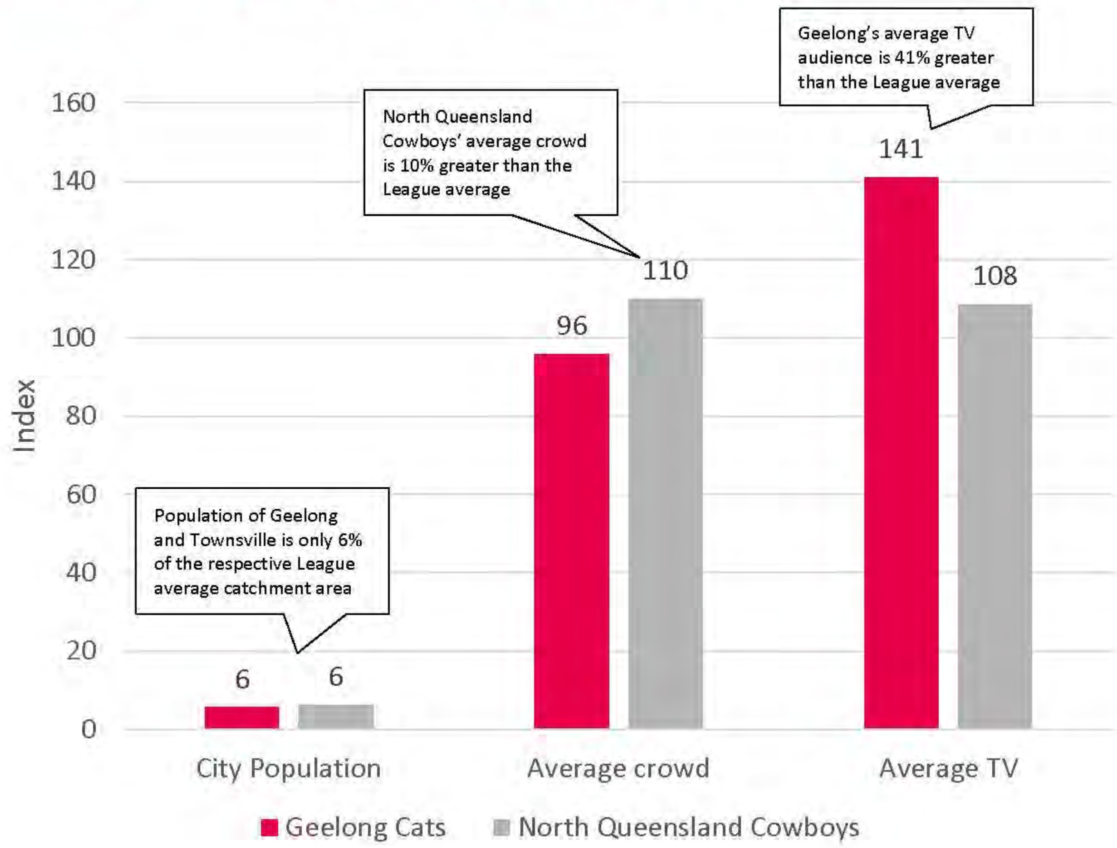
STRONG FINANCIALS

Cricket Tasmania revenue and profit results have increased over the past three years

Source: Gemba Proprietary Insights and Gemba Market Insights, Cricket Tasmania Annual Reports 2015-2018

THE SIZE OF THE LOCAL POPULATION DOES NOT DICTATE THE AUDIENCE THAT SMALL MARKET TEAMS CAN ACHIEVE

INDEX OF SMALL MARKET TEAMS TO LEAGUE AVERAGES



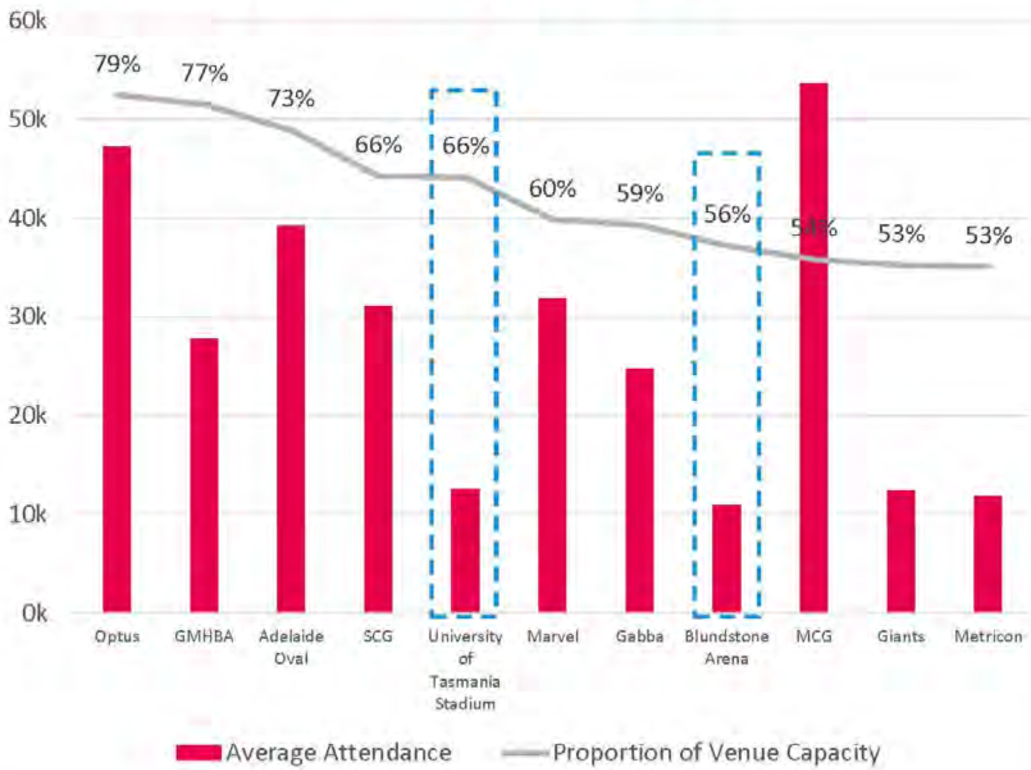
INSIGHTS

- The North Queensland Cowboys and Geelong Cats possess approximately 5% of the population catchment of the respective NRL and AFL club averages
- Despite the smaller population catchments both are able to significantly over-index compared to the population size, but also contribute more than the NRL and AFL average for audience

Note: Broadcast figures from 2015, attendance figures from 2018

EXISTING TASMANIAN VENUES ARE CURRENTLY RIGHT-SIZED FOR THE MARKET AND HAVE CAPACITY TO CATER FOR REGULAR ATTENDANCES FROM A TASMANIAN TEAM

AVERAGE CROWD PROPORTION OF VENUE CAPACITY



INSIGHTS

- Without having a locally based AFL club, Tasmanian venues are currently achieving similar capacity fill rates to existing AFL stadiums
- For smaller supporter size clubs located within larger cities, University of Tasmania Stadium and Blundstone Arena are realising higher stadium fill rates than those of GWS (Giants Stadium) and Gold Coast Suns (Metricon Stadium)

Note: Venues analysed with 8 or more AFL games per season
Source: Gemba Market Insights

ESTABLISHMENT OF A NEW STADIUM IN TASMANIA HAS THE POTENTIAL TO SIGNIFICANTLY INCREASE CURRENT MEMBERSHIP AND ATTENDANCE SIZING

NEW STADIUM CASE STUDIES

ADELAIDE OVAL

- The redevelopment of Adelaide Oval was completed in 2014, at which point the Adelaide Crows began playing at the venue
- The average home game attendance rose from 36.3K for the period 2009-2013 to 47.2K for the period 2014-2018
- Uplift was also seen in the club's membership figures which have averaged 54k since 2014, significantly up on the average of 44.6k for the three years prior (2011-13)

OPTUS STADIUM

- The development of Optus Stadium was completed in time for the 2018 season, at which point the West coast Eagles began playing at the venue
- The average home game attendance from rose from 36.9K for the period 2015-2017 to 55.6K for the period 2018-2019
- In 2018 the club achieved its seventh successive crowd of more than 50,000 fans which had never before been achieved in the history of AFL/VFL competition
- The club's membership figures have also surged with a 15k growth in 2018 followed by a further 10k growth in 2019

BANKWEST STADIUM

- The development of Bankwest stadium was completed in April 2019
- Since the move to the stadium the average crowd for an Eels home game has increased to 21k, up significantly on the average of 13k for the four previous seasons

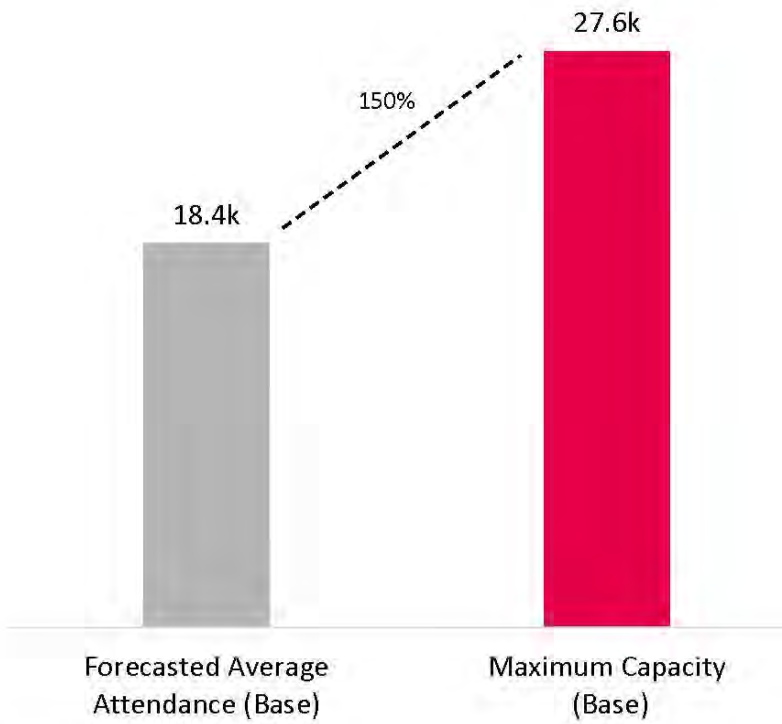
Refer to *Appendix E – New Stadium Case Studies* for further detail

Source: Gemba Market Insights

IF A POTENTIAL NEW STADIUM IS ESTABLISHED IT SHOULD BE SET IN A RANGE THAT PRIORITISES AVERAGE ATTENDANCE RATHER THAN PEAK ATTENDANCE

POTENTIAL STADIUM CAPACITY

PROJECTED AVERAGE ATTENDANCE



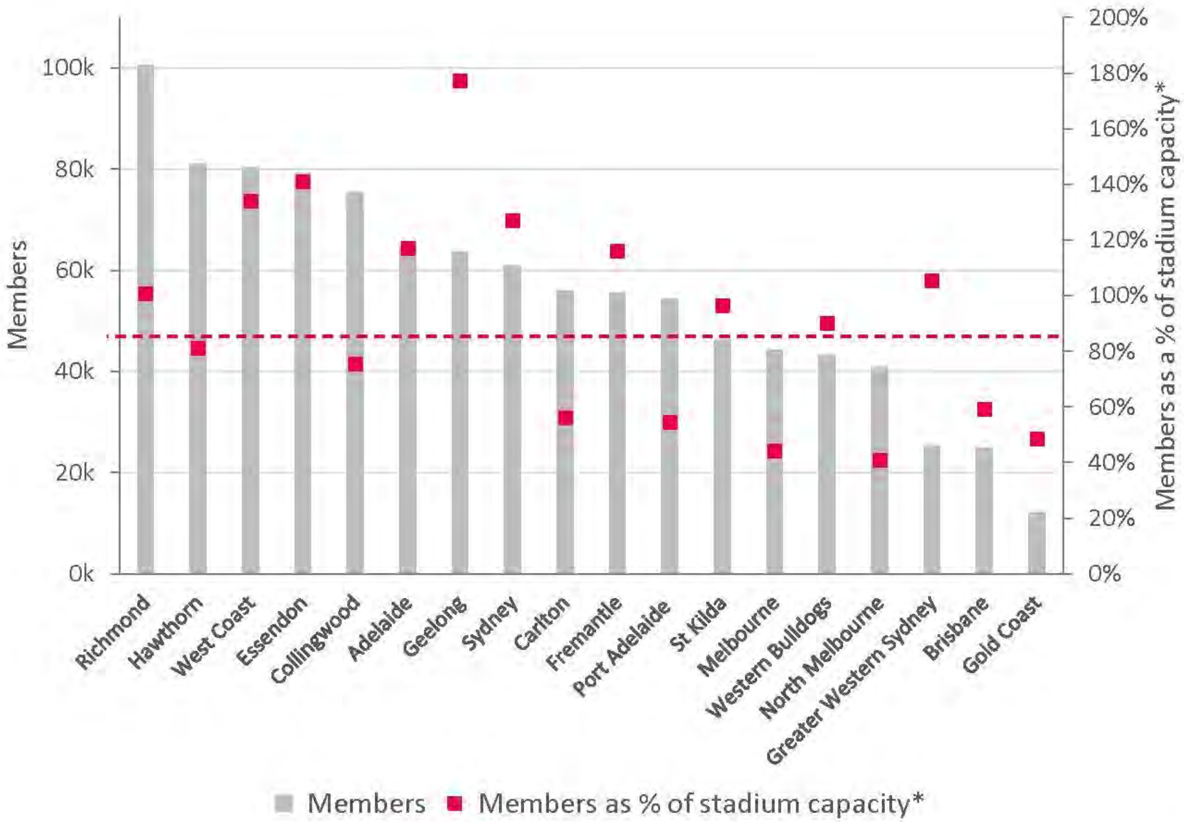
Source: Gemba Market Sizing

INSIGHTS

- As a 'rule of thumb', the capacity of a new stadium should be no more than 150% of projected average attendance
- An over-scoped venue:
  - has up-front capital and annual operation costs that cannot be consistently serviced from its annual returns
  - creates excess supply, thereby limiting the ability of team to 1) sustainably increase ticket prices and 2) secure revenue streams via membership ticket sales
  - lacks atmosphere and so struggles to deliver a satisfactory match-day experience
- Based on forecast average attendances for a potential stadium, the maximum stadium capacity should be and no more than 28k under the Base Case Scenario
- The capacity of the stadium should be set in a range that priorities averages attendance rather than peak attendance, therefore a capacity in the range of 18k to 20k, with ability to expand in the long term (i.e. 15 to 20 years) is recommended

A CLUB MEMBERSHIP STRATEGY WILL DETERMINE THE OPTIMAL BALANCE BETWEEN MAXIMISING MEMBERSHIP AND ATTENDANCE YIELD

MEMBERSHIP VS. STADIUM SIZE BENCHMARKING



INSIGHTS

- There are currently 8 AFL clubs with more members than seats in their primary stadium, although it is unknown what type of memberships make up these members
- The optimal balance of membership and attendance yield can be driven by a number of initiatives such as an offer to allow members the opportunity to return or resell seats, join a waitlist to create scarcity or purchase an increasing number of membership to cater for multi-stadium clubs and flexible arrangements

*Stadium capacity based on primary stadium used for home games (e.g. Geelong based on GHMBA Stadium.
Source: Gemba Market Insights

WITH SALARY CAPS CONSISTENT ACROSS THE LEAGUE, THE VALUE PROPOSITION OF TASMANIA AS A DESTINATION CLUB IS HIGH COMPARED TO OTHER CITIES

TASMANIA COST OF LIVING

MEDIAN WEEKLY RENT

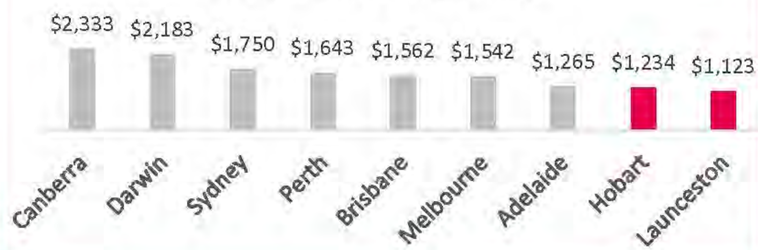
Weekly rent in Hobart (likely Tasmania team base) is 30% lower than the national average, at $260 per week

MEDIAN MONTHLY MORTGAGE REPAYMENTS ($K)

Average monthly mortgage is 28% cheaper than the national average

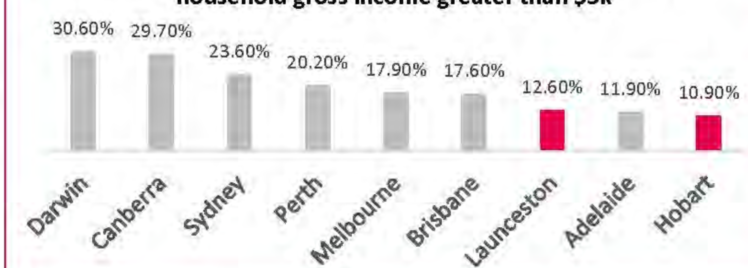
MEDIAN WEEKLY HOUSEHOLD INCOME

The median weekly household income in Tasmania is between 69% to 75% of the national average



WEEKLY HOUSEHOLD GROSS INCOME > $3K (%)

Tasmanian cities rank in the bottom quartile of cities with a weekly household gross income greater than $3k



Source: Australia Bureau Statistics

Gemba

4 BUSINESS CASE INPUTS

GEMBA HAS DEVELOPED A ROBUST ANALYSIS OF PROFIT AND LOSS DRIVERS FOR A TASMANIAN CLUB BASED ON EXISTING CLUB BENCHMARKS

SCOPE AND DATA LIMITATIONS

- As part of the business case, Gemba has developed a worst, base and best case profit and loss analysis for a Tasmanian club based on club benchmarking and market sizing . The model has been designed to stress test and validate assumptions relating to individual revenue and cost drivers
- Detailed revenue and expenditure data is based on 2018 AFL club financial benchmarking data provided by the Taskforce. The data provided was at an aggregate club level and did not specify specific club details.
- Financial projections are in current dollars and have not been adjusted for future inflation or market changes
- For the purposes of this document, we have excluded consideration of commercial arrangements and capacity in the Tasmanian market to generate other revenue sources (e.g. government grants). This business case should be considered in conjunction with any internal financial modelling prepared by the Taskforce
- In relation to the assumptions and projections, actual results may be different to those forecast due to changing events and circumstances, and those differences may be material. Gemba can give no assurance as to whether, or how closely, actual outcomes will correspond to those estimated or projected

GEMBA HAS UTILISED BOTH A TOP-DOWN APPROACH TO FORECAST POTENTIAL REVENUES AND EXPENSES FOR AN AFL TASMANIA ENTITY

PROFIT AND LOSS APPROACH

- Revenue and expense streams dictated by individual club circumstances were determined using a top down approach based on average AFL and club benchmarking data
- The profit and loss model is based on existing club operations and excludes the consideration of initial capital and operating costs
- Membership revenue in the profit and loss analysis is based on 2018 benchmarking data from the AFL. Gemba has completed a separate bottom-up analysis of membership yield based on market sizing and insights from the custom research (slide 52). The bottom up membership analysis has not been considered in the P&L analysis.

Example:

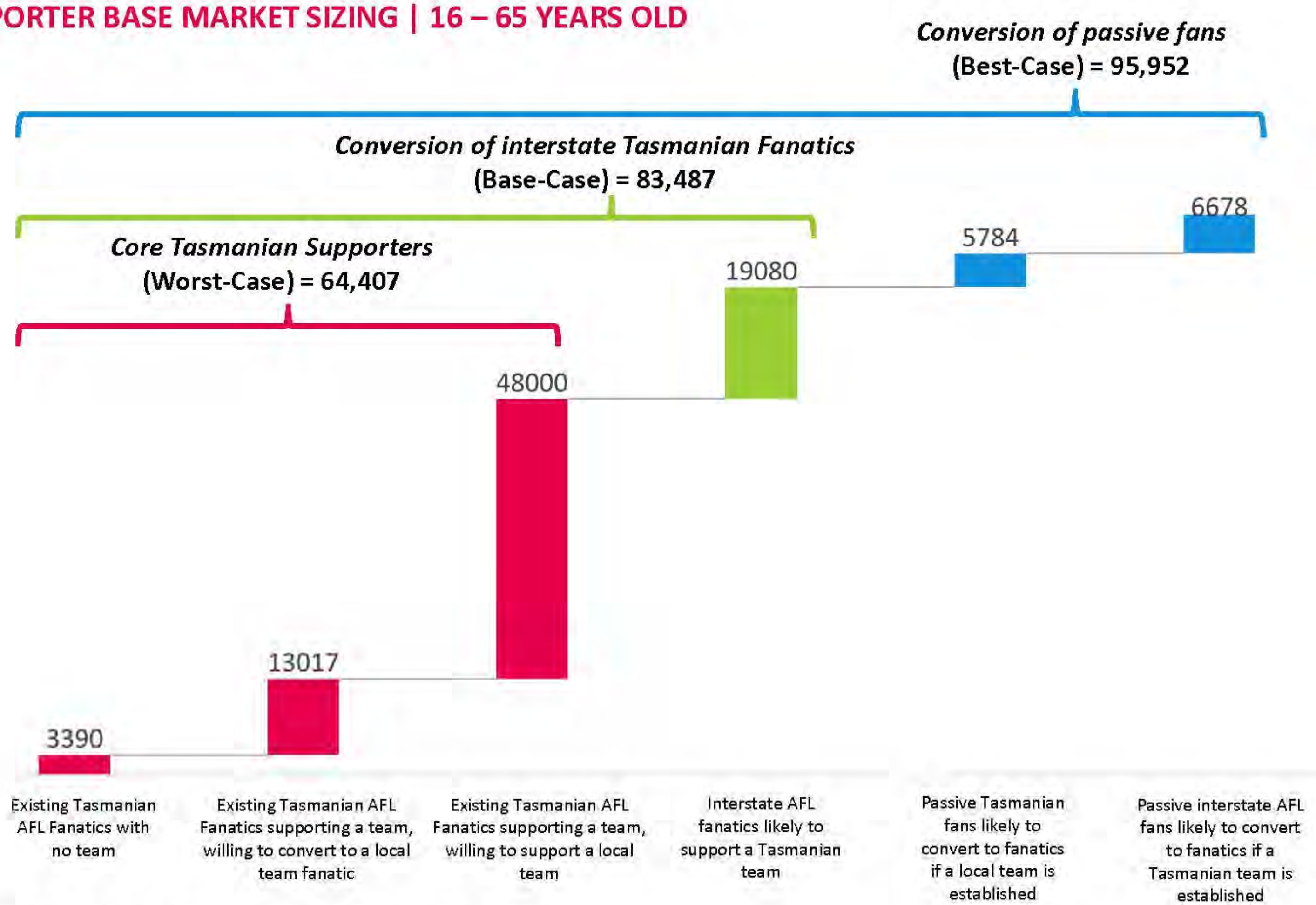
- *AFL distributions*
- *Retail revenue*

Gemba

MARKET SIZING

GEMBA HAS ESTIMATED THE MARKET SIZE OF POTENTIAL SUPPORTERS IN A WORST, BASE AND BEST CASE SCENARIO BASED ON SIX KEY SEGMENTS

SUPPORTER BASE MARKET SIZING | 16 – 65 YEARS OLD

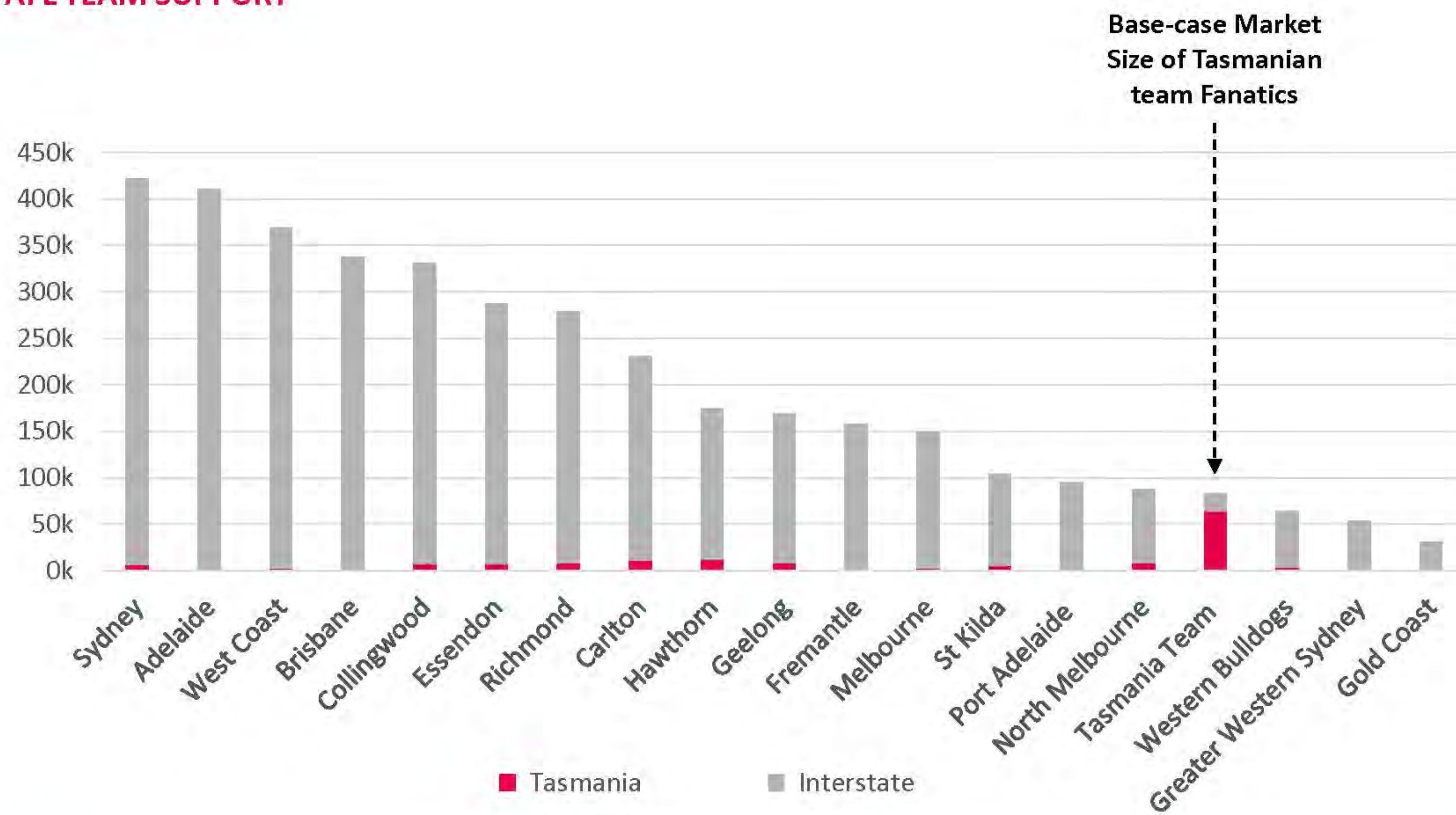


Note: See Appendix B for detailed breakdown of supporter market sizing

Note: See Appendix F for market sizing of total population (all ages) as opposed to 16-65 years old in the above workings

IN THE BASE-CASE SCENARIO, A TASMANIAN TEAM WOULD ATTRACT 83K ENGAGED SUPPORTERS MAKING IT THE 16TH MOST POPULAR AFL CLUB (OUT OF 19)

AFL TEAM SUPPORT



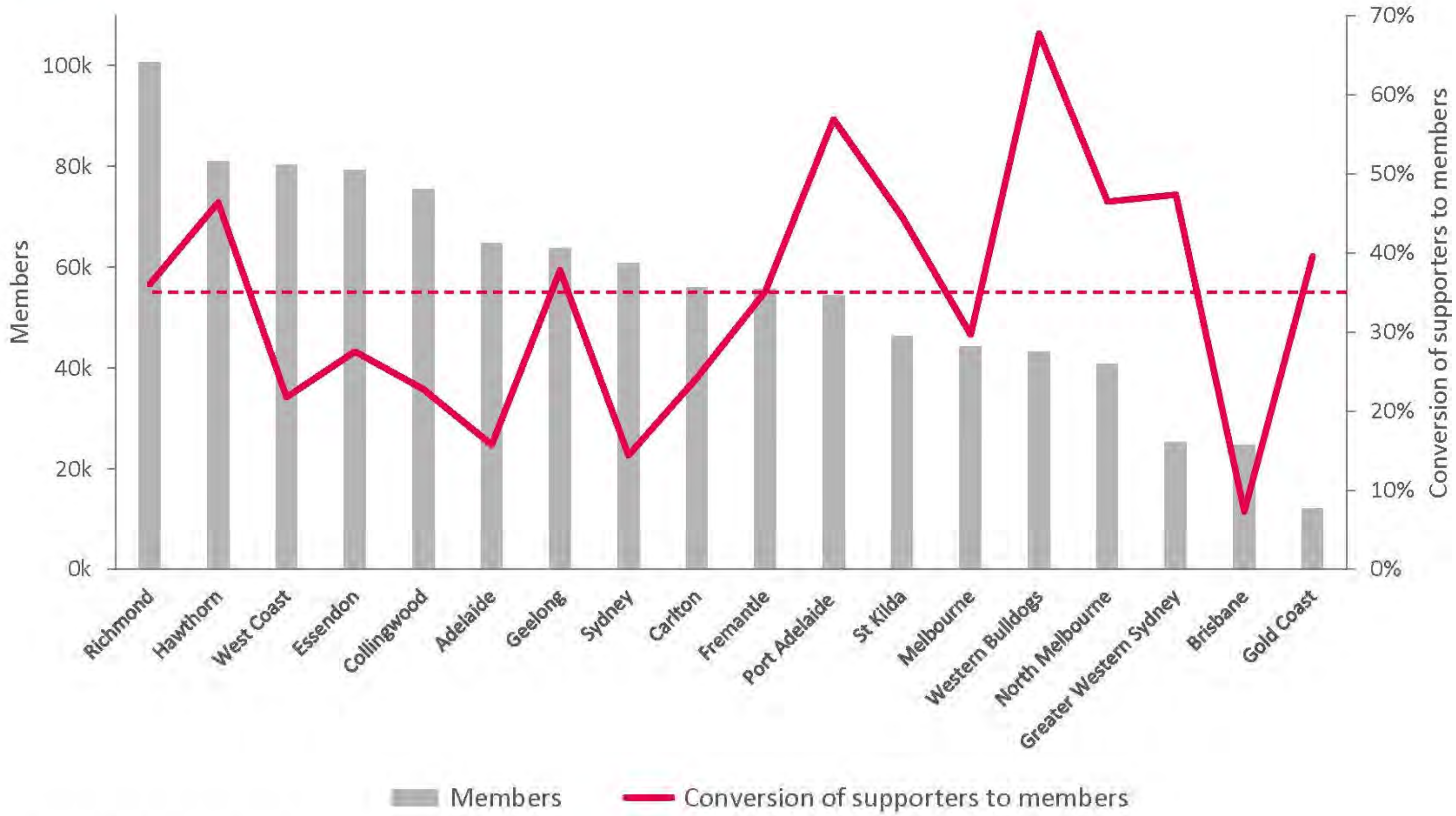
Gemba has utilised the base-case supporter base size for all financial analysis for the business case input

Source: Gemba Market Insights

Note – The above chart excludes the potential cannibalisation of other team fanatics if a new Tasmanian team is established

ACROSS ALL AFL CLUBS, THE AVERAGE CONVERSION OF FANATICS TO MEMBERS IS 35%

MEMBERSHIP CONVERSION | 2018



Source: Gemba Market Insights

GEMBA'S MARKET SIZING AND INSIGHTS FROM THE CUSTOM RESEARCH INDICATE IN YEAR ONE THERE MAY BE 30K TO 44K MEMBERS FOR THE AFL TASMANIA TEAM

MEMBERSHIP MARKET SIZING | AFL TASMANIA TEAM

METRIC	WORST CASE	BASE CASE	BEST CASE
Supporter base	64,407	83,487	95,952
AFL Average Membership Conversion (35%)	22,542	29,220	33,583
AFL Top Quartile Membership Conversion (46%)	**29,627**	**38,404**	**44,138**
Membership (Claimed from Custom Research – 58%)	37,356	48,422	55,652

METRIC USED

INSIGHTS

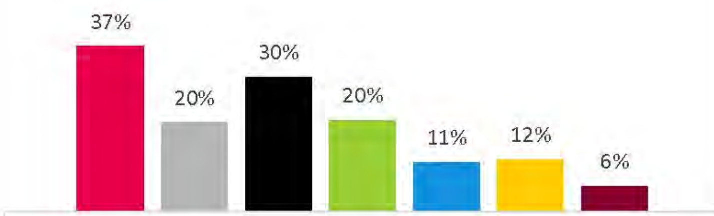
- Top quartile AFL Clubs convert supporters to members at 46%. The top-quartile Clubs are typically Clubs with smaller supporter base sizes
- AFL Average conversion of supporters to members is 35%
- The bespoke research on attitudes towards a Tasmanian AFL team indicated 58% of Australian Rules Fanatics and AFL Fans would consider becoming a member of the new Tasmanian team

Note: See Appendix F for market sizing of total population (all ages) as opposed to 16-65 years old in the above workings

AMONG ENGAGED SUPPORTERS, THERE IS A RELATIVELY EVEN SPLIT BETWEEN FULL, AND HOBART/LAUNCESTON ONLY MEMBERSHIPS

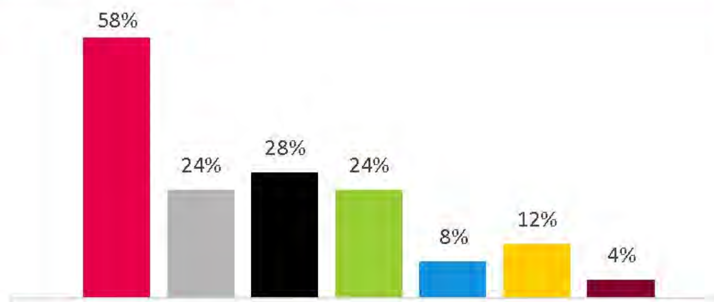
MEMBERSHIP PACKAGE INTEREST

TOTAL POPULATION



- Consider Membership
- Full membership – Access to all 11 games (split between Hobart and Launceston)
- Hobart Only membership – Access to all Hobart games (Approx 5 games in total)
- Launceston Only membership – Access to all Launceston games (Approx 5 games in total)
- Three game membership – Access to any 3 home games throughout the season
- Supporter membership – Tickets to one game and a support scarf and hat
- Digital membership – streaming and digital access to all games and access to exclusive content

ENGAGED SUPPORTERS



- Consider Membership
- Full membership – Access to all 11 games (split between Hobart and Launceston)
- Hobart Only membership – Access to all Hobart games (Approx 5 games in total)
- Launceston Only membership – Access to all Launceston games (Approx 5 games in total)
- Three game membership – Access to any 3 home games throughout the season
- Supporter membership – Tickets to one game and a support scarf and hat
- Digital membership – streaming and digital access to all games and access to exclusive content

Source: Tasmania AFL Team Bespoke Research
Note: consumer research excluded consideration of "away" membership options (option to attend games in Melbourne) as outside scope of this engagement

GEMBA HAS COMPLETED BOTTOM-UP ANALYSIS TO ASSESS LIKELY MEMBERSHIP YIELD

MEMBERSHIP REVENUE AND YIELD | BASE-CASE

For reference – the P&L incorporates benchmarks from 2018 AFL Clubs

Base-Case	Pricing (ex. GST)	Tasmanians	Inter-State*	Revenue
Full membership	$415	7,111	-	$2,950,871
Hobart Only membership	$175	8,296	-	$1,451,734
Launceston Only membership	$165	7,111	-	$1,173,238
Three game membership	$110	2,370	2,926	$582,536
Supporter membership	$50	3,555	4,388	$397,183
Digital membership	$0	1,185	1,463	$0
Total		**29,627**	**8,777**	**$6,555,562**
Yield Per Member				**$171**

INSIGHTS

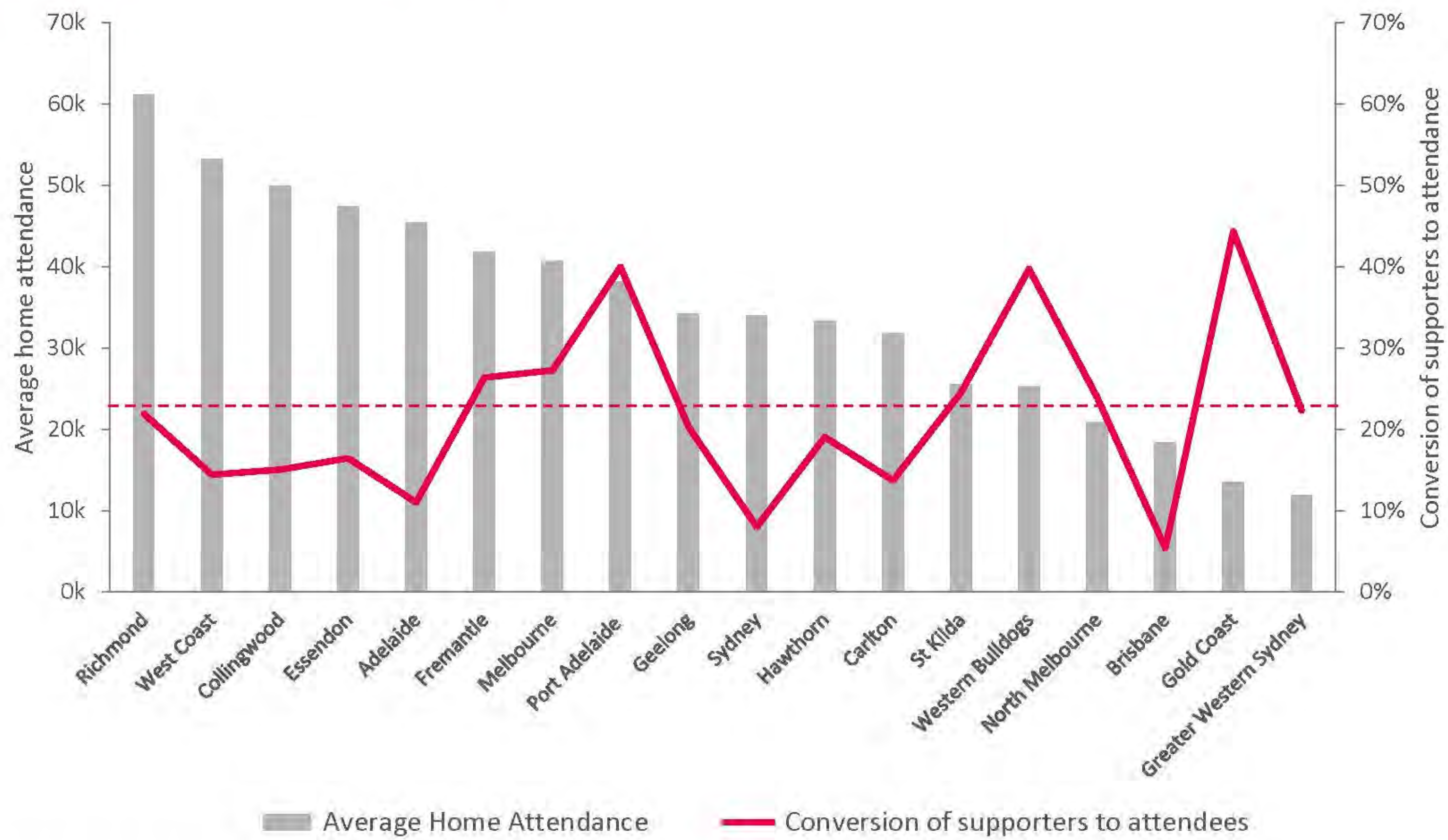
- Market sizing under the base-case scenario projected 38,404 members (77% Tasmanians, 33% inter-state)
- The bespoke research on appetite for different membership options has determined the likely split of members within each membership category
- The results of the bottom-up membership sizing, project $6.5m in revenue and a yield per member of $171

*Inter-state interest in membership options was not researched. Gemba has made assumptions of the splits using the proportions of Tasmanians from interest in: 3 game, supporter and digital memberships

Note: Engaged supporters multiplied by proportion interest in membership to market size membership base

THE AVERAGE CONVERSION OF ENGAGED SUPPORTERS TO AVERAGE HOME GAME ATTENDANCE ACROSS ALL AFL CLUBS IS 22%

ATTENDANCE CONVERSION | 2018



Source: Gemba Market Insights

GEMBA'S MARKET SIZING AND INSIGHTS FROM THE CUSTOM RESEARCH INDICATES AVERAGE ATTENDANCES COULD BE BETWEEN 14K AND 22K

ATTENDANCE MARKET SIZING | AFL TASMANIA TEAM

METRIC	WORST CASE	BASE CASE	BEST CASE
Supporter base	64,407	83,487	95,952
AFL Average Attendance Conversion (22%) (METRIC USED)	14,170	18,367	22,109
AFL Top Quartile Attendance Conversion (26%)	16,745	21,707	24,948
Attendance (Claimed Number of Games from Custom Research – 29%)	18,975	24,597	28,270

INSIGHTS

- Top quartile AFL Clubs convert supporters to attendees at 26%
- AFL Average conversion of supporters to attendees is 22%. The AFL average is close to the conversion rate of Clubs with smaller supporter base sizes and is why the metric has been used in our modelling
- The average supporter of the Tasmanian AFL team has indicated they would attend 3.24 games per season (29% conversion)

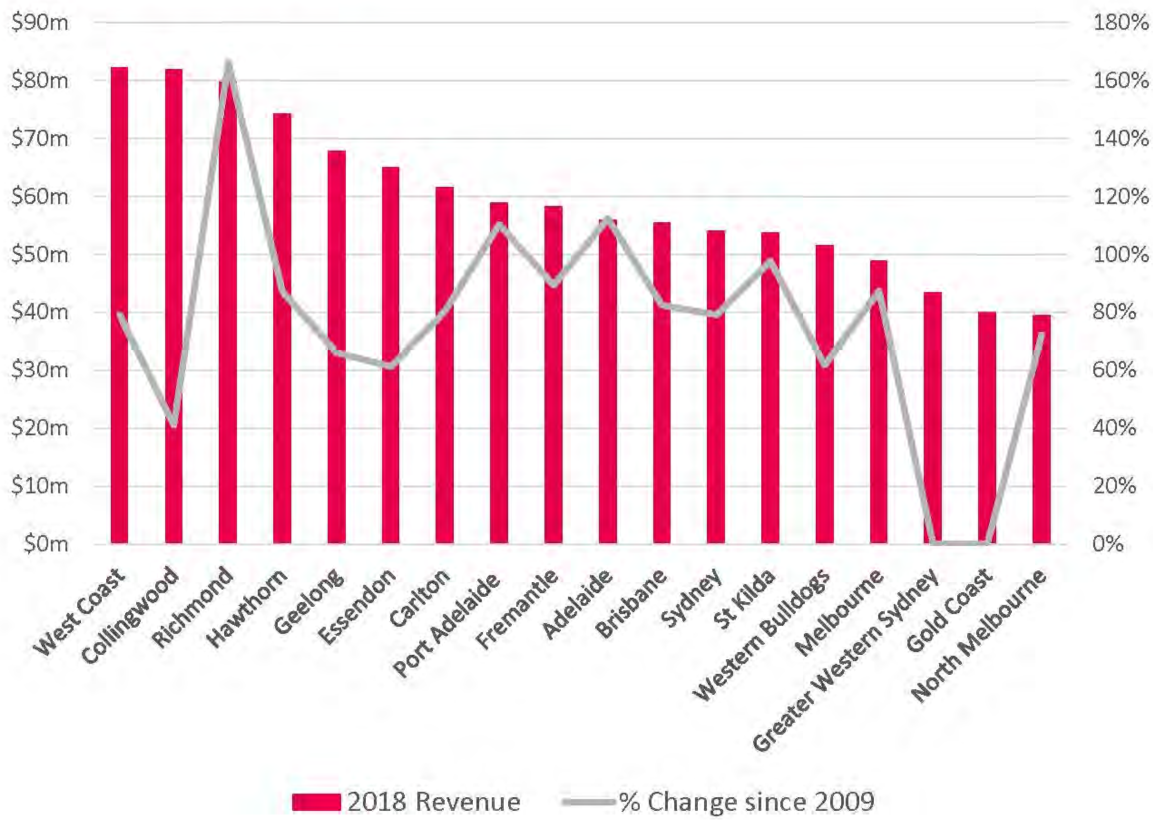
Note: See Appendix F for market sizing of total population (all ages) as opposed to 16-65 years old in the above workings

Gemba

REVENUE

AFL CLUB REVENUE HAS GROWN SIGNIFICANTLY OVER THE PAST DECADE WITH AVERAGE CLUB REVENUE OF $60M IN 2018

AFL CLUB REVENUE ($M)



INSIGHTS

- Average club revenue in 2018 ($60m) was double average club revenue from 2009 ($30m)
- Club revenue growth reflects improved AFL distributions from increasing broadcast deals, growing engagement of the sport overall and non-football revenue
- Clubs that generate the most revenue typically represent those clubs that have strong on-field performance and non-football revenues

Source: AFL club annual reports, 2018
Note: Revenue includes non-football related revenue

IN 2018, THE AVERAGE CLUB YIELDED $429 PER ENGAGED SUPPORTER (WITH THE INCLUSION OF AFL DISTRIBUTIONS)

AFL CLUB REVENUE PER ENGAGED SUPPORTER

Club	2018 Revenue ($M)	Revenue per Engaged Supporter
West Coast	$82.27	$223
Collingwood	$82.07	$248
Richmond	$79.78	$285
Hawthorn	$74.34	$425
Geelong	$67.94	$402
Essendon	$65.09	$226
Carlton	$61.63	$266
Port Adelaide	$59.00	$617
Fremantle	$58.39	$369
Adelaide	$56.06	$136
Brisbane	$55.61	$164
Sydney	$54.08	$128
St Kilda	$53.86	$519
Western Bulldogs	$51.58	$807
Melbourne	$49.01	$328
Greater Western Sydney	$43.45	$815
Gold Coast	$40.04	$1,310
North Melbourne	$39.62	$451

Per Engaged Supporter	Average	Bottom Quartile	Median	Top Quartile
Benchmark	$429	$232	$349	$502

INSIGHTS

- AFL clubs with the least annual revenue typically yield higher revenue per engaged supporter due to the significant contribution of AFL distributions
- Gemba has performed detailed club benchmarking on individual revenue streams to determine likely revenues for an AFL Tasmania license using either the top down or the bottom up approach

Source: AFL club annual reports and Gemba Proprietary Insights

TO DETERMINE LIKELY TASMANIAN CLUB REVENUE, GEMBA HAS REVIEWED INDIVIDUAL REVENUE STREAM DRIVERS AND CLUB BENCHMARKING

REVENUE ANALYSIS | METHODOLOGY

#	REVENUE STREAM	APPROACH	METRIC / DRIVER	RATIONALE
1	**AFL Distributions**	Top-down	Top quartile AFL Clubs	With a smaller supporter base size, it is assumed an AFL Tasmania Club will receive similar distributions to other small market Clubs
2	**Corporate football**	Top-down	Bottom quartile AFL Clubs	With a smaller corporate market and split of games across two stadiums, it is assumed an AFL Tasmania Club will receive corporate football revenue similar to other small market Clubs in the bottom quartile
3	**Retail football**	Top-down	Bottom quartile AFL Clubs	With a smaller supporter base size, it is assumed an AFL Tasmania Club will receive similar retail football revenue to other small market Clubs
4	**Other football**	Top-down	Bottom quartile AFL Clubs	With a smaller supporter base size, it is assumed an AFL Tasmania Club will receive similar other football revenue to other small market Clubs
5	**Non-football**	Top-down	N/A	The financial model excludes consideration of commercial arrangements and capacity in the Tasmanian market to generate other revenue sources (e.g. government grants)

OUR TOP DOWN AND BOTTOM UP ANALYSIS INDICATES THE BASE CASE REVENUE FOR A TASMANIAN CLUB LICENCE IS $36.5M, EXCLUDING NON-FOOTBALL REVENUE

REVENUE ANALYSIS | SUMMARY

#	REVENUE STREAM	$	% OF TOTAL REVENUE
1	AFL Distributions	17,704,628	49%
2	Corporate football	9,902,843	27%
3	Retail football	8,476,291	23%
4	Other football	408,768	1%
5	Non-football	-	0%
	TOTAL	**36,492,530**	

Refer to Appendix C for detailed club benchmarking and analysis

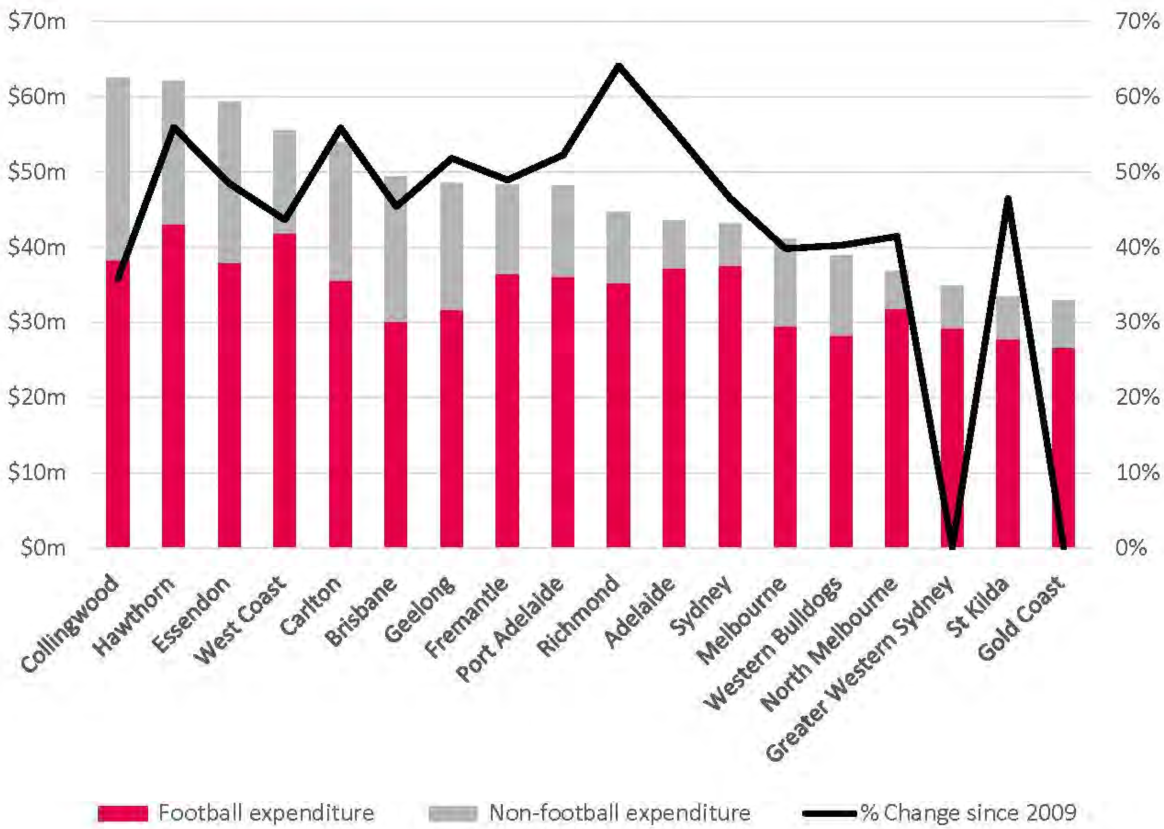
Note: The financial model excludes consideration of commercial arrangements and capacity in the Tasmanian market to generate other revenue sources (e.g. government grants). This business case should be considered in conjunction with any internal financial modelling prepared by the Taskforce

Gemba

EXPENDITURE

IN 2018 AVERAGE CLUB EXPENDITURE WAS $47M – AN INCREASE OF 43% OVER THE PAST DECADE

AFL CLUB EXPENDITURE ($M)



INSIGHTS

- AFL club expenditure comprises four main categories of costs: club administration, supporter generated expenditure, football department costs and other non football expenditure
- In 2018 average club expenditure was $47m – an increase of approximately 43% over the past decade
- On average football expenditure comprises 73% of total expenditure

Source: AFL club annual reports, 2018

IN 2018, THE AVERAGE AFL CLUB INCURRED $412 IN EXPENDITURE PER ENGAGED SUPPORTER

AFL CLUB EXPENDITURE PER ENGAGED SUPPORTER

Club	2018 Costs ($M)	Costs per Engaged Supporter
Collingwood	$81.96	$247
Richmond	$75.57	$270
West Coast	$74.64	$202
Hawthorn	$69.85	$400
Geelong	$63.96	$379
Essendon	$62.77	$218
Carlton	$59.02	$255
Port Adelaide	$58.68	$613
Fremantle	$58.06	$367
Brisbane	$55.26	$163
Sydney	$53.56	$127
Adelaide	$52.23	$127
Western Bulldogs	$49.37	$773
Greater Western Sydney	$45.44	$852
St Kilda	$43.45	$418
Melbourne	$43.00	$288
North Melbourne	$39.05	$445
Gold Coast	$38.92	$1,273

Per Engaged Supporter	Average	Bottom Quartile	Median	Top Quartile
Benchmark	$412	$225	$327	$438

Source: AFL club annual reports, 2018 and Gemba Proprietary Insights

INSIGHTS

- On average AFL clubs spend a total of $412 per engaged supporter
- Gemba has performed detailed club benchmarking on each expense stream to determine likely costs for an AFL Tasmania entity

THERE ARE FOUR BROAD CATEGORIES OF CLUB EXPENDITURE – MOST OF WHICH ARE NOT DRIVEN BY SUPPORTER BASE SIZE

EXPENDITURE ANALYSIS | METHODOLOGY

#	EXPENDITURE STREAM	APPROACH	METRIC / DRIVER	RATIONALE
1	**Corporate football**	Top-down	Bottom quartile AFL Clubs	With a smaller supporter base size, corporate market and split of games across two stadiums, it is assumed an AFL Tasmania Club will incur expenditure similar to other small market Clubs in the bottom quartile.
2	**Retail football**	Top-down	Bottom quartile AFL Clubs	
3	**Administration expense**	Top-down	Bottom quartile AFL Clubs	
4	**Football expenditure**	Top-down	Bottom quartile AFL Clubs	
5	**Other football expenditure**	Top-down	Bottom quartile AFL Clubs	
6	**Non-football**	Top-down	N/A	Model excludes consideration non-football revenue

BASED ON 2018 AFL CLUB BENCHMARKING, A TASMANIAN CLUB IS LIKELY TO INCUR COSTS OF $38.9M PER ANNUM

EXPENDITURE ANALYSIS | SUMMARY

#	EXPENSE STREAM	$	% OF TOTAL EXPENSE
1	Corporate football expenditure	3,178,609	8%
2	Retail football expenditure	4,765,717	12%
3	Administration expenditure	6,021,611	15%
4	Football expenditure	24,586,245	63%
5	Other football expenditure	373,976	1%
6	Non-football expenditure	0	0%
	TOTAL EXPENDITURE	**38,926,159**	

Refer to Appendix C for detailed club benchmarking and analysis

Note: The financial model excludes consideration of commercial arrangements and capacity in the Tasmanian market to generate other revenue sources (e.g. government grants). This business case should be considered in conjunction with any internal financial modelling prepared by the Taskforce

Gemba

FINANCIAL SUMMARY

USING A BOTTOM-UP AND TOP-DOWN APPROACH, A TASMANIAN AFL TEAM MAY INCUR A NET LOSS OF -$2.4M

FINANCIAL SUMMARY

REVENUE	$
AFL Distributions	17,704,628
Corporate football revenue	9,902,843
Retail football revenue	8,476,291
Other football revenue	408,768
Non-football revenue	0
TOTAL REVENUE	**36,492,530**
EXPENDITURE	**$**
Corporate football expenditure	3,178,609
Retail football expenditure	4,765,717
Other football expenditure	373,976
Administration expenditure	6,021,611
Football expenditure	24,586,245
Non-football expenditure	0
TOTAL EXPENDITURE	**38,926,159**
NET PROFIT / (LOSS)	**(2,433,629)**

INSIGHTS

- Top-down and bottom-up revenue and expenditure analysis has determined that a Tasmanian AFL team may incur a net loss of -$2.4m
- Modelling is based on benchmark of league averages and supporter base size
- This model excludes consideration of commercial arrangements and capacity in the Tasmanian market to generate non-football revenue sources (e.g. government grants)

Gemba

5 STRATEGIC CONSIDERATIONS

GEMBA HAS OUTLINED EIGHT BROADER STRATEGIC CONSIDERATIONS FOR THE AFL TASMANIA TASKFORCE TO CONSIDER AND ADDRESS

CONSIDERATIONS (1 OF 2)

#	Consideration	Commentary
1	**A 19th team might not be in the best interests of the AFL**	• A 19th team in the competition would not provide an additional broadcast game each round, meaning no incremental broadcast revenue • There has been much discussion about the already diluted AFL talent pool, the addition of a 19th team could dilute this further
2	**Broadcast rights are potentially plateauing**	• Broadcast rights in Australia and overseas have experienced exponential increases over the past two decades • With increased rights fees for broadcast, the economics and value proposition are starting to becoming unfavourable for broadcasters
3	**AFL has significant (and ongoing) investments in two expansion Clubs, AFLW, and grass roots participation among other priorities**	• GWS and GCS are long-term strategic investments by the AFL (i.e. 20-30 years) • Other investment priorities (AFLW, grass roots and juniors, in-house media capability, Marvel stadium redevelopment etc), in an environment of likely limited broadcast revenue growth, mean the AFL's resources are being spread more thinly than ever before
4	**Ongoing Government funding could be required to sustain the team**	• AFL Clubs have been able to diversify and invest heavily in non-supporter generated revenue (e.g. pokies) over time • A new Tasmanian team may consider government funding as an alternate revenue stream to subsidise capital costs and improve the financial sustainability of franchise • This may be more viable then other non-football revenue streams which may require investment and/or operating costs (e.g. leasing out facilities) • For purposes of this business case, Gemba has excluded consideration of other revenue sources (e.g. government grants)

GEMBA HAS OUTLINED EIGHT BROADER STRATEGIC CONSIDERATIONS FOR THE AFL TASMANIA TASKFORCE TO CONSIDER AND ADDRESS

CONSIDERATIONS (2 OF 2)

#	Consideration	Commentary
5	**Existing Hawthorn and North Melbourne Government funding could be at risk**	• If the Tasmanian Government redirects its funding towards a Tasmanian AFL Team, there is a potential knock-on effect for Hawthorn and North Melbourne • Without continued Government funding to both Clubs, it is likely the AFL will have to increase its distributions to North Melbourne
6	**Splitting games between Launceston and Hobart could lead to sub-optimal stadium deals**	• Stadiums often operate at a loss. Without guaranteeing all its content to a single stadium, the AFL Tasmania team might not be able to negotiate favourable stadium deals
7	**Ambition of the Club for multi-sport beyond AFL/AFLW/VFL**	• In the absence of non-supporter generated revenue, the AFL Tasmania team could consider expanding beyond Australian Rules to incorporate teams from other leagues (e.g. NBL/WNNBL, Super Netball or A-League). This could lead to economies of scale on training and administration facilities, administration, sales and marketing operations, high performance capabilities, as well as an increased value proposition for commercial partners
8	**Opportunity for non-core AFL content to be hosted in Tasmania**	• The AFL has an ambition to continue to position itself as the national game. This has seen it recently take non-core content (e.g. Draft and Academies) to new regions • There is a potential role for Tasmania to add value to the AFL ecosystem by contributing to talent pathways and hosting of major events in the state

Gemba

6 APPENDICES

Gemba

APPENDIX A
ELITE TEAMS

THERE ARE 128 ELITE SPORTING TEAMS IN AUSTRALIA IN 2019 – ONE OF THE MOST CROWDED SPORTING MARKETS PER CAPITA IN THE WORLD

LIST OF ELITE SPORTING TEAMS | 2019

AUSTRALIAN RULES FOOTBALL	State
Hawthorn	VIC
North Melbourne	VIC
Essendon	VIC
Richmond	VIC
Collingwood	VIC
Melbourne	VIC
Western Bulldogs	VIC
Carlton	VIC
St Kilda	VIC
Geelong	VIC
Sydney	NSW
Brisbane	QLD
West Coast	WA
Adelaide	SA
Port Adelaide	SA
Fremantle	WA
Greater Western Sydney	NSW
Gold Coast	QLD
Collingwood AFLW	VIC
Melbourne AFLW	VIC
Geelong AFLW	VIC
Carlton AFLW	VIC
North Melbourne AFLW	VIC
Western Bulldogs AFLW	VIC
GWS AFLW	VIC
Fremantle AFLW	WA
Brisbane AFLW	QLD
Adelaide AFLW	SA

CRICKET	State
Perth Scorchers	WA
Melbourne Renegades	VIC
Melbourne Stars	VIC
Sydney Sixers	NSW
Sydney Thunder	NSW
Brisbane Heat	QLD
Hobart Hurricanes	TAS
Adelaide Strikers	SA
Perth Scorches W	WA
Melbourne Renegades W	VIC
Melbourne Stars W	VIC
Sydney Sixers W	NSW
Sydney Thunder W	NSW
Brisbane Heat W	QLD
Hobart Hurricanes W	TAS
Adelaide Strikers W	SA

RUGBY LEAGUE	State
Brisbane Broncos	QLD
Canterbury-Bankstown Bulldogs	NSW
Sydney Roosters	NSW
Parramatta Eels	NSW
South Sydney Rabbitohs	NSW
Newcastle Knights	NSW
Melbourne Storm	VIC
Manly Warringah Sea Eagles	NSW
St George Illawarra Dragons	NSW
Gold Coast Titans	QLD
Wests Tigers	NSW
Canberra Raiders	ACT
Penrith Panthers	NSW
North Queensland Cowboys	QLD
Cronulla-Sutherland Sharks	NSW
Brisbane Broncos W	QLD
St George Illawarra Dragons W	NSW
Sydney Roosters W	NSW

BASKETBALL	State
Adelaide 36ers	SA
Brisbane Bullets	QLD
Cairns Taipans	QLD
Illawarra Hawks	NSW
Melbourne United	VIC
Perth Wildcats	WA
South East Melbourne Phoenix	VIC
Sydney Kings	NSW
Adelaide 36ers W	SA
Bendigo Spirit W	VIC
Melbourne Boomers W	VIC
Perth Lynx W	WA
Southside Flyers W	VIC
Sydney Uni Flames W	NSW
Townsville Fire W	QLD
University of Canberra Capitals W	ACT
Adelaide Thunderbirds	SA

THERE ARE 128 ELITE SPORTING TEAMS IN AUSTRALIA IN 2019 – ONE OF THE MOST CROWDED SPORTING MARKETS PER CAPITA IN THE WORLD

LIST OF ELITE SPORTING TEAMS | 2019

FOOTBALL (SOCCER)	State
Melbourne Victory	VIC
Sydney FC	NSW
Brisbane Roar FC	QLD
Western Sydney Wanderers FC	NSW
Perth Glory FC	WA
Western United FC	VIC
Melbourne City FC	VIC
Central Coast Mariners FC	NSW
Adelaide United FC	SA
Newcastle Jets FC	NSW
Brisbane Roar FC W	QLD
Western Sydney Wanderers FC W	NSW
Perth Glory FC W	WA
Canberra United W	ACT
Melbourne Victory	VIC
Melbourne City FC W	VIC
Adelaide United FC W	SA
Sydney FC W	NSW
Newcastle Jets FC W	NSW

RUGBY UNION	State
Brumbies	ACT
Rebels	VIC
Reds	QLD
Waratahs	NSW
Melbourne Rebels Women	VIC
Brumbies Women	ACT
NSW Waratahs Women	NSW
Queensland Women	QLD
RugbyWA Women	WA

NETBALL	State
Collingwood Magpies	VIC
Giants Netball	NSW
Melbourne Vixens	VIC
NSW Swifts	NSW
Queensland Firebirds	QLD
Sunshine Coast Lightning	QLD
West Coast Fever	WA

ESPORTS	State
Melbourne Order	VIC
Sydney Roar	NSW
Perth Ground Zero	WA
Sydney Chiefs	NSW
Brisbane Deceptors	QLD
Melbourne Avant	VIC
The Chiefs Esports Club	NSW
Mammoth	VIC
Bombers	VIC
Dire Wolves	NSW
Order	NSW
Avant Gaming	NSW
Gravitas	VIC
Legacy Esports	SA

Gemba

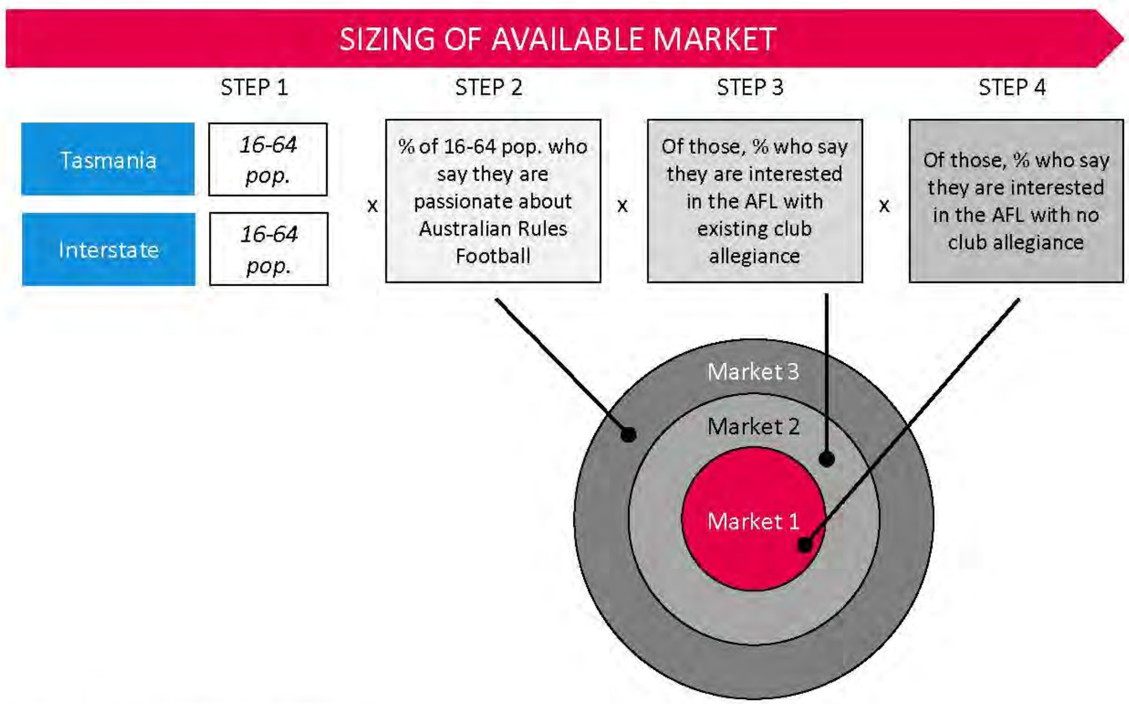
APPENDIX B
MARKET SIZING

GEMBA HAS USED A COMBINATION OF ABS DATA AND PROPRIETARY RESEARCH TO MARKET SIZE THE ENGAGED SUPPORTER BASE FOR A TASMANIAN CLUB

MARKET SIZING METHODOLOGY

- Gemba's market sizing methodology has been used to determine the engaged supporter base for an AFL Tasmanian club
- Market sizing inputs have been extracted from the latest population statistics from the ABS (2016 census) and Gemba's Proprietary Research which is based on a nationally representative sample of consumers aged between 16 and 64

Illustrative example of Gemba's market sizing methodology



THERE ARE CURRENTLY 85K AFL FANATICS IN TASMANIA – ONLY 4% DO NOT SUPPORT AN EXISTING AFL TEAM

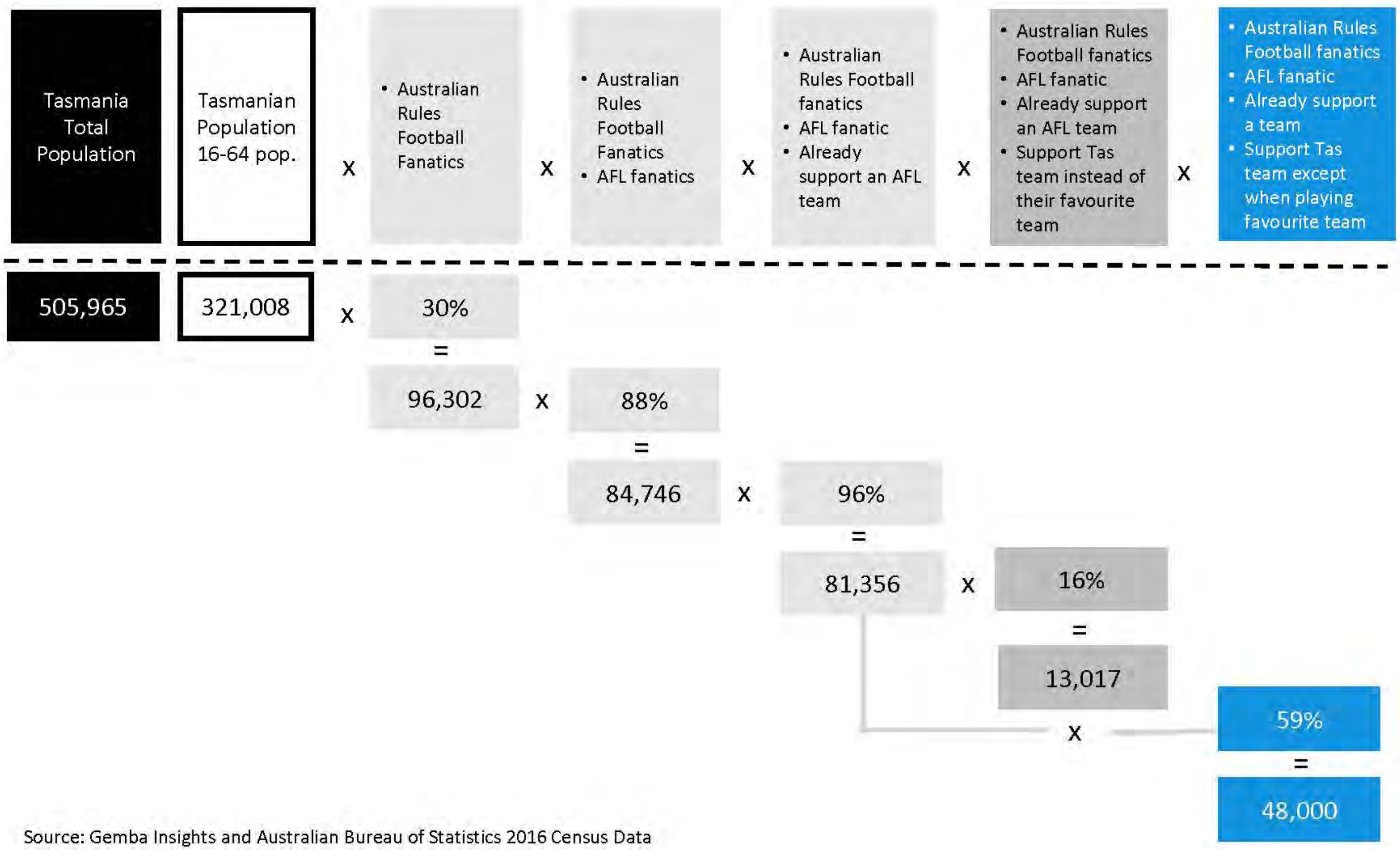
TASMANIAN AFL FANATICS – NO EXISTING TEAM SUPPORT

Tasmania Total Population	Tasmania Population 16-64 pop.		• Australian Rules Football Fanatics		• Australian Rules Football Fanatics • AFL fanatics		• Australian Rules Football fanatics • Interested in the AFL • No AFL team
505,965	321,008	x	30%				
			=				
			96,302	x	88%		
					=		
					84,746	x	4%
							=
							3,390

Source: Gemba Insights and Australian Bureau of Statistics 2016 Census Data

13K TASMANIAN FANATICS WITH AN EXISTING TEAM MIGHT SWAP TO SUPPORT A LOCAL TASMANIAN TEAM, WITH 48K FOLLOWING AS THEIR SECOND TEAM

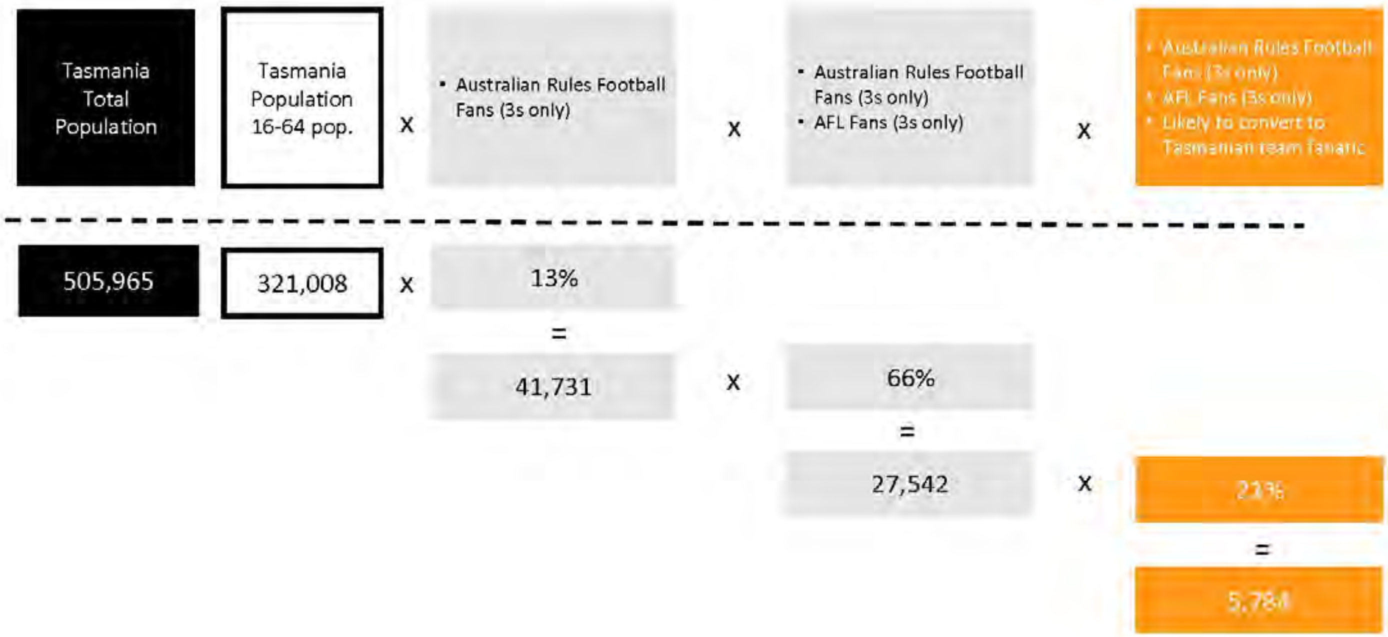
TASMANIAN AFL FANATICS – EXISTING TEAM SUPPORT



Source: Gemba Insights and Australian Bureau of Statistics 2016 Census Data

A TASMANIAN TEAM MAY CONVERT UP TO 5.8K PASSIVE LOCAL AFL FANS TO TASMANIAN TEAM FANATICS

PASSIVE TASMANIAN FANS CONVERTIBLE TO FANATICS



Source: Gemba Insights and Australian Bureau of Statistics 2016 Census Data

THERE ARE 19K INTERSTATE AFL FANATICS THAT MAY SUPPORT A LOCAL TASMANIAN TEAM

INTERSTATE AFL FANATIC MARKET SIZING

Interstate Total Population	Interstate Population 16-64 pop.		• Interstate Population with Tasmanian heritage		• Australian Rules Football Fanatics • AFL fanatics		• Australian Rules Football Fanatics • AFL fanatics		• Australian Rules Football fanatics • AFL fanatics • Interstate team support
22,895,927	15,039,500	x	2.09%						

15,039,500 x 2.09% = 314,230

314,230 x 30% = 94,269

94,269 x 88% = 82,957

82,957 x 23% = 19,080

Source: Gemba Insights and Australian Bureau of Statistics 2016 Census Data

IN ADDITION, A TASMANIAN TEAM MAY CONVERT UP 6.7K PASSIVE INTERSTATE AFL FANS TO BECOME TASMANIAN TEAM FANATICS

INTERSTATE AFL FANATIC MARKET SIZING

Interstate Total Population	Interstate Population 16-64 pop.	x	• Interstate Population with Tasmanian heritage	x	• Australian Rules Football Fans (3)	x	• Australian Rules Football Fans (3) • AFL Fans (3s only)	x	• Australian Rules Football fanatics • Interested in the AFL • Interstate team support
22,895,927	15,039,500	x	2.09%						
			=						
			314,230	x	13%				
					=				
					43,992	x	66%		
							=		
							29,035	x	23%
									=
									6,678

Source: Gemba Insights and Australian Bureau of Statistics 2016 Census Data

Gemba

APPENDIX C.1 REVENUE

THE FOLLOWING AFL CLUB BENCHMARKS WERE USED TO SOURCE REVENUE INPUTS FOR A TASMANIAN AFL CLUB

REVENUE BENCHMARKING

AFL Distribution	Average	Bottom Quartile	Median	Top Quartile
Benchmark	$15.58	$12.56	$13.78	$17.70

Corporate Football	Average	Bottom Quartile	Median	Top Quartile
Benchmark	$14.29	$9.90	$13.03	$16.64

Retail Football	Average	Bottom Quartile	Median	Top Quartile
Benchmark	$16.24	$8.48	$14.60	$23.82

Other Football	Average	Bottom Quartile	Median	Top Quartile
Benchmark	$1.26	$0.41	$0.81	$1.72

Non-Football	Average	Bottom Quartile	Median	Top Quartile
Benchmark	$7.50	$0.08	$6.52	$15.95

Source: AFL club benchmarking, 2018

INSIGHTS

- With a smaller supporter base size, it is assumed an AFL Tasmania Club will receive similar distributions to other small market Clubs (top quartile distribution bracket)
- Corporate football, retail football and other football revenue was benchmarked to bottom quartile clubs due to similar size market and supporter base
- The financial model excluded consideration of commercial arrangements and capacity in the Tasmanian market to generate other non-football revenue (e.g. government grants)

Gemba

APPENDIX C.2 EXPENDITURE

THE FOLLOWING AFL CLUB BENCHMARKS WERE USED TO SOURCE EXPENDITURE INPUTS FOR A TASMANIAN AFL CLUB

EXPENDITURE BENCHMARKING

Corporate Football	Average	Bottom Quartile	Median	Top Quartile
Benchmark	**$5.77**	**$3.18**	**$4.97**	**$7.69**

Retail football	Average	Bottom Quartile	Median	Top Quartile
Benchmark	$6.81	$4.77	$6.20	$8.46

Admin	Average	Bottom Quartile	Median	Top Quartile
Benchmark	$7.98	$6.02	$6.68	$8.91

Football	Average	Bottom Quartile	Median	Top Quartile
Benchmark	$25.82	$24.59	$25.72	$26.65

Other Football	Average	Bottom Quartile	Median	Top Quartile
Benchmark	$0.83	$0.37	$0.67	$1.04

Non-Football	Average	Bottom Quartile	Median	Top Quartile
Benchmark	$6.49	$0.39	$5.60	$13.00

Source: AFL club benchmarking, 2018

INSIGHTS

- Corporate football, retail football, admin, football and other football expenditure was benchmarked to bottom quartile clubs due to similar size market, supporter base and stadium
- The financial model excluded consideration of commercial arrangements and capacity in the Tasmanian market to incur other non-football expenditure (e.g. government grants)

Gemba

APPENDIX D
BUSINESS CASE RECONCILIATION

GEMBA HAS PREPARED A BUSINESS CASE RECONCILIATION TO ALIGN INPUTS FROM THE 2008 BUSINESS CASE TO THE UPDATED BUSINESS CASE

BUSINESS CASE RECONCILIATION

Gemba

Business Case Reconciliation

AFL Tasmania

2008		2019	
Pg.	Data input	Pg.	Commentary
7	Australian population	64-65	Australian population has increased from 21m to 23.4m
7	Number of domestic sporting teams (broken down by state)	18, 19, 59, 60	There have been six new leagues and 67 new elite teams introduced in Australia since 2008. The number of teams in Victoria and NSW has more than doubled, while all other States have experienced increases between 40-200%. A full list of elite teams can be found in Appendix A.
8	Australian Population by major city/region	City + Region data	The Tasmanian population has increased by 7% over the past decade, compared to other cities which have increased by approximately 22%
11	AFL Engagement Level (1-5)* vs. Attendance	N/A	*No longer relevant due to updated Gemba methodology, replaced by "engaged supporter"*
11	AFL Engagement Level (1-5)* vs. Read, Watched, Listened	N/A	*No longer relevant due to updated Gemba methodology, replaced by "engaged supporter"*
12	Number of AFL Supporters per city/region	City + Region data	Sydney is the now the city with the highest AFL Supporter base per team (vs. Brisbane in 2008)
12	Number of engaged AFL Supporters per city/region	15	All 'heartland' Australian Rules Football States have experienced declines of between 11-19% in fanaticism over the last decade
13	Number of AFL teams per per city/region	59	Two new AFL teams have been introduced to the league since 2008 (Gold Coast Suns and Greater Western Sydney). A full list of AFL teams can be found in Appendix A.
13	Number of engaged AFL Supporters per team	37	Gemba market sizing shows in 2019 the Sydney Swans, Adelaide Crows and West Coast Eagles have the most engaged supporters. In 2008 Brisbane, Perth and Sydney market had the highest number of engaged AFL supporters.
15	AFL Team Support in Tasmania (% breakdown)	24	Tasmanians have failed to engage significantly with teams domiciling their games out of Launceston and Hobart with the number of Tasmanians that don't support a team more than doubling over the last decade from 22% to 48%. Carlton and Collingwood currently have the highest number of AFL fanatics in Tasmania.
15	% of 'Engaged' Supporters for AFL Teams in Tasmania	63	There are currently 13K Tasmanian fanatics with an existing team that might swap to support a local Tasmanian team, plus an additional 48K who would follow a Tasmanian team in addition to their current team
18	AFL Club License Ownership Structures	N/A	Update: North Melbourne and Greater Western Sydney are membership based clubs and Adelaide Crows and Port Adelaide are no longer owned by SANFL - they are now Limited by Guarantee

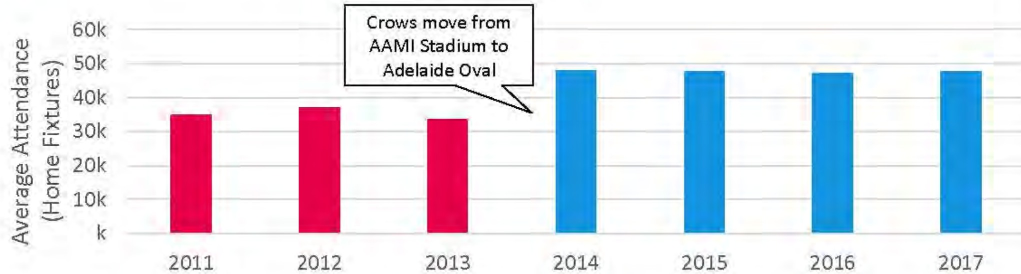
The excel document *Appendix D* reconciles data from the 2008 Business Case to the 2019 Business Case by page number and includes high level change commentary.

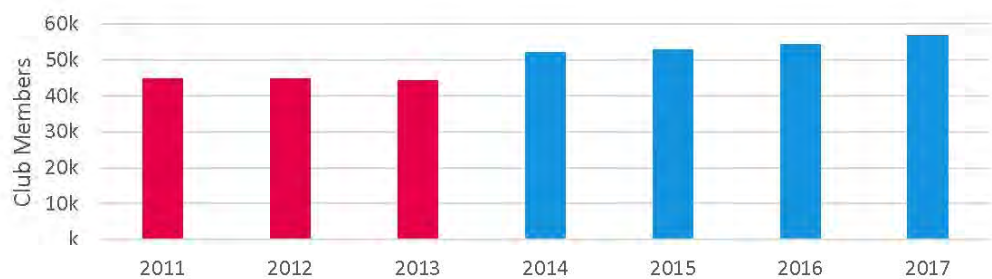
Gemba

APPENDIX E
NEW STADIUM CASE STUDIES

THE REDEVELOPMENT OF ADELAIDE OVAL IN 2014 SAW MARKED INCREASES IN HOME GAME ATTENDANCE AND MEMBERSHIP FOR ADELAIDE CROWS

ADELAIDE OVAL CASE STUDY





INSIGHTS

- The redevelopment of Adelaide Oval was completed in 2014, at which point the Adelaide Crows began playing at the venue
- The average home game attendance rose from 36.3K for the period 2009-2013 to 47.2K for the period 2014-2018
- Uplift was also seen in the club's membership figures which have averaged 54k since 2014, significantly up on the average of 44.6k for the three years prior (2011-13)

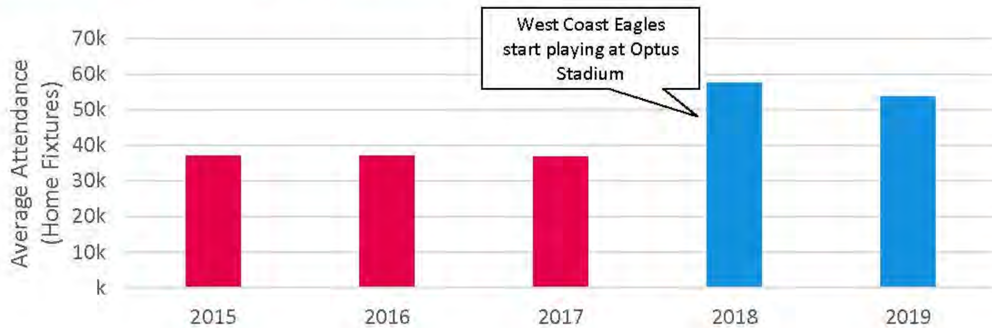
ECONOMIC IMPACT & TOURISM

- Since its redevelopment the Adelaide Oval has not only injected economic benefit into the local area with increased crowds attending AFL games but it has also hosted events such as the Cricket World Cup in 2015 and will host an Game 1 of the NRL State of Origin in 2020
- The Cricket World Cup games held at Adelaide Oval are believed to have generated $90m in direct spend in the state whilst the State of Origin game is expected to deliver an estimated $15m into the local economy, with more than 30% of fans expected to come from outside South Australia

Source: Gemba Market Insights, Adelaide Oval official website

MOVING TO THE NEWLY BUILT OPTUS STADIUM HAS ENABLED THE WEST COAST EAGLES TO BREAK MEMBERSHIP AND ATTENDANCE RECORDS

OPTUS STADIUM CASE STUDY



INSIGHTS

- The development of Optus Stadium was completed in time for the 2018 season, at which point the West coast Eagles began playing at the venue
- The average home game attendance from rose from 36.9K for the period 2015-2017 to 55.6K for the period 2018-2019
- In 2018 the club achieved its seventh successive crowd of more than 50,000 fans which had never before been achieved in the history of AFL/VFL competition
- The club's membership figures have also surged with a 15k growth in 2018 followed by a further 10k growth in 2019

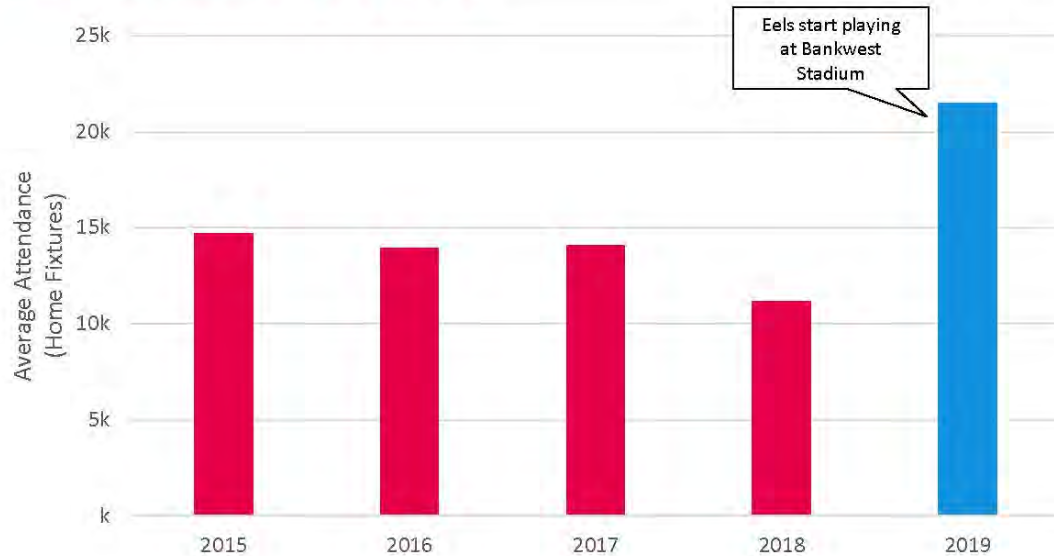
ECONOMIC IMPACT & TOURISM

- Optus Stadium is proving an economic powerhouse for WA, with data showing more than 66,000 people travelled to Perth to watch the football last season — and spent almost $66 million
- Interstate visitors spent $34 million during the season staying a total of 137,803 nights, while intrastate visitors spent $32 million staying a total of 108,687 nights in Perth

Source: Gemba Market Insights, The West Australia

THE MOVE TO BANKWEST STADIUM IN 2019 HAS DRIVEN A SIGNIFICANT UPLIFT IN ATTENDANCE FOR THE PARAMATTA EELS

BANKWEST STADIUM CASE STUDY



INSIGHTS

- The development of Bankwest stadium was completed in April 2019
- Since the move to the stadium the average crowd for an Eels home game has increased to 21k, up significantly on the average of 13k for the four previous seasons

MEMBERSHIP	• In 2019 the Parramatta Eels broke their membership record, registering the highest membership base in the Club's history with over 25,000 Members • The club had already broken its ticketed membership record in December 2018; with Platinum, Gold and West Club House seating sold before the stadium had opened and the 2019 season commenced
ECONOMIC IMPACT	• Analysis suggests that visiting sports fans and major event goers to the new Bankwest stadium will spend more than $176 million in the first two years following the stadium's opening

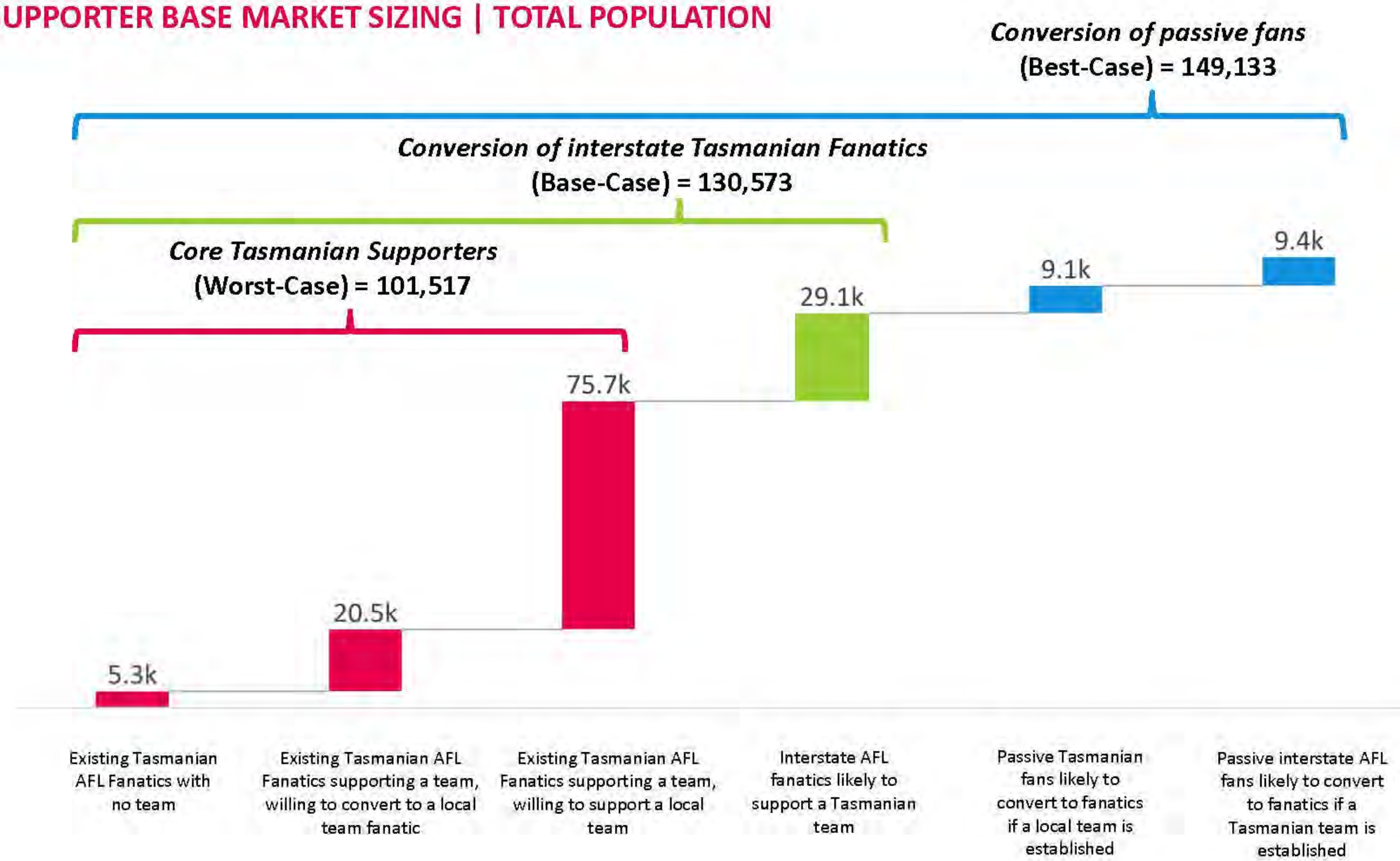
Source: Gemba Market Insights

Gemba

APPENDIX F
TOTAL POPULATION MARKET SIZING

GEMBA HAS ESTIMATED THE MARKET SIZE OF POTENTIAL SUPPORTERS IN A WORST, BASE AND BEST CASE SCENARIO BASED ON SIX KEY SEGMENTS

SUPPORTER BASE MARKET SIZING | TOTAL POPULATION



GEMBA'S MARKET SIZING AND INSIGHTS FROM THE CUSTOM RESEARCH INDICATE THERE COULD BE BETWEEN 46K AND 68K MEMBERS FOR THE AFL TASMANIA TEAM

MEMBERSHIP MARKET SIZING | AFL TASMANIA TEAM

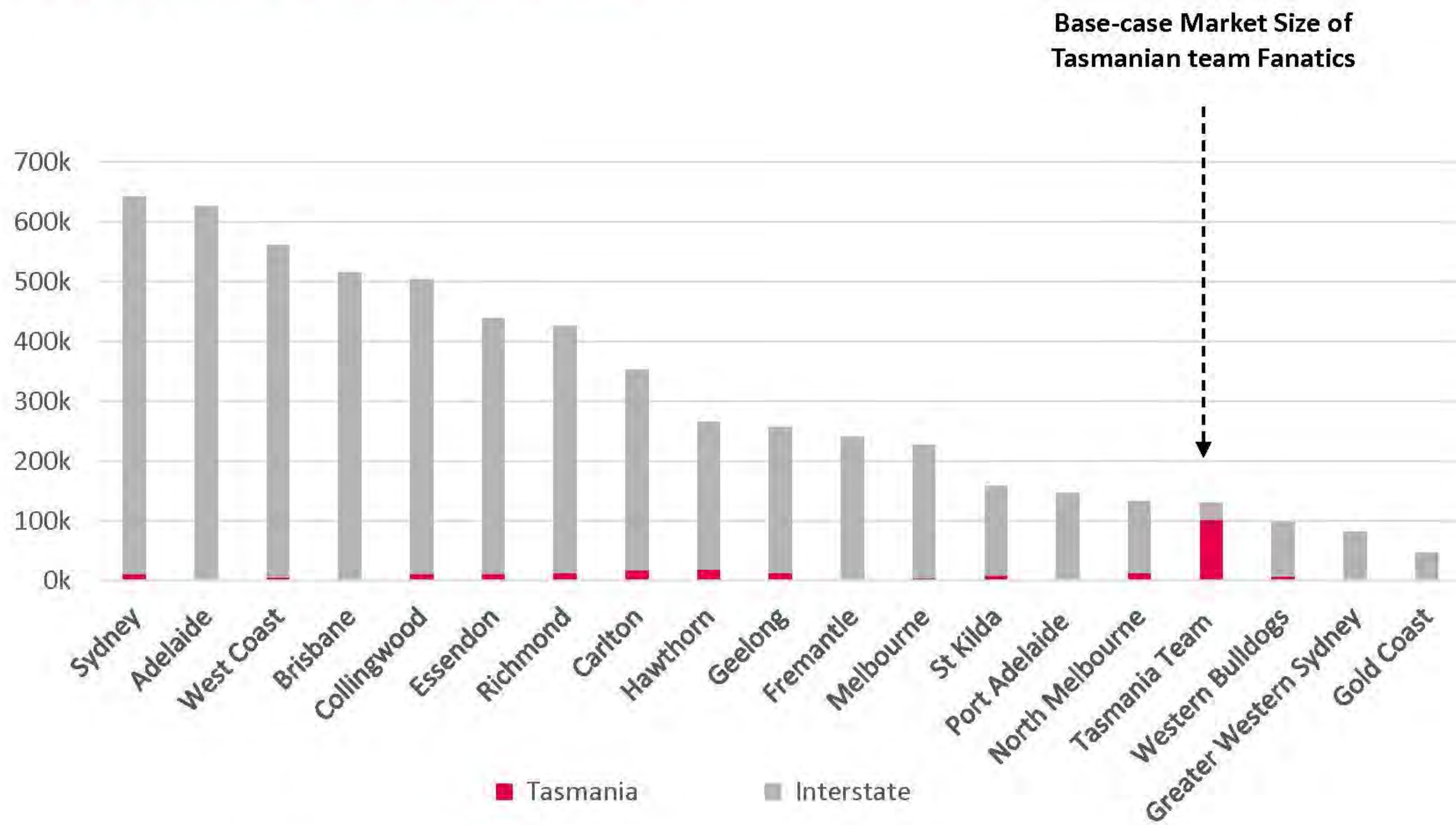
METRIC	WORST CASE	BASE CASE	BEST CASE
Supporter base	101,517	130,573	149,133
AFL Average Membership Conversion (35%)	**35,531**	**45,701**	**52,197**
AFL Top Quartile Membership Conversion (46%) (METRIC USED)	46,698	60,064	68,601
Membership (Claimed from Custom Research – 58%)	58,880	75,732	86,497

INSIGHTS

- AFL Average conversion of supporters to members is 35%
- The bespoke research on attitudes towards a Tasmanian AFL team indicated 58% of Australian Rules Fanatics and AFL Fans would consider becoming a member of the new Tasmanian team

IN THE BASE-CASE SCENARIO, A TASMANIAN TEAM WOULD ATTRACT 131K ENGAGED SUPPORTERS MAKING IT THE 16TH MOST POPULAR AFL CLUB (OUT OF 19)

AFL TEAM SUPPORT | GENERAL POPULATION



Source: Gemba Market Insights

Note – The above chart excludes the potential cannibalisation of other team fanatics if a new Tasmanian team is established

GEMBA'S MARKET SIZING AND INSIGHTS FROM THE CUSTOM RESEARCH INDICATES AVERAGE ATTENDANCES COULD BE BETWEEN 22K AND 32K

ATTENDANCE MARKET SIZING | AFL TASMANIA TEAM

METRIC	WORST CASE	BASE CASE	BEST CASE
Supporter base	101,517	130,573	149,133
AFL Average Attendance Conversion (22%) (METRIC USED)	22,334	28,726	32,809
AFL Top Quartile Attendance Conversion (26%)	26,394	33,949	38,775
Attendance (Claimed Number of Games from Custom Research – 29%)	29,440	37,866	43,249

INSIGHTS

- Top quartile AFL Clubs convert supporters to attendees at 26%
- AFL Average conversion of supporters to attendees is 22%. The AFL average is close to the conversion rate of Clubs with smaller supporter base sizes and is why the metric has been used in our modelling
- The average supporter of the Tasmanian AFL team has indicated they would attend 3.24 games per season (29% conversion)

Gemba

CONTACTS

AUCKLAND OFFICE
Suite 35, Biz Dojo, Level 9
4 Williamson Ave, Grey Lynn 1021

T +64 9 948 4179

LONDON OFFICE
Chancery Lane: Fox Court
14 Gray's Inn Road
LONDON WC1X, 8HN, UK

T +44 (0)7 848 104 130

MELBOURNE OFFICE
1/175 Sturt Street
Southbank VIC 3006

T +61 3 9526 5700

SYDNEY OFFICE
Level 3, 4-14 Foster Street
Surry Hills NSW 2010

T +61 2 8020 6550

SHANGHAI OFFICE
Level 3, Oasis, Xintiandi
58 Taicang Road
Shanghai 200021 China

T +86 21 6103 6747

E info@thegembagroup.com
www.thegembagroup.com

Appendix 4 – Governance of the Game Timeline

Governance Timeline						
		Tasmanian Football Board	**AFL Tasmania**	**Community Football**	**Hawthorn**	**North Melbourne**
2019		• Established in 2019 by the Tasmanian Government as a first truly representative group to unite and grow football in Tasmania, work with all members of the Tasmanian Football community to ensure growth in junior participation and increase player retention at all levels. • Support the State in attaining an AFL / AFLW license.	• Talent Management - U/12 – U/18 talent pathways (M & F Devils) Full-time TAC Cup participation (M & F) Government Liaison and Facility Development • TSL and TSLW and Umpires. • Administer Tasmanian State Leagues. • Community Hubs x 3	• Community Hubs x 3 - All competitions are separate entities, governed by individual boards / committees / constitutions - Operational matters now in Community Hubs: *Southern Tasmania*: STJFL, SFL, SFLW. OSFA, ODFA, Masters *Northern Tasmania*: NTJFA, NTFA, Masters, NTFAW *North West Tasmania*: NWFL, NWFLW, DFA, NWFA, CHFA, WCJFA, KIFA, Masters	• Community liaison • Game-day support	• Next Gen Academy Program • Community programs • Game-day support

	Tasmanian AFL Taskforce, Tasmanian Football Club Limited	Tasmanian Football Board	AFL Tasmania	Community Football	Hawthorn	North Melbourne
2020	• Taskforce focus on engagement with AFL, Commission, and Club Presidents to pursue the granting of the licence, ideally a provisional licence. Lobbying campaign to coincide with this engagement to keep the Tas public involved in the process. • **April 2020 to June 2020** – it is hoped that within this timeframe an indication will be available as to whether a licence is likely and when. • **July 2020 –** Formal establishment of TFCL entity, Board and appointment of key Devils Football Club Executive • **October 2020** – Transfer of Devils assets to TFCL.	Status Quo	Status Quo	Status Quo	Status Quo	Status Quo
	Tasmanian Football Club Limited	**Tasmanian Football Board**	**AFL Tasmania**	**Community Football**	**Hawthorn**	**North Melbourne**
2021	• Transitional year of Devils Football Club in concert with the AFL, including appointment of remaining executive roles and key VFL football roles (Head of Football and VFL Coach) • Establishment of Membership base. • Establishment of Corporate partnerships. • Commencement of State Government funding.	Status Quo	Commencement of discussions and negotiations in relation to the TSL club's licences that expire at the conclusion of 2022	Status Quo	Contract Expires end 2021	Contract Expires end 2021

	• Liaison with State Govt and AFL on contract renewals for North Melbourne and Hawthorn. • Establishment of VFL mens and womens teams in preparation for 2022 entry.					
	Tasmanian Football Club Limited	**Tasmanian Football Board**	**AFL Tasmania**	**Community Football**	**Hawthorn**	**North Melbourne**
2022	• Total responsibility of the "new" Devils Football Club assets • AFL Tasmania continues to fund and operate TAC girls and boys Devils Teams. • VFL Men's and Women's teams commence in VFL competition funded and operated by the TFCL and playing under the Tasmanian Devils livery. • Identification and appointment of key AFL team football roles (Head of Football and Coach) for both AFL and AFLW. • Ramp up of member and corporate partner recruitment campaigns	Status Quo	TSL Club licences expire, new way forward to be determined.	Status Quo	Contract Renewed TBC	Contract Renewed TBC

	Tasmanian Football Club Limited	Tasmanian Football Board	AFL Tasmania	Community Football	Hawthorn	North Melbourne
2023	• Preparation for entry of AFLW Devils team into competition 2024. • AFL Tasmania continues to fund and operate TAC girls and boys Devils Teams. • Preparation for entry of AFL team into competition 2025. • Establishment of Next Generation Academy Program (replacing North Melbourne program). • Maximise performance of VFL Men's and Women's teams. • Upgrade of ground and training infrastructure in readiness for home games in 2024/25, including control of stadiums. • Membership push in light of Hawks and Kangaroos contracts ending in 2024.	Status Quo	Status Quo	Status Quo	Contract Renewed TBC	Contract Renewed TBC
	Tasmanian Football Club Limited	**Tasmanian Football Board**	**AFL Tasmania**	**Community Football**	**Hawthorn**	**North Melbourne**
2024	• Total responsibility of the "new" Devils Football Club assets. • AFL Tasmania continues to fund and operate TAC girls and boys Devils Teams. • Identification and appointment of key AFL team football roles (Head of Football and Coach) for both the AFL and AFLW. • Ramp up of member and corporate partner recruitment campaigns.	Status Quo	Status Quo	Status Quo	Final year of Govt backed contract (if previously extended)	Final year of Govt backed contract (if previously extended)

	Tasmanian Football Club Limited	Tasmanian Football Board	AFL Tasmania	Community Football	Hawthorn	North Melbourne
2025	• Entry of Tasmania Devils AFL senior team into the AFL competition. • Funding and operation of: - AFL Tasmanian Devils Men’s team - AFLW Tasmanian Devils Women’s team - VFL Tasmanian Devils Men’s team - VFLW Tasmanian Devils Women’s team - Next Generation Academy Program - Game, ground and training infrastructure • Governance and administration of member owned club. • Management and enhancement of relationships with key stakeholders, the AFL and Tasmanian Govt.	Status Quo	Status Quo	Status Quo	–	–

Appendix 5 – Tasmanians in the Australian Football Hall of Fame

- Royce Hart (Legend): named centre half-forward in the AFL's Team of the Century
- Darrell Baldock (Legend): captain of St Kilda's Team of the Century
- Peter Hudson (Legend): holds record (with Bob Pratt) for most goals in a season (150)
- Ian Stewart (Legend): one of only three triple Brownlow Medallists
- Laurie Nash
- Horrie Gorringe
- Verdon Howell
- Mathew Richardson
- Stuart Spencer

Appendix 6 – Tasmanians in the AFL in Season 2019

Adelaide: Hugh Greenwood (Hobart)**,** Chayce Jones (Launceston)

Brisbane: Mitch Robinson (Lauderdale)

Carlton: Liam Jones (North Hobart), Andrew Phillips (Lauderdale)

Collingwood: Jeremy Howe (Dodges Ferry / Hobart), Brody Mihocek (Burnie – drafted from Port Melbourne)

Essendon: Tom Bellchambers (Launceston / North Launceston)

Fremantle: Hugh Dixon (Tigers)**,** Alex Pearce (Devonport)

Geelong: Jake Kolodjashnij (Launceston)

Gold Coast: Lachie Weller (Burnie)

GWS Giants: Nil.

Hawthorn: Grant Birchall (Devonport), Tim Mohr (Launceston)

Melbourne: Kade Kolodjashnij (Launceston)

North Melbourne: Ben Brown (Glenorchy / Devonport), Aaron Hall (Hobart), Tarryn Thomas (North Launceston)

Port Adelaide: Nil.

Richmond: Toby Nankervis (North Launceston), Jack Riewoldt (Clarence), Fraser Turner (Clarence), Maverick Weller (Burnie)

St Kilda: Jimmy Webster (Glenorchy)

Sydney: Robbie Fox (Burnie), Jackson Thurlow (Launceston)

West Coast Eagles: Nil.

Western Bulldogs: Nil.

Appendix 7 – AFL Tasmania 2019 Team Budget

Tasmanian AFL Taskforce - Projected Club Budget 2019

******COMMERCIALLY SENSITIVE DATA ENCLOSED – NOT FOR PUBLICATION WITHOUT SOURCE CONSENT*****

The following workpapers were prepared for inclusion in the Tasmanian AFL Taskforce Business Case for submission to the Tasmanian State Government. The information contained is a mix of Taskforce work and information provided by others. Some of the latter provided information may be confidential property – AFL proprietary bench-mark item data can not be reproduced without permission.

The bench mark confidential data resides in unpublished excel spreadsheets. This further modelling has purposely been excluded to ensure the protection of AFL supplied data. These models are available for discussion if required or necessary to pursue the Business Case recommendations.

Projected Club Budget 2019 - as Included Taskforce Main Report

The below projected Club Budget has been included in the main body of the Business Case and is set in 2019 $ terms. Though the comparative club analysis is based off their respective 2018 Annual Reports and therefore dollars.

	Tasmanian 'AFL Club'				simlar sized AFL clubs						Diff
	"Poor Case" TaskForce	**"Forecast" *TaskForce* $M**	"Support" *Gemba* $M		North	GWS	Brisbane	Suns	St Kilda	**Avg.**	"Forecast" Vs Avg.
Gross Club Generated Football Revenue	14.7	**18.1**	18.8		22.7	14.8	15.9	16.3	20.2	**18.0**	0.1
Add AFL Distribution	17.1	**17.1**	17.1		16.9	25.7	23.6	23.7	20.5	**22.1**	- 5.0
	31.8	**35.2**	35.9		39.6	40.5	39.5	40.0	40.7	**40.1**	- 4.9
Add TAS Gov Contribution	9.4	**7.3**	3.1	-	-	2.9	-	-	-	**0.6**	6.7
Gross Revenue	41.2	**42.5**	38.9		39.6	43.4	39.5	40.0	40.7	**40.7**	1.9
less Club Operational Costs	41.2	**42.5**	38.9	-	38.9	45.4	42.1	38.9	43.4	**41.8**	1.2
Net Profit / (Loss)	0.0	**0.0**	0.0		0.7	- 2.0	- 2.7	1.1	- 2.7	**- 1.1**	1.1

Projected Club Budget 2019

The below projected Club Budget has been set in 2019 $ terms. The intent is to demonstrate that a ground up build based on the 2019 AFL Budget Guidelines, TPP and generic costs (checked against benchmarks for 2018/19) demonstrate the financial feasibility of a Tasmanian AFL Club.

Projected Cash Club Budget 2019

	2019 "Status Quo" 17k Hawks/NMFC TAS Members	2019 "Demand Analysis" Gemba 38.4k Members
Revenue	31,767	35,192
Expenditure	(41,169)	(42,508)
Net Loss	**(9,402)**	**(7,316)**
Add Back Depreciation	756	756
Net Cash Deficiency	(8,646)	(6,560)
Tasmanian Governmental Support	**$9,402**	**$7,316**

Highlights:

- AFL Funding assumes average AFL club funding for 2019.
- Budget assumes a hire stadium model.
- Pay full salary cap and ASA.
- Membership options 17k as advised by Hawks/NMFC and 38.4k per Gemba Consumer Modelling.
- Average Home game attendance "Status Quo" 12.1k and "Demand Analysis" 18.6k.
- Strong focus on Community.
- Club based in Hobart with 5 games in Hobart and 6 games plus trials and preseason in Launceston.
- Minimal Match Day Experience – look at junior club involvement as curtain raisers.
- AFLW viewed as a net/net proposition for football with net $315k sponsor revenue.

Simply, the strategy needs to focus on how we become a top eight football team with out a top eight spend. Winning will be the best driver of fan growth and revenue.

1. Recruit core talent through capacity to pay to allowable limits.

How:
- Negotiate list concessions with AFL especially around draft and free agents.
- Recruit further experienced players based on positional need.

Investment:
- Pay 100% TPP and 100% of ASA.
- Negotiate allowances.

2. Invest in Football Department and facilities to drive on-field performance.

How:
- High level sports science and medical.
- Deliver high level T&A facility.($15m from ??)

Investment:
- Strong investment in non player football (sports science, medical).
- Capital for T&A.

KPI's:
- 2025: TBD wins;
- 2026: TBD wins;

3. Build the local market via strong and well funded marketing program.

How:
- Develop Regional Supporter Groups assigned to key player.
- Best practice community programs.
- Develop strong marketing campaigns based on brand research and strategy.
- Focus programs on 3-5 critical Council areas whilst maintaining broad reach across state.
- Strong presence in Launceston e.g fixture.
- Innovative match day/game experience.

KPI's:
- Awareness, Consideration (TBC)
- 2025: Attendance

4. Achieve Club Revenue Growth.

How:
- Best people - appoint well credentialed GM Commercial.
- Revenue focus
- Drive revenue and margins via increased pipelines and efficiencies.
- Establish a non traditional revenue stream (business case required).

KPI's:
- 2025 $TBD

TAS Government Funding Request - $7.3M to $10.1M max for 11 games.

	2019 "Status Quo"	2019 "Demand Analysis"	
AFL Average Distribution	16,892	16,892	(base of $11,003k + variable $4,272k + $1,000k AFLW + $617k team travel)
Other AFL	179	179	(Gatorade, Match Ball and Admin Travel Subsidy)
Total AFL Revenue	**17,071**	**17,071**	
Gross Club sourced revenue	14,696	18,120	
Revenue generating costs	(10,164)	(10,765)	
Net Club Sourced Revenue	**4,532**	**7,355**	
Admin costs	(4,210)	(4,210)	
Best in Class premium estimate	(1,000)	(1,000)	
Football			
• Players	(15,524)	(15,524)	
• Non Player	(11,008)	(10,271)	
Total Football	**(26,532)**	**(26,532)**	
LOSS (before other sources of Funding)	**(10,139)**	**(7,316)**	
Add Back depreciation of	756	756	
Cash Deficiency (before other funding sources)	**(9,383)**	**(6,560)**	

Revenue Summary – Pre Tas Government

AREA	DETAIL		
		2019 "Status Quo"	2019 "Demand Analysis"
AFL Distribution	• As per Club Funding Package	11,003	11,003
	• AFLW Support	1,000	1,000
	• Average Variable Funding	4,272	4,272
Commercial Development	• Partners	6,815	6,815
	• Match day	200	200
	• Player	150	150
	• Hospitality	2,377	2,377
	• Coterie	700	700
	• Signage	100	100
	• AFL and Catering Royalties	253	322
	• Events	361	361
Fan Development	• Membership 17k	2,991	
	• Membership 38.4k		5,719
	• Merchandise	170	384
	• Royalties	68	154
Stadia & Match Day	• Launceston	555	679
	• Hobart	99	303
Finance & Admin	• AFL Staff Travel Subsidy, Team Travel Subsidy, Sundry Income	653	653
TOTAL		**31,767**	**35,192**

Expenditure Summary

AREA	DETAIL	2019 "Status Quo"	2019 "Demand Analysis"
Football Programs	• 29 FT staff plus 18 PT • All competition, training, recruit and welfare costs	11,008	11,008
Football Player Payments	• 38 players, 6 rookies plus AFLW	15,524	15,524
Commercial	• Servicing Partners	1,859	1,859
	• Servicing Hospitality	1,069	1,069
	• Servicing Coterie	420	420
	• Servicing Events	339	339
	• Servicing Signage	10	10
	• Overheads (Admin and Staff)	1,655	1,655
Fan Development	• Programs	971	1,573
	• Overheads (Admin and Staff)	1,203	1,203
Finance & Admin	• Facilities	1,156	1,156
	• IT	360	360
	• Overheads (Admin and Staff)	2,694	2,694
	• Premium	1,000	1,000
Stadia & Match Day	• Launceston	600	600
	• Hobart	500	500
Media & Brand Marketing	• Programs	389	389
	• Overheads (Admin and Staff)	691	691
Community	• Programs	225	225
	• Overheads (Admin and Staff)	233	233
TOTAL		**41,906**	**42,508**

AFL Revenue Analysis – Align to 2019 Reported Averages

AREA	ITEM	2019 "Status Quo"	2019 "Demand Analysis"	COMMENTS, ASSUMPTIONS
Revenue	AFL Distribution	11,003	11,003	Base distribution
	AFL Travel	26	26	Travel subsidy for staff
	AFLW Funding	1,000	1,000	
	AFL - Sponsorship	152	152	Gatorade and Match ball (Corporate Revenue)
	AFL Team Travel subsidy	617	617	50 in travel party, 11 away games
	Variable Funding Average	4,272	4,272	
		17,070	**17,070**	2018 distribution $307.2m/18 teams

Key points:

- AFL Funding per AFL Budget guidelines
- AFLW based on commentary from industry
- AFL Team Travel Subsidy based on generic draw for season
- Variable Funding reflects make up amount to $17.07m average

Commercial

AREA	ITEM			COMMENTS, ASSUMPTIONS
		2019 "Status Quo"	2019 "Demand Analysis"	
Revenue	Corporate Partners - AFL	6,365	6,365	See separate sheet
	Corporate Partners - AFL	450	450	Front, back, shorts and minors
	Match Day	200	200	11 games @ avg of $18k
	Player	150	150	30 players at avg $5k max $15k, min $2.5k tied to individual
	Sub Total	**7,165**	**7,165**	
Expenditure	Corporate Servicing - AFL	1,606	1,606	See separate sheet
	Corporate Servicing – AFLW	135	135	Servicing at 30%
	Match Day Servicing	80	80	40% servicing
	Player Servicing	38	38	25% Servicing predominantly travel and merch costs
	Sub Total	**1,859**	**1,859**	
Net		**5,306**	**5,306**	

Commercial

AREA	ITEM	2019 "Status Quo"	2019 "Demand Analysis"	COMMENTS, ASSUMPTIONS
Revenue	Signage	100	100	2 rows of signage during match, rest to AFL and sponsors
Expenditure	Servicing Expenses	10	10	Production costs
	Sub Total (Net / GP)	**90**	**90**	

AREA	ITEM	2019 "Status Quo"	2019 "Demand Analysis"	COMMENTS, ASSUMPTIONS
Revenue	AFL Gatorade	103	103	
	AFL Match Ball	50	50	
	Catering Rights	100	170	@10% on Gross revenue of venue catering Public
	Sub Total	**253**	**323**	

AREA	ITEM	2019 "Status Quo"	2019 "Demand Analysis"	COMMENTS, ASSUMPTIONS
Expenditure	Administrative	190	190	
	Salaries	1,465	1,465	
Total		**1,655**	**1,655**	

Corporate Sponsors Summary

CATEGORY	REVENUE	SERVICING	NET	COMMENTS, ASSUMPTIONS
Major 1	1,500,000	375,000	1,125,000	Generally the front of jersey, 25% servicing
Major 2	1,200,000	300,000	900,000	Generally the back of jersey, 25% servicing
Community	200,000	50,000	150,000	Sponsor for our community program, 25% servicing
Coach	150,000	37,500	112,500	Sponsor for our coach (the higher profile the better $$'s) 25% servicing
Apparel	600,000	120,000	480,000	Sponsors apparel, usually mix of cash and contra. The contra side is in Apparel Football, 20% servicing. Getting harder to achieve.
Corporate 1	200,000	50,000	150,000	North Corporate sponsor, 25% servicing
Corporate 2	200,000	50,000	150,000	South Corporate sponsor, 25% servicing
Sports	160,000	40,000	120,000	The Sports performance category could be drinks or supplements or equipment generally there are three but depends on how they are split. Remember Gatorade is industry wide
Stadium	600,000	150,000	450,000	2 stadium naming rights assuming we can negotiate
Ticketing	100,000	25,000	75,000	Sponsor on all tickets, 25% servicing
Gaming	150,000	37,500	112,500	25% servicing, Includes responsible gaming payment
Membership	100,000	25,000	75,000	Sponsor of the membership program, at all membership events, 25% servicing
Shorts	35,000	8,750	26,250	25% servicing
Academy	200,000	50,000	150,000	Naming rights for the Academy program, 25% servicing
Facility	250,000	62,500	187,500	Training base naming rights, 25% servicing
Suit	20,000	5,000	15,000	Uniform for Club, 25% servicing
Hobart Minors	150,000	60,000	90,000	Small sponsors filling specific niches, 40% servicing, generally about 10
Launceston Minors	150,000	60,000	90,000	Small sponsors filling specific niches, 40% servicing, generally about 10
Vehicles	400,000	100,000	300,000	Toyota restrictions , small category, 25% servicing
	6,365,000	1,606,250	4,758,750	

Coterie

AREA	ITEM							COMMENTS, ASSUMPTIONS
		2019 "Status Quo"			2019 "Demand Analysis"			
		Revenue	Expense	Net	Revenue	Expense	Net	
	Chairman's	200,000	120,000	80,000	200,000	120,000	80,000	Assume $10k buy in for 20 pax
	Captains Club	250,000	150,000	100,000	250,000	150,000	100,000	Assume $5k buy in for 50 pax
	Hobart Devils	125,000	75,000	50,000	125,000	75,000	50,000	Assume $2.5k buy in for 50 pax
	Launceston Devils	125,000	75,000	50,000	125,000	75,000	50,000	Assume $2.5k buy in for 50 pax
	Sub Total	**700,000**	**420,000**	**280,000**	**700,000**	**420,000**	**280,000**	

Key points:

- Assume 4 main levels
- 60% servicing cost
- Hospitality provided at game day in Blundstone Lounge and UTAS Central Function across 4 games
- Greatest challenge to get up and running

Game Day Hospitality

AREA	ITEM			COMMENTS, ASSUMPTIONS
		2019 "Status Quo"	2019 "Demand Analysis"	
	Hospitality	2,377	2,377	
	Servicing Expenses	1,069	1,069	
	Sub Total (Net / GP)	**1,308**	**1,308**	

Key points:

- Utilised the actual asset capacity at each stadium.
- Assumed a stadium hire model where all corporate hospitality revenue goes.
- Club pays servicing expense (room hire, F & B).
- Blundstone carry out catering in-house.
- UTAS use external caterers who refused to talk to us.
- Have picked up the rooms in use by Hawthorn at UTAS and North Melbourne at Blundstone and calculated out revenue and cost based on Blundstone costs.
- Have used 100% capacity even though we will include a number of hospitality slots in sponsorship fulfilment.
- Membership volumes will not have significant impact on Corporate Hospitality as different market.

Game Day Hospitality

UTAS - 6 games	South Stand Suites		Central Stand Suites		Central Function		Carlton Draught Suites		UTAS Function	
	Rate – Avg per game	2019 Budget	Rate – Avg per game	2019 Budget	Rate – Avg per game	2019 Budget	Rate – Avg per game	2019 Budget	Rate – Avg per game	2019 Budget
Pax Avg / Total	10 / 96		40 / 160		/ 400		16 / 48		/ 110	
Sales	3,504	210,240	14,600	350,400	115,500	693,000	5,600	100,800	24,750	99,000
COGS	1,508	90,480	5,100	122,400	72,200	433,200	2,180	39,240	11,450	45,800
Gross Profit		**119,760**		**228,000**		**259,800**		**61,560**		**53,200**
GP %	**56.96%**		**65.07%**		**37.49%**		**61.07%**		**53.74%**	

Blundstone - 5 games	Ricky Ponting		Lounge		Deck		Locker Room		Suites	
	Rate – Avg per game	2019 Budget	Rate – Avg per game	2019 Budget	Rate – Avg per game	2019 Budget	Rate – Avg per game	2019 Budget	Rate – Avg per game	2019 Budget
Pax Avg / Total	/ 350		/ 20		/ 40		/ 90		13 / 40	
Sales	122,500	612,500	4,600	13,800	11,800	59,000	29,700	148,500	3,967	59,500
COGS	46,182	230,909	2,982	8,945	4,864	24,318	8,182	45,909	1,821	27,318
Gross Profit		**381,591**		**4,855**		**34,682**		**102,591**		**32,182**
GP %	**62.30%**		**35.18%**		**58.78%**		**69.08%**		**54.09%**	

Key points:

- Coterie allocations result in low yield.
- Theming and other costs included in COGS.
- Assume strong appetite / demand.

Events

AREA	ITEM	2019 "Status Quo"	2019 "Demand Analysis"	COMMENTS, ASSUMPTIONS
	Events	361	361	
	Events Expenses	339	339	
	Sub Total (Net / GP)	**22**	**22**	

	Season Launch	Ladies Lunch	Mid Year	Players Presentation	Grand Final Lunch - South	Grand Final Lunch - North
	2019 Budget	2019 Budget	2019 Budget	2019 Budget	2019 Budget	2019 Budget
Tickets	250	190	20	50	500	350
FOC's	150	30	130	250	100	100
Revenue	62,500	57,000	2,000	12,500	140,000	87,500
Service Costs	38,311	48,220	10,050	79,739	92,350	70,700
Gross Profit	**24,189**	**8,780**	**(8,050)**	**(67,239)**	**47,650**	**16,800**
GP %	**39%**	**15%**	**N/A**	**N/A**	**34%**	**19%**

- Tickets + FOC's equal attendance
- FOC's predominantly sponsors plus a few staff except mid year as aimed at players plus staff
- Costs based on actuals from venues and caterers (MAC02, Waji, Grand Chancellor, etc)
- Significant opportunity for DA quantities to generate additional revenues.

Stadium - Game Day

ITEM	2019 "Status Quo"		2019 "Demand Analysis"		COMMENTS, ASSUMPTIONS
	LST - Hawks	HBA - NMFC	Launceston	Hobart	
Crowd	13,922	9,882	20,000	17,500	"SQ" from AFLtables.com. | "DA" per Stadium Administrators
Less FOC's	750	750	500	500	FOC's go to junior AFL clubs in area
Less 11 Game	765	765	1,344	1,344	
Less 6 Game	4,590	0	8,064	0	
Less 5 Game	0	4,590	0	8,064	
Less 3 Game	2,678	2,678	4,704	4,704	**Risk is 9,408 turn up to blockbusters.**
Interstate/ Local Ticket Sales	5,140	1,100	5,388	2,888	**Stadium Capacities are challenged. Will likely lead to dynamic ticketing or black markets/scalping or unsatiated demand.**
At a return of	92,511	19,791	113,148	60,648	$18/ticket 15k mbr but scarcity drives so $21 ticket 40k mbr
Stadium Tickets	555,066	98,955	678,888	303,240	
Cost	600,000	500,000	600,000	500,000	
Net	**(44,034)**	**(401,045)**	**78,888**	**(196,760)**	

Key points:

- Assume that continue with stadium hire model.
- Basically either stadium takes ticket revenue then nets off against game day costs or Club gets ticket revenue and pays game day costs and stadium hire.
- In both cases club hires corporate hospitality and pays F&B but keeps revenue.
- Potential for unmet Demand - Stadium capacities - Blundstone 17k / UTAS 20k.
- Take crowd less FOC's less members delivers ticket sales.
- Each game is circa $100k to deliver.
- Anecdotal from the stadium mgt, games generate low margins at present and are subsidised.

Fan Development Summary

AREA	ITEM	2019 "Status Quo"	2019 "Demand Analysis"	COMMENTS, ASSUMPTIONS
Revenue	Membership	2,991	5,719	
	Royalties	68	154	On-Field share @ $4 per member
	Merchandise	170	384	$10per member average
	Sub Total	**3,229**	**6,257**	
Expenditure	Fulfilment	270	589	Membership packs
	Archtics	281	390	Membership System
	Squadron	121	272	AFL Charge
	Fan & Member	299	322	Events and Promotions
	Merchandise	0	0	Outsourced merchandise
	Administration	97	97	
	Salaries	1,106	1,106	3 Fan Development, 4 Membership, 2 Ticketing, 2 Graphic Design, 1 Merchandise – load shared
	Sub Total	**2,174**	**2,776**	
Net		**1,055**	**3,481**	

Membership

Membership includes all revenues from membership sales.

Key points:

- 2 options at 17k and 38.4k direct paying membership
- Assumed 6 games north plus trials at $0 charge, 5 games south
- There is a balance between members and tickets sold especially in our small stadiums (24k capacity and less)
- Splits between games are based on GWS experience of playing across two venues and take into consideration Tasmanian reticence to travel. (No games and % split)
  - 11 game 5%
  - 6 game 30%
  - 5 game 30%
  - 3 game 35%
- Each game category has also been split between full adult, concession, child and family. Avg price per game is
  - 11 game $40.85 Reserve
  - 6 game $35.15 Reserve
  - 5 game $35.90 Reserve
  - 3 game $17.43 GA / Reserve
- NB. Due to split across 2 venues you do not maximise the margins on membership
- Further validation is required on membership pricing as I have averaged a couple of Victorian and non-Victorian clubs to arrive at a generic value. (Hawthorn, GWS, Geelong, WCE)
- Pricing is based on reserve seats.
- Have assumed a digital membership add on at 20% of members. Exclusive content from football and players.
- Member fulfilment costs have been minimised ($270k/$589k)
  - Adult $14
  - Child $23
- AFL Archtics costs ($281k/$390k) built in as well as AFL Squadron Levy ($121k/$272k)
- Member events also factored in for two regions
- NB. AFL Industry average churn on first year members is 39%

Membership

PACKAGES	2019 "Status Quo"		2019 "Demand Analysis"		COMMENTS
	Sales	Revenues ($'k)	Sales	Revenues ($'k)	
11-game	765	343	1,344	604	Full 11 games (travelers)
6-game	4,590	968	8,064	1,700	Northern
5-game	4,590	824	8,064	1,447	Southern
3-game	5,355	280	9,408	492	North and South mixed
Non-Access	1,700	105	11,520	714	
Other	500	30	500	30	
PAID MEMBERS	**17,500**	**2,550**	**38,900**	**4,987**	
Average		$145.71		$128.20	
AFL Member Support	1,500	207	1,500	207	AFL Tasmanian Team nominated supporters
Digital	3,400	231	7,680	522	Digital Add on, Exclusive content product
Staff/Corporate	1,000		1,000		Estimate
TOTAL MEMBERS	**20,000**	**2,961**	**41,400**	**5,716**	

Football

Key points:

- List of 46 players comprising 38 AFL plus 6 Rookies delivering 100% of the TPP cap $12,758k.
- ASA's of $1,125k (100%).
- Actual player costs $14,969k.
- Generic assumptions on payments of travel and living allowances to Rookies along with some relocation allowances.
- Excess players would play in VFL team.
- Travel built in with a travel party size of 50. VFL travel factored for 8 Vic trips.
- Assumed away games as :
  - Melbourne 4
  - Sydney 2
  - Gold Coast 1
  - Brisbane 1
  - Adelaide 1
  - Perth 2
- Plus 2 away preseason games and development/community camp.
- AFL charges for talent pathway and transfer fees of $552k.
- Champion data, Sportscode with add ons, GPS systems (Catapult?) and guesstimate for additional tech items.
- AFL team with capacity to train and support majority of VFL or 2nd tier.
- AFLW pay to 100% of cap $474,800.
- AFLW based on industry advice on costs. Assumed AFLW player and travel and other costs funded by AFL.
- Excess capacity with staff during AFLW season delivers minimal to no increase staff costs.
- 9 coaches, 6 medical physio strength, 6 sports science/performance, 3 list mgt, 2 welfare, 3 logistics/admin, 18 part time covering medical, massage, trainers, runners, sports psychology and dietician.

Football

AREA	ITEM	CHANGE		COMMENTS, ASSUMPTIONS
		2019 "Status Quo"	2019 "Demand Analysis"	
Team	Competition	1,119	1,119	Competition travel costs at Gross plus VFL Travel
	Medical	300	300	Net medical costs for players (Gap
	Leadership & Development	150	150	
	Training	210	210	Nutrition, Supplements, Training equipment costs
	Other	177	177	
	AFLW Costs	447	447	Training, Equipment, Travel and Uniform Costs
Property and Apparel		396	396	Playing gear, training gear uniforms for players and staff
IT and Technology		430	430	
Welfare		202	202	
Recruiting		663	663	$552k AFL costs
Salaries		6,917	6,917	
Sub-Total		**11,008**	**11,008**	
Player Payments - AFL		14,971	14,971	46 players – 38 AFL Roster + 6 Rookies
Player Payments - AFLW		553	553	Max Cap.
Total		**26,532**	**26,532**	

Media & Brand Marketing

AREA	ITEM			COMMENTS, ASSUMPTIONS
		2019 "Status Quo"	2019 "Demand Analysis"	
Expenditure	Brand Programs	130	130	Club song, mascot, content production and promotions
	Media Programs	90	90	Advertising, website development
	AFL	169	169	AFL website charge
	Administrative	43	43	Travel, MV and General Costs
	Salaries	648	648	5 staff covering digital and social media and media /corporate communication management
Total		**1,080**	**1,080**	

Community

AREA	ITEM			COMMENTS, ASSUMPTIONS
		2019 "Status Quo"	2019 "Demand Analysis"	
Expenditure	Programs	225	225	20 school visits, 40 player visits, strong invest ($50k) in Community initiatives $30k Joint development with AFL
	Administrative	30	30	Travel, MV and General Costs
	Salaries	203	203	2 staff with assistance from Commercial Community partnership and Fan /Membership staff as well as AFL Tas development staff
Total		**458**	**458**	

Key points:

- 2 staff full time with assistance from fan/member staff and commercial community staff to fill gaps
- Assume AFL Tas utilisation of junior development staff
- Focus on school visits by players, and community engagement
- Depending on list strategy may push limits of CBA community hours
- ASA's may focus on these tasks

Finance and Administration Summary

AREA	ITEM			COMMENTS, ASSUMPTIONS
		2019 "Status Quo"	2019 "Demand Analysis"	
Revenue	AFL Distribution	11,003	11,003	Base distribution
	AFL Travel	26	26	Travel subsidy for Admin staff
	AFLW Funding	1,000	1,000	AFLW Player and travel/train costs - Support to establish
	AFL Team Travel	617	617	Team Travel Subsidy
	Sundry	10	10	Interest
	Sub Total	**12,656**	**12,656**	
Expenditure				
	IT	284	284	Software, license fees for general staff and comm lines
	Facilities	1,156	1,156	Maintenance and Running Costs plus Depreciation
	Administration	988	988	Legal, Consulting , FBT Travel
	Depreciation	256	256	Depreciation for Plant, IT, Gym equipment
	Salaries	1,475	1,475	CEO, EA, CFO, HR, Finance staff
	Sub Total	**4,159**	**4,159**	
Net		**8,497**	**8,497**	

Key points:

- Facility and equipment covered by capital setup costs of $16,128k
- Training and Admin $15,000k
- Initial Gym Equipment $750k
- Initial Office Equipment $150k
- Initial IT Equipment $228k

Proposed investment in resources

Department		Commentary
Exec	6 FT	• Includes CEO, CFO, CCO, GM Football.
Finance	6 FT	• 3 Finance • HR Mgr, Facility Mgr and Reception.
Fan and Membership	12 FT	• 3 Fan Development • 4 Membership • 2 Ticketing • 2 Graphic Design • 1 Merchandise (outsource merch)
Commercial	9 FT	• Partnerships, Corporate hospitality, Coterie, Events • Resources relocated from elsewhere in the business to provide admin support.
Media	4 FT	• Digital and Social Media
Community	2 FT	• 2 dedicated plus 2 Community partnerships staff in Commercial. • Utilisation of Fan & Marketing staff plus AFL Tas assistance.
Football	29 FT + 18 PT	• Coaches • Sports Science • Strength and Condition • Physio and Medical • Analysis • List Management • Welfare • Doctor, Sports Psych, Dietician, trainers, runners, Contract massage in PT's
Total	**68 FT + 18 PT**	

Investment in resources required to deliver on key revenue and brand strategic initiatives.

Appendix 8 – Adelaide Oval Re-Development: a Case Study

In January 2019, after five years of operations, the Chair and CEO of the Adelaide Oval Stadium Management Authority Ltd (AOSMA) reported to the Select Committee on the Redevelopment of Adelaide Oval (*see link, below*).

It was intended that a redeveloped Adelaide Oval would deliver significant financial uplifts, particularly to the two AFL clubs (Adelaide Crows and Port Adelaide Power). The re-development was pitched such that the South Australian Cricket Association (SACA) and South Australian National Football League (SANFL) would in no way to be negatively impacted – and would preferably be commercially positive – than with their previous respective stadia, while the State of South Australia would be better positioned to secure and hold events.

Highlights of the report of 31 January, 2019, included:

- ✓ [The re-development] **is now delivering more than was originally conceived**. In fact, all stakeholders connected with this project are measurably better off.
- ✓ **The South Australian community is better off because the State has a multi-purpose venue that is positioning Adelaide and South Australia as an international and national destination for major events,** concerts and tourism, generating associated economic, social and civic returns in a way that simply was not happening five years ago.
- ✓ The South Australian taxpayer is benefiting because they carry zero risk in terms of managing the stadium, maintaining it to pristine standard and continually investing to ensure it remains competitive on the global stage. This is all the responsibility of AOSMA.
- ✓ **The State Government is benefiting because it invested in an asset that, at last estimate, is generating in excess of $330 million every year in economic stimulus for the State and has created more than 1,000 jobs while not exposing the Government to the ongoing costs of operations, maintenance or improvement.**
- ✓ SACA and SANFL have protected the revenue streams that are critical for funding grassroots sport, community programs, umpires, clubs, competitions and talent pathways for hundreds of thousands of young South Australians.
- ✓ AFL clubs are better off because the stadium football revenue agreement managed by SANFL and the AFL has seen both Adelaide and Port Adelaide share in significant uplifts.

In 2018, AOSMA had a total turnover of $104M. From this total turnover, $25.1M in ticket and other trust revenue was distributed to venue users; $58.6M incurred in stadium expenses; **$16.1M in distributions to SACA & SANFL**; $4.0M in government expenses and debt repayments.

This left a net working capital surplus of $200k.

Finally: *"AOSMA must contribute to a legislated Sinking Fund for the future replacement of assets in the stadium to avoid any future call on the taxpayer for matters such as seating, technology or roof replacements. This contribution was $2.8 million in 2018 and increases by 3.1% every year."*

The full report can be found, here:

www.adelaideoval.com.au/wp-content/uploads/2019/02/AOSMA-Select-Parliamentary-Committee-Submission.pdf

TASMANIA STADIUM

PRELIMINARY SKETCH DESIGN STUDIES

20/09/2019

Appendix 9

ARCHITECTSMAJ

	DRAWING No.	DESCRIPTION
	SK01	COVER PAGE & DRAWING SCHEDULE
	SK02	DESIGN CONCEPT - PLAN / SECTION
SITE LOCATION STUDIES	SK03	SITE PLAN - MACQUARIE POINT
	SK04	SITE PLAN - DOMAIN
	SK05	SITE PLAN - SANDY BAY
	SK06	SITE PLAN - GLENORCHY
	SK07	SITE PLAN - LAUNCESTON
	SK08	SITE PLAN - MOWBRAY
MACQUARIE POINT CONCEPT	SK09	MACQUARIE POINT CONCEPT - PLAN
	SK10	MACQUARIE POINT CONCEPT - SECTION
	SK11	MACQ POINT CONCEPT - VISUAL 01
	SK12	MACQ POINT CONCEPT - VISUAL 02
	SK13	MACQ POINT CONCEPT - VISUAL 03

TAS AFL STADIUM
Hobart, Tas, 7000

for

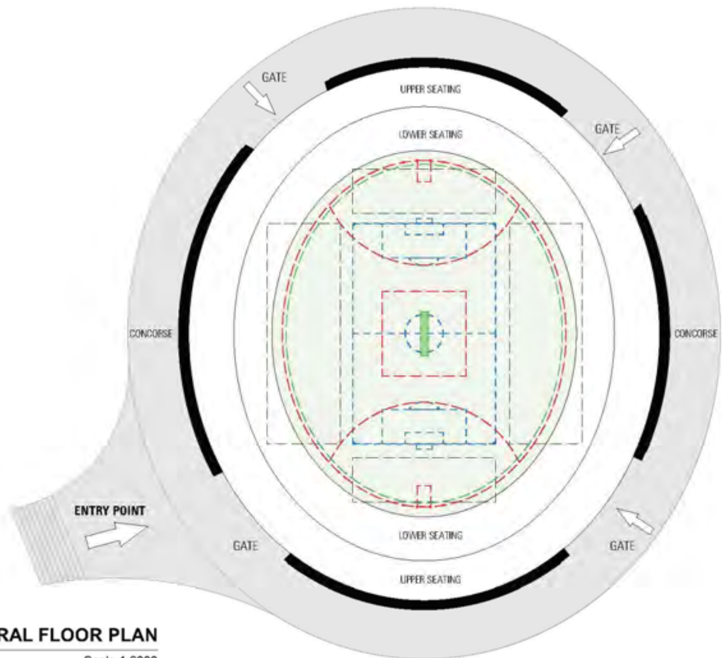
Brett Godfrey

COVER PAGE & DRAWING SCHEDULE
SCALE @A3

DATE: 20/09/2019
JOB No: 19072_SK01

PRELIMINARY

ARCHITECTSJAWS

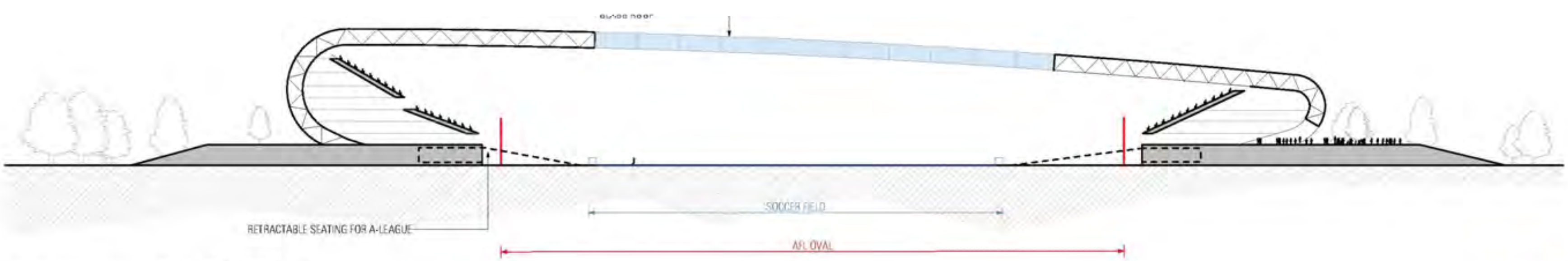


LEGEND

- AFL
- CRICKET
- SOCCER
- RETRACTABLE SEATING

8.
-

GENERAL FLOOR PLAN
Scale 1:2000



-

CONCEPT SECTION
Scale 1:1000

30,000 SEAT STADIUM

PRELIMINARY

N

TAS AFL STADIUM
Hobart, Tas, 7000

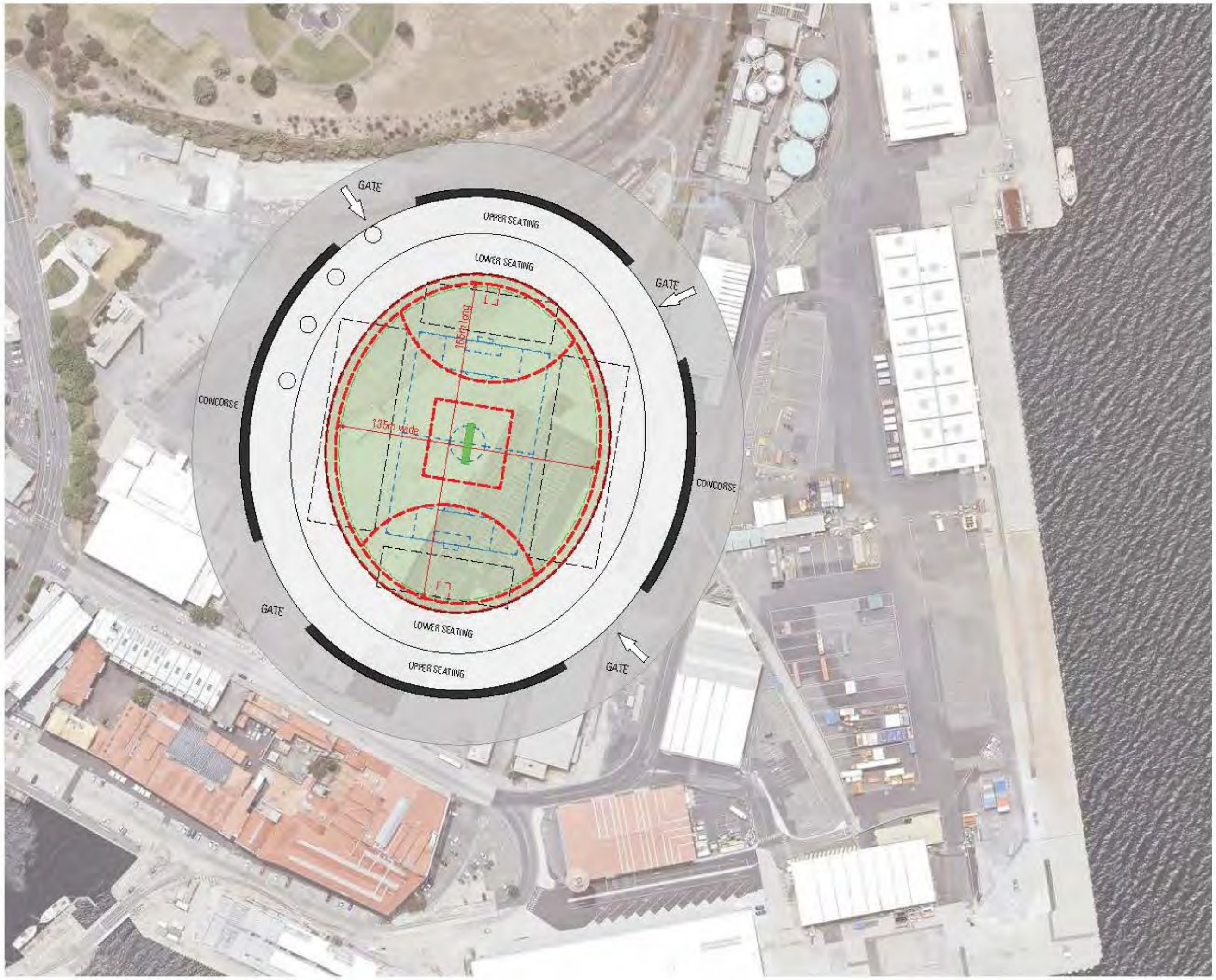
for

Brett Godfrey

DESIGN CONCEPT - PLAN / SECTION
SCALE 1:2000, 1:1000@A3

DATE: 20/09/2019
JOB No: 19072_SK02

LOCATION PLAN



8.
-

MACQUARIE POINT SITE PLAN

Scale 1:2000

N

TAS AFL STADIUM
Hobart, Tas, 7000

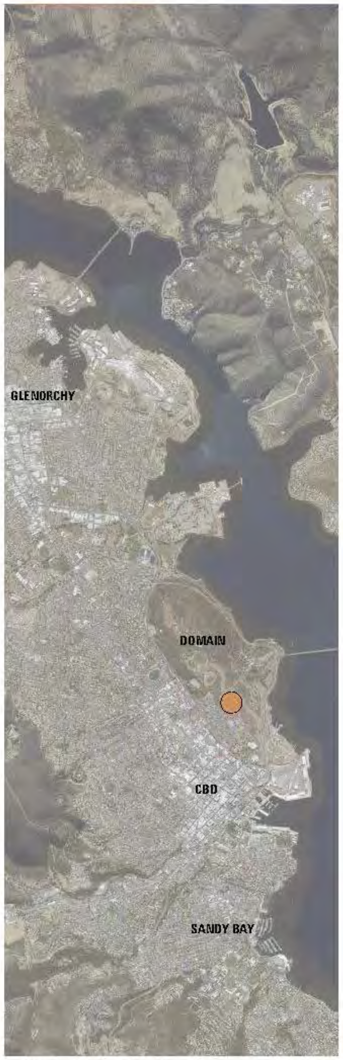
for

Brett Godfrey

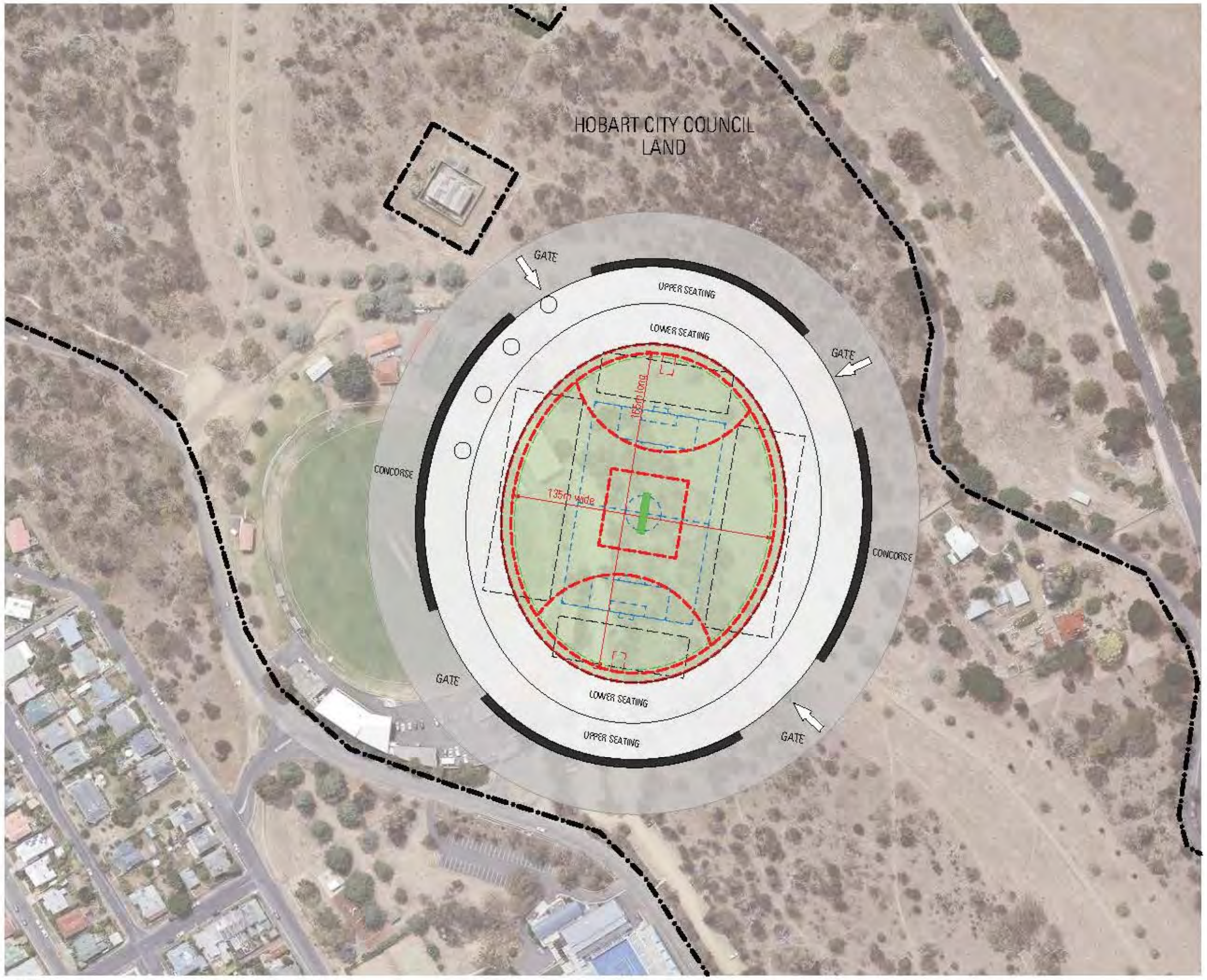
SITE PLAN - MACQUARIE POINT
SCALE 1:2000@A3

DATE: 20/09/2019
JOB No: 19072_SK03

PRELIMINARY



LOCATION PLAN



8.
-
DOMAIN SITE PLAN
Scale 1:2000

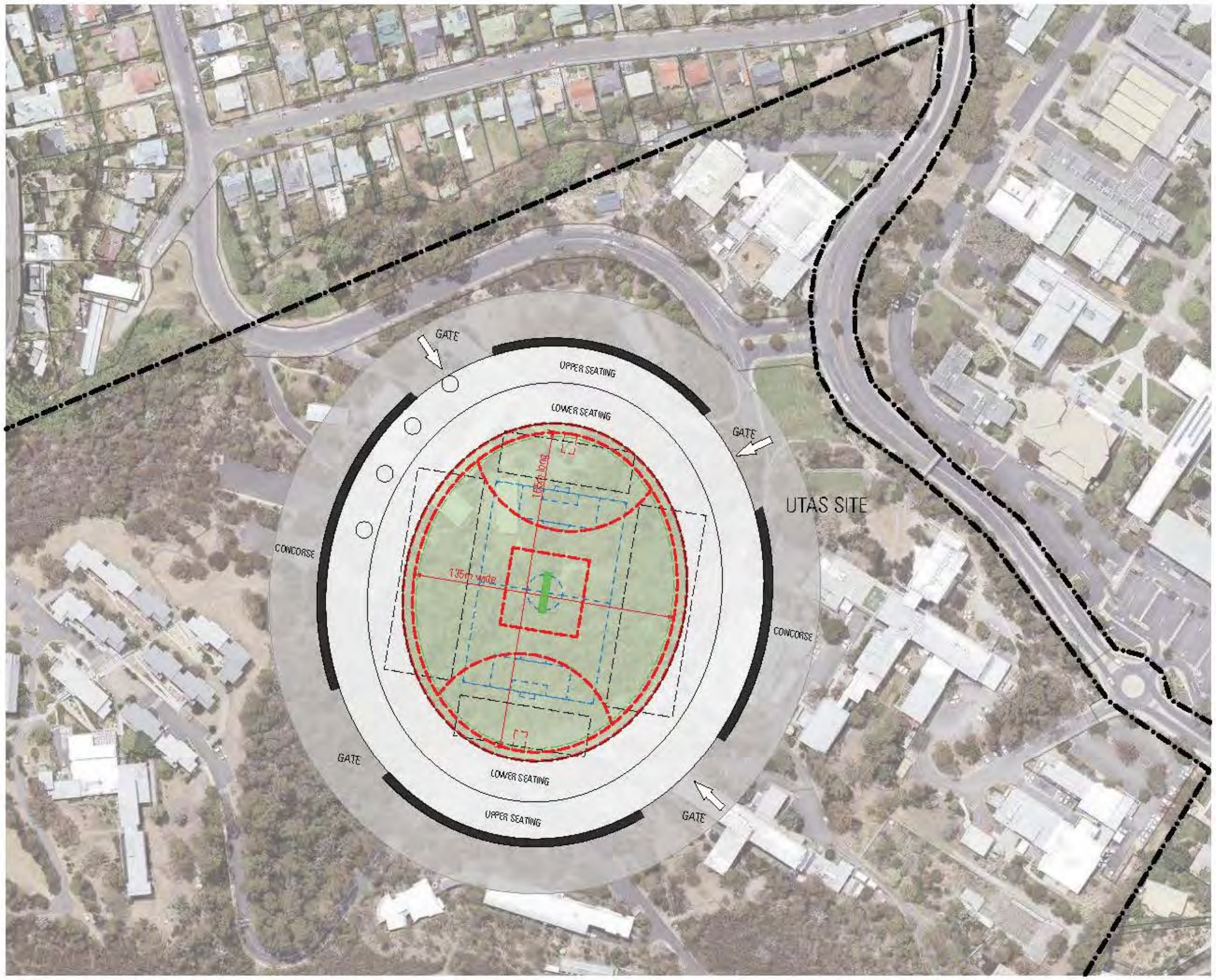
N

TAS AFL STADIUM
Hobart, Tas, 7000
for
Brett Godfrey

SITE PLAN - DOMAIN
SCALE 1:2000@A3
DATE: 20/09/2019
JOB No: 19072_SK04

PRELIMINARY

LOCATION PLAN



8.
-

SANDY BAY UTAS SITE PLAN

Scale 1:2000

N

TAS AFL STADIUM
Hobart, Tas, 7000

for

Brett Godfrey

SITE PLAN - SANDY BAY	
SCALE	1:2000@A3
DATE:	20/09/2019
JOB No:	19072_SK05

PRELIMINARY

LOCATION PLAN

8.
-
LAUNCESTON SITE PLAN
Scale 1:5000

ARCHITECTSWAJ

N

TAS AFL STADIUM
Hobart, Tas, 7000
for
Brett Godfrey

SITE PLAN - LAUNCESTON
SCALE 1:5000@A3
DATE: 20/09/2019
JOB No: 19072_SK07

PRELIMINARY

LOCATION PLAN

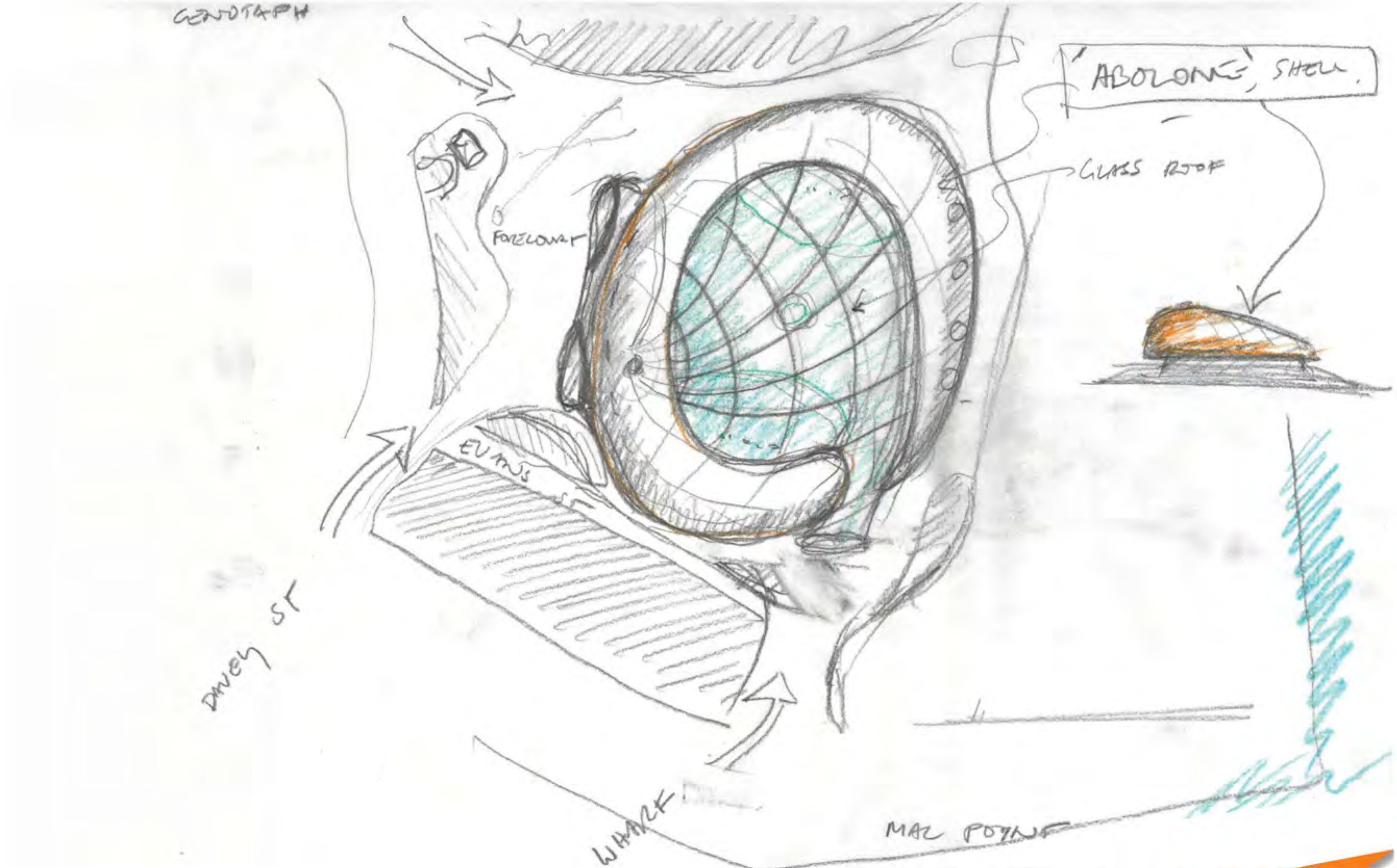
8.
-
MOWBRAY SITE PLAN
Scale 1:5000

N

TAS AFL STADIUM
Hobart, Tas, 7000
for
Brett Godfrey

SITE PLAN - MOWBRAY
SCALE 1:5000@A3
DATE: 20/09/2019
JOB No: 19072_SK08

PRELIMINARY



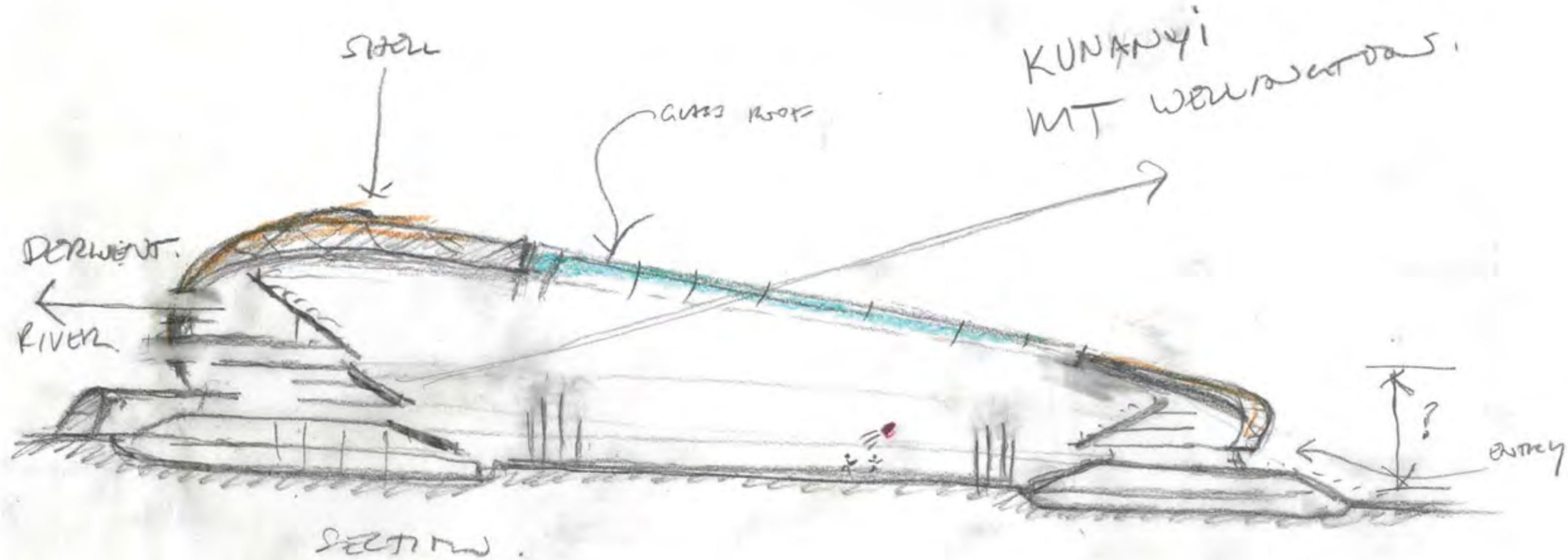
N

TAS AFL STADIUM
Hobart, Tas, 7000
for
Brett Godfrey

MACQUARIE POINT CONCEPT - PLAN
SCALE @A3

DATE: 20/09/2019
JOB No: 19072_SK09

PRELIMINARY



MAC POINT
30 000 SEAT STADIUM
CONCEPT SECTION 01
SV/ JAWSARCHITECTS 30/8/19

TAS AFL STADIUM
Hobart, Tas, 7000
for
Brett Godfrey

MACQUARIE POINT CONCEPT - SECTION
SCALE @A3
DATE: 20/09/2019
JOB No: 19072_SK10

PRELIMINARY

ARCHITECTSMAT

TAS AFL STADIUM
Hobart, Tas, 7000

for

Brett Godfrey

MACQ POINT CONCEPT - VISUAL 01
SCALE @A3

DATE: 20/09/2019
JOB No: 19072_SK11

PRELIMINARY

ARCHITECTSMW

PRELIMINARY

TAS AFL STADIUM
Hobart, Tas, 7000
for
Brett Godfrey

MACQ POINT CONCEPT - VISUAL 02
SCALE @A3
DATE: 20/09/2019
JOB No: 19072_SK12

ARCHITECTSJAWS

PRELIMINARY

TAS AFL STADIUM
Hobart, Tas, 7000

for

Brett Godfrey

MACQ POINT CONCEPT - VISUAL 03
SCALE @A3

DATE: 20/09/2019
JOB No: 19072_SK13

Appendix 10

tas park

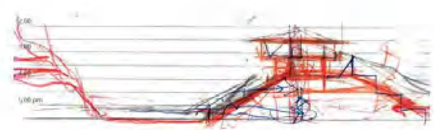
Planning now for the future of Tasmania

Motivated by a desire to build a high quality sporting facility that relates to Tasmania's charm, TAS PARK adds to and links public parkland to bring the outside into the arena. In doing so, the land around the sporting oval at Macquarie Point becomes public access to be used throughout the year, while the design accommodates for such things as an AFLW training facility, community-based activities and flexible, economic opportunities such as a convention centre in the space underneath the hill.

TAS PARK is designed to strengthen Tasmania's bid for a stand-alone AFL state team, an A-League soccer team, women's and men's cricket teams and a NRL team. While providing the city with a future hub for public transport infrastructure, the design concept doubles the usable space & triples the land value. A hotel floats above the concourse while there are multi-purpose opportunities underneath the "hill". The design showcases Hobart's rugged, natural backdrop by remaining low-rise and opening up to hug the cenotaph.

" A new architectural vision could finally answer two of Hobart's perennial debates: how to secure a Tasmanian AFL team & what to do with waterfront site, Macquarie Point. "

The Australian, Mathew Denholm, Tuesday October 22, 2019



Images descriptions:
1_Tas Park superimposed on MONA vision
2_The park blending he stadium into its surroundings & creating dedicated public space

TAS PARK BID
DON GALLAGHER CONSTRUCTIONS
IN COLLABORATION WITH [illegible] ARCHITECTURE

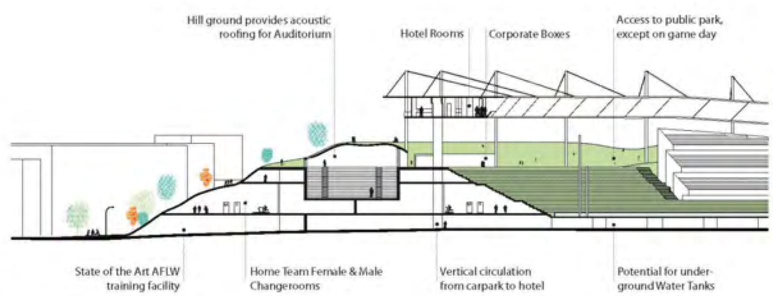
1

www.taspark.com.au

*"Traditional stadiums are like a walled fortress, whereas this concept is very flowing — it buries the buildings and creates a park.
It's landscape architecture more than built form."*

Donald Gallagher,
The Australian, Tuesday October 22, 2019

*The hill-like built form provides the entrance to Tas Park & doubles the usable space under the stands allowing for a convention center & more.
Private investment under the hill provides public amenity.*



6

Images descriptions;
1_Sitting in the stands looking to the cenotaph
2_Perspective showing a concert at Tas Park
3_Hotel entrance and low lying stadium
4_Landscaped park and grassy knoll seating
5_Tas Park superimposed on existing Macquarie Point site
6_Section showing Multi Purpose Uses

2

www.taspark.com.au

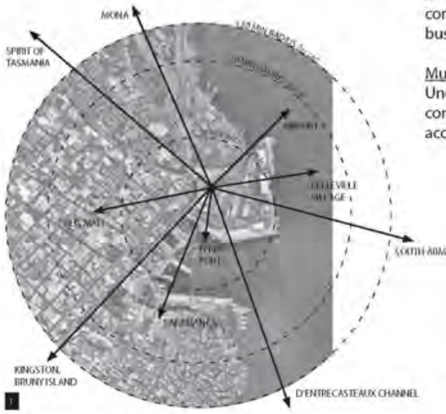
CONTEXT

Why is Macquarie point right for a stadium?

• Accommodates for Major Sport and Recreation as per the 'Planning Scheme Amendments to Macquarie Point Site Development Plan Planning Report' from February 2019
• Fulfills all use areas outlined in the above mentioned document: Art & Institutional Areas, Mixed Use area, Open Space areas and Utility / Vehicle areas
• Located within a 15 minute walk from 90% of Hobart's hotels, restaurant & entertainment district
• The site is connected to a variety of transport networks alleviates the reliance on cars
• Hobart has the population to attract & retain quality players & staff
• Provides a link to the Cenotaph from the city
• Sheltered from prevailing winds
• The design compliments MONA vision

How does it increase tourism?

• Adresses the shortage of hotels in Hobart
• Advertising for Tasmania when games are broadcast
• Supports & elevates the existing events of Hobart
• Provides state of the art national tourism infrastructure that ties in with 'The Tasmanian Visitor Economy Strategy 2015-2020'.



Images descriptions;
1_Macquarie Point distance diagram
2_Tas Park throughout a day

PROGRAM

Hotel

Hotel rooms float above concourse level and are serviced and accessed separately from the stadium. With a capacity of at least 180 hotel rooms, it functions all year round, with views into the ground and out to the Derwent, city and Mount Wellington. Rooms within the hotel transform into 'boxes' for the guests on game day

AFL & AFLW ground

First National dedicated AFLW state of the art facilities with a seating capacity of 27 000 during AFL matches. Suited to fit an MCG-sized playing field angled 15 degrees off north

Soccer / Rugby / Cricket Ground

Able to accomodate Soccer, Rugby and Cricket games at a local, national and international level. Extra seating for stadium configuration can increase to 32000 seating capacity.

Commercial Potential

A range of potential commercial ventures such as a hotel, conference centre, rooms to be leased or owned by the UTAS sports science facility, hospitality or gallery spaces.

Conference centre

A main conference centre placed under the hill is central to and can work with smaller, existing conference spaces in the city and can attract businesses to Tasmania.

Multi - Purpose Precinct

Under the hill houses a variety of commercial and community activities, such as concerts, with vehicle access to ground for 'bump in/out'.

The integration & investment of mixed commercial uses ensures Tas Park is a viable Public Private Partnership.

BENEFITS

Why is a stadium right for Tasmania & Macquarie point?

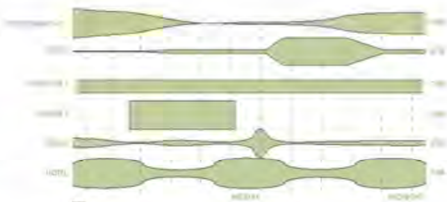
• Planning now for the future. This proposal can be a catalyst for much needed infrastructure and has community at its heart
• Creates a potential for sport, culture, arts, hospitality, education and business
• Provides a space that acknowledges, celebrates and enhances its historical context, existing built environment and beautiful natural environment
• A public precinct that can accommodate event day patrons and the wider community all year round
• Tasmania needs a state of the art stadium to accommodate an AFL team and a continuation of its AFLW team
• Increases State growth

Green Wedge

• Activates precinct
• Connect and link the existing green spaces of Hobart, drawing the green wedge further into Hobart's centre
• Creates a meeting and gathering space
• Potential to combine it with an Art Park
• Parkland flows into and out of the stadium

Enhance the surroundings

• Increase walkability
• Significant heritage buildings maintained & celebrated on site
• Built form of the stadium is kept low
• Cenotaph remains prominent with all sightlines maintained
• Tasmanian landscape becomes the backdrop to the stadium



Economic Value

• Conference center attracts business
• Adresses the shortage of hotels in Hobart
• Generates local construction jobs
• Flow-on spending for the local and state economy from visitors to the stadium
• Generates, increases & supports new developments surrounding the stadium
• Leasing opportunities for under-pitch car parking
• Hotel & Convention Centre are nestled within stadium structure, combining construction costs & providing year-round revenue and employment separate to main sporting events

Enhance Transport

• Bike track through Macquarie Point
• Ferry terminal to the Eastern shore of Macquarie Point for deep water access from the Derwent River
• Existing rail corridor repurposed as light rail line, the site becoming a public transport hub connecting to Northern suburbs, Mona and Southern suburbs
• Enhances alternative transport networks for future Hobart, therefore easing car and road congestion on three main arterial roads which pass the site

How does it compare to similar successful stadiums?

Adelaide Oval Redevelopment by COX Architecture

• This proposal will replicate the success of Adelaide Oval
• Both are situated in the heart of the city, restaurant and entertainment district
• AFL crowds increased 53%, with city hotel revenue up 26%

Adelaide Oval provided the State and greater region with an economic benefit of $244.5 million in 2014 and over $330 million in 2015, generating $90 million in direct spending.

Adelaide Oval PDF: https://bit.ly/33kfNbR

Appendix 11 – DNA of a Football Club

Brendan Bolton grew up in Pipers River, a rural area outside of Launceston in northern Tasmania. A gifted junior footballer, at age 19 he won the Darrel Baldock Medal for best player afield in the 1998 Tasmanian Football League Grand Final. By 24, Bolton had steered North Hobart to the 2003 premiership as captain-coach, and he won the Horrie Gorringe Medal as the competition's Best and Fairest Player.

Bolton coached the Tasmanian Devils in the VFL, then the Box Hill Hawks, before being promoted to an assistant coach role with AFL club Hawthorn. He ascended to the senior coach role at Carlton in 2016 before being dismissed in 2019.

At age 37, Bolton was inducted into the Tasmanian Football Hall of Fame. He also sat on the AFL Tasmanian Football Steering Committee off 2018.

Few men better understand football, and Tasmania.

A Higher Purpose

People ask what a football club stands for. All really strong organisations, irrespective of whether or not they're a footy club, have a concept of higher purpose; in football, that is above and beyond the obvious of trying to win premierships.

Think of the All Blacks, who have this purpose of leaving the jersey in a better place than they receive it. That's not about winning, it's about reverence for everything they stand for.

It's the reason people will volunteer their time, or maybe sponsor you when it doesn't completely make commercial sense. They do things because they see a reason above and beyond. It's interesting: businessman who have been highly successful will volunteer time or money, or both, just to be involved, just to get into the rooms to touch that environment.

So what do we stand for in Tasmania? Nowhere else is so defined by its boundaries. We are unique, first and foremost, because we live on or come from an island. Island life dictates that we are surrounded by water, nature's boundary, and the map personifies that it's us against the others.

We represent quality. We think of our produce, even our spirit, as clean, natural, as the best, and that extends to the footballers we have produced: Baldock, Hudson, Stewart, Richardson, Hart, the Riewoldts. We are small, but we generate the very best. There's a strength in that.

And those people are of high values. Our football is genuine, it's honest, it's about quality in *every* respect. If that's our higher purpose, to reflect those traits, I can't think of many better.

It's called the *Australian* Football League.

It is simple enough to argue that Tasmania is a football state, therefore a traditional 'football state' merits a place at the AFL table. But dig deeper and ask yourself, "What does 'Australian' mean?" There is an element of inclusiveness in that term – if the competition welcomes all, surely that means Tasmania is front and square at that table.

In fact, isn't something missing without us?

It takes time.

You can't throw open the doors and click your fingers and magically create a club. Football, netball, tennis, whatever, a club is not just a sign over the door, a jazzy colour palette and a collection of people wearing the same uniform.

It needs meaning – it needs that higher purpose – and that grows from the floor up. **The levers responsible for that are people and time, and the engagement of all around you.** For those people looking on – in this context that is not just the Tasmanian public but the entire competition, indeed every '*stakeholder'* – getting them to believe in us is getting them to understand us: what a Tasmanian football club stands for. What's in our DNA? What's our higher purpose?

What's on our first bumper sticker?

If we want to reflect the benefits of hope, inspiration, aspiration and pride, which are cornerstones of a true football club's position in society, if we want to capture the social and emotional connection of the State and the respect of the competition, we need to include the Tasmanian public in what that bumper sticker will say.

From day one, make this a unique experience for them. Take them on a journey which might be five or six years, but that end objective is very clearly defined and understood in terms of what it looks like, what it represents. Plus, it's not the end, it's actually the beginning.

Inside a Football Club

Attracting talent is a fundament of the system that exists. There is a national draft, there is free agency, academies, elite junior tiers, national competitions, all of those things. Few people survive every stage of that system and arrive at an elite football club without talent. So the secret to success returns to some basic questions:

1. How do you develop them as footballers?
2. How do you develop them as people?
3. How do you provide an environment in which people can thrive as individuals?
4. How do they feel like they belong?
5. How do you keep them?

Here are the foundations of achieving these things:

- *Understand where you are at any given time*

This is about awareness: where you are at in your football cycle, and where you need to get to. For me, I thought I was playing at a reasonable level in local junior footy, then when Tasmania secured a TAC Cup team for the first time, the Mariners, it gave us all a carrot. We played the first year and we got hammered, but in the next few years we became really competitive ... the problem had been we just didn't know what we didn't know, but we had a 'chase' mentality. That was the same with the Devils in the VFL – initially no good but then highly competitive.

The key was understanding where we stood. Not always accepting it, but working to that next level.

You need to keep equilibrium: not getting too high when you win and too low when you lose. The only way you can do that is when you've got a clear knowledge of where your club is at in its development phase. If that's blurry, or poorly communicated, that's when the anxiety builds.

- *Be transparent and honest*

Re-building comes with pain, so starting from scratch might be the ultimate embodiment of that, and messaging has to be consistent and straight-forward. People can sniff out when the message is false, and that means everyone from players to the public. If you are not aligning reality and expectations, you're in a bit of trouble, and that makes it critical that every member of the club – especially the administration – supports the reality.

You've got to talk to your vision as to where you are at the start, how you are going to get there, and the accountability of every single member of the club. **Role clarity** is so important: what's expected of people, how and when? Without that, you are working in different directions and you get derailed.

As part of this internal honesty, keep aligning it and revisiting it. Challenge it when you go off course, which you will ... it's not a linear experience. But also celebrate it when you're really aligned, which is a wonderful feeling in a football club.

- *Be selfless*

Go above and beyond and do 'whatever it takes' for someone else. That's not an on-ground thing, but it's about a selfless attitude across every action. So, the star player, when he or she signs an autograph, it's not just a quick sign and walk away; make eye contact, ask some questions of that kid, and do it properly because he or she will never forget that moment. On the field it might be blocks and shepherds, the little one percenters that help your teammates, there are thousands of them in footy. But it's the other stuff off the ground that grows a football club and generates fan attachment.

For some it's natural, for some it's not. Every player, every staff member will start from a different position but when they see why it is important, that's gold. You know what's really interesting? When you do something for someone else you get a benefit and you feel good. It's one of the natural highs in life.

- *Be Balanced*

We spoke about equilibrium in response to outcomes. It also relates to behaviours, which need to be owned <u>but not</u> imposed upon, and need to find a balance in a player's life. Because you can ramp up on process, stoppages, systems, elite high performance conversations, all of that ... but you got to do that in combination with managing each individual as a person. A coach always walks that line: go too far on process, you're a hardarse. Go too far with just people, you're everyone's best friend.

Back to those questions on the capacity to attract and retain talent.

1. *How do you develop them as footballers?*

Invest in good people from day one. The coaching landscape is much bigger than one person, which was an archaic view. Coaching the individual is a key: don't try and squash somebody into a box, but recognise and encourage the strengths that got them into the elite system in the first place. Nurture them, just as you work on the weaknesses as a positive experience.

A young kid learns and inherits values from his surroundings, no doubt. But he is also going to bring his own unique values and clubs need to embrace and celebrate them <u>because</u> they are unique. The values of that particular club only then enhance and help grow that young player.

2. *How do you develop them as people?*

Give them the bigger picture of the journey they are on. Young footballers sometimes can't see past getting that next kick, or reading about themselves on social media. Open doors to study, expose them to different experiences and people. Provide a mentor system not only from within club walls, but introducing business and social figures of value who align with the club's direction. Revisit your values and their benefits.

This relates to preparing them for life after football. The reality is that of those to play a single AFL game, only 31% go on to play 50, and just 17% advance to 100 or more. Life after football is therefore not just about 32-year-olds who have enjoyed a decade of high earning and high profile; they are well and truly the minority. Rather, it is about optimising the player experience and exposure in the time you have them.

You've got to get that right the first time. You've got to set the tone. Clubs last a lot longer than individuals, but the positive attitudes get passed on internally just as negative reputations get shopped around the competition, especially among players. In that respect, authenticity is the best salesman for a football club.

Let's not overlook a key in this discussion: a player's primary goal is to contribute to winning games of football. But that is not mutually exclusive from getting them to ask themselves: "How am I going to develop as a person?"

What happens to a player when he or she finishes football shouldn't be left to chance. When a player leaves, a good club has helped them understand that he or she has got to take responsibility for this. That when they leave, one: they know they've done all they can on a professional level to be a good footballer, and two: they've put all the steps in place that give them the attitudes, the experiences and qualifications to succeed in life.

3. *How do you provide an environment in which people can thrive as individuals?*

Facilities in elite football are like an arms race. It is reality that the majority of players on initial Tasmanian VFL, AFL, VFLW and AFLW list will not be from Tasmania, especially in the instance of the AFL. The power of a tour of first-class facilities cannot be overstated – that first impression is imperative.

Again, this speaks of alignment in resources. Not just bricks and mortar in a training and playing base, but in welfare and high performance development, both physical and mental.

It has to feel like a football club, not a business startup or an experiment.

One thing the Tasmanian environment has going for it is history in football. What did the Giants' jumper mean from day one? How did Gold Coast players feel pulling on their jumper? It is no one's fault that neither jumper – nor club – held a thread of meaning. In Tasmania, the colours and the State map bring more than a century of football to the table from day one.

-

4. *How do they feel like they belong?*

When I was growing up, playing at North Launceston, after a game all the families would be upstairs in the social club. The administrators would be there. Girlfriends and wives. You felt like you belonged. In my experience, the more elite the football environment, the more that gets pushed aside.

The prospects of a new licence in football, be it VFL or AFL, VFLW or AFLW, are so tightly connected to the players <u>and their families</u> feeling like they belong.

The recent benchmark of the competition is Richmond.

[Nick R]: I look at my cousin, (Richmond veteran) Jack (Riewoldt). It is not the premierships I am most envious of, it's the environment his club has built. Play at the MCG, then walk over to Punt Rd., where family and friends, including kids, mums and dads, are waiting for you.

Sure, that's about proximity, which at St Kilda we compromised by moving to Seaford, far from our heartland but also nowhere near where we played. The Club was never the same after that move.

But it's also about drawing people together, putting families in the same hotels when they travel, having dinners together, welcoming children into rooms at the right time, all of those things. It's about being happy. If you are happy in your environment, it will reflect in the way you train and play, and even project yourself.

5. *How do you keep them?*

I hear this every day in the Tasmania conversation.

You keep players at a football club by looking after them and their families. By applying those expected behaviours consistently while allowing each individual to express themselves and contribute to that culture. By creating that environment, as above: we develop you as footballers and people, embrace your families, provide first class facilities, and establish a climate in which you can thrive.

Tasmania has advantages over other locations. It has a football culture without escalating into the intense, high focus 'bubble' of Melbourne, Adelaide or Perth; it is a short flight to Melbourne, thus regular, lengthy travel does not present the grind of, for example, an Eagles or Lions' schedule.

There are certain personalities who will not simply enjoy Tasmania – they will thrive in it. And from day one it will represent something.

[Nick R]: Buddy Franklin goes up to Sydney and he loves that life, which was dramatically different for him than playing in Melbourne. Yet playing for the Swans meant he was still part of something. That's the issue for the boys on the Gold Coast, they're not part of anything. Playing in front of a crowd that understands footy, it's not a gimmick for them, they're not theatre goers, they are <u>football people</u>. Tassie people are going to understand it. They're going to support it.

The Tasmanian experience is rare, it's unique. Let's say the footy club invests in a house at Orford, kits it out, puts sheds on it with boats. Hey boys guess what? It's stocked with everything, it's full of fishing rods, it's full of bait, it's full of whatever. It's not for everyone, but every state is not for everyone ... So you play on a Saturday and then you drive up the East Coast and a couple of hours later you're walking in the water and then you're sitting in front of a fire up on the East Coast, which is beautiful. No traffic, no stress.

Here's a local trait which I think will be reflected in a Tasmanian football club: Tasmanians rely on each other. That's a general concept, but it's true, we live on or come from an island and that denotes a different type of mentality. It's tougher, I truly believe that. That extends to how a Tasmanian working in football keeps an eye out on all Tassie players, Tassie coaches. We're connected. That sense of connection resonates within us.

People from other areas talk about the different regions of the State, but they don't understand the absolute truth: football unites Tasmania.

Acknowledgements

In compiling this report, Taskforce members wish to acknowledge the contribution of the following people and resources who assisted in formal and informal consultation (NB: alphabetical order):

Formal Assistance

Susan Alberti, former VP Western Bulldogs FC, AFLW Ambassador

Kirsty Aitken, United We Stand Social Media Management

Paul Anderson, Chief Executive Network Ten

David Barham, Sports Broadcast Consultant and Board member Essendon FC

Cameron Blizzard, President, NW Umpires Association

Brendon Bolton, Hawthorn FC Director of Coaching, former head coach Carlton FC

Ben Buckley, President North Melbourne FC

Tony Cochrane, Chairman, Gold Coast Suns FC

Senator the Hon Richard Colbeck, Federal MP. Minister for Youth & Sport

Brian Cook, CEO Geelong FC

Steve Crawley, Head of Television Fox Sports

Nick Cummins, CEO Cricket Tasmania

Sean Cummins, Founder Cummins & Partners – former AFL Advertising Agency

Carl Dilena, former CEO, North Melbourne FC

Barry Dunham, President, Darwin Football League

Gerard Enniss, President, Devonport Football Club

Mark Evans, CEO Gold Coast Suns FC

Chris Fagan, Head Coach, Brisbane Lions

Greg French, Football Director, Clarence FC

Brendon Gale, CEO Richmond FC

David Gallop, CEO A-League

Tony Gibson**,** Southern Tasmanian Junior Football League CEO

Mike Grainger, Chairman of TT-Line

Russell Hanson, Senior business executive, Centenary Medal recipient 2001

Dr Sarah Kelly, Board of Directors, Brisbane Lions

Jeff Kennett, former Victorian Premier, President Hawthorn FC

Larry Kestelman, Chairman NBL

Laurence Lancini, Chair of the NRL Cowboys since inception in 2001

Tom Malone, Head of Sport Nine Network

Luke Martin, CEO TICT

Paul Marsh, CEO AFL Players Association

Kath McCann, Head of Marketing, Wrest Point

Andrew McEvoy, Chair Sealink, former Crows FC Board of Directors and CEO of Tourism Australia

Murray McHenry, Founding Director West Coast Eagles + Chairman WA Football Commission

Gill McLachlan, CEO Australian Football League

Stephen McMullen, GM Blundstone Arena

Brett Murphy, General Manager Player and Stakeholder Relations AFLPA

Trevor Nisbet, CEO West Coast Eagles

Maddie Ogilvie, President Southern Football League

John O'Sullivan, former CEO Tourism Australia.

Joe Powell, Board Member, Richmond FC

Jonathan Thurston AM, NRL Player and Ambassador.

Justin Reeves, CEO Hawthorn FC

Jeff Reibel, CEO NQ Cowboys

John Ribot, Foundation CEO of NRL team Brisbane Broncos. Founder Melbourne Storm

Andrew Richardson, President, North West Football League

Scott Rigby, President Northern Football League / NTJFL

Carl Saunders, General Manager, Tasmanian State League (TSL)

Cameron Schwab, former CEO Richmond Fremantle and Melbourne FCs

Paul Scurrah, CEO Virgin Australia and Board of Directors Gold Coast Suns

Ed Sill, President Box Hill Hawks

Trish Squires, AFL Tasmania CEO

Peter Tonagh, former News Corp Australia and Foxtel CEO

Scott Verdouw, Managing Partner – Jaws Architects

Angelo Vernardos, Corporate Lawyer, Broncos administrator and NRL identity.

Jim Wilkinson, Chair Tasmanian Football Board

Tasmanian Football Board (representatives of all senior and junior leagues in Tasmania)

Tasmanian State League Presidents: Craig Martin (North Hobart FC), Paul Gadomski (Kingborough FC), John McCann (Glenorchy FC), Sandra Boland (Launceston FC)

Under 18s Devils players: Mitch Anderton, Oscar Shaw, Matt McGuinness, Nick Baker (and parents)

The Taskforce wishes to specifically acknowledge the work and contribution of Russell Hanson.

General Acknowledgments

Justin Langer, Australian Cricket Coach and Board Member West Coast Eagles

Greg Swann, CEO Brisbane Lions FC

Xavier Campbell, CEO Essendon FC

Don Casboult, Chairman Moonee Valley Racing Club

General: Brad Green, Simon Taylor, Dana Reddick, Peter Wood, Jade Rawlings, Jamie Cox, Robert Shaw, Kate Koidl, Lucinda Gargano

TSL coaches: Clarence, Lauderdale, and North Hobart Football Clubs.

Players (various) from Lauderdale, Dodges Ferry and Lindisfarne FCs

Previous Work Considered

The most relevant recent work completed in relation to this Taskforce's remit are the "*Future Directions of Tasmanian Football Project*" (2016) and the "*Tasmania Football Steering Committee*" (2018). Both reports add context to the work completed by this Taskforce, and we recommended revision of their findings as part of this overall consideration of our recommendations.

Another critical piece of work was undertaken by sports market research and analysis firm Gemba. In 2008, Gemba assisted the Tasmanian State Government in its compilation of a business case for a Tasmanian AFL Club, the last significant investment in feasibility of this cause.

The Taskforce felt it appropriate that, given this previous work, Gemba was again sought to model the same business case around contemporary benchmarks and expectations relating to sport, population, economics and tourism. Refreshment of consumer and market data has now been completed, supported by peer review of the business model.

The "Future Directions" report was compiled by former Western Bulldogs chief executive Simon Garlick, and focused on the internal challenges facing the game across the State. It recommended the points salary system to prevent players being poached from the Tasmanian Statewide League, more resources be put into the talent pathway and the consolidation of community football leagues where appropriate.

It also suggested that just the one AFL team play in the state, rather than the then-existing (and remaining) schedule featuring Hawthorn and North Melbourne playing 'home' matches in Tasmania. Garlick also acknowledged that the expiration of existing broadcast deals (post AFL season 2021) was the likely trigger reduction from two to one team.

A more relevant report was that of the Tasmania Football Steering Committee. This committee of nine consisted of current AFL coaches, senior AFL executives in game management and development and AFL Tasmania CEO Trish Squires, plus significant inputs from State Government and local TSL officials.

The Committee supported the <u>additional</u> funding proposed and delivered by the AFL, which totalled $1.9 million in 2019 and confirmed the League's ongoing commitment through 2021 and beyond. A focus on community engagement was a key consideration in re-energising the health of the game at grass roots level and establishing more defined elite pathways culminating in the AFL and AFLW national draft system.

Entry of a Tasmanian TAC Cup was agreed, and the Devils completed in 2019 (finishing 4-11 season).

The Committee also endorsed a return to the VFL via a standalone licence to enter a team in 2021, although consideration of an AFL licence of any status was not actioned.

EXAMINER

TEAM TASMANIA

Dear AFL: You know how we want a team? Now we've got...

50,000 REASONS

TIME TO DECIDE

WILL YOU PLEDGE YOUR SUPPORT?

Test skipper gets behind our AFL bid

The Advocate

EXCITING FUTURE

THE TIME IS NOW

Youth support needed: Sanders

Now is the time to believe

Tassie AFL goal five years off, says Richo

REASONS TO BELIEVE

POWERBROKERS AT AFL HOUSE SAID TASSIE COULD NEVER SUSTAIN ITS OWN TEAM. HERE IS WHY THEY'RE WRONG

1 OUR HISTORY AND APPETITE FOR AFL

2 SUPPORT RIGHT ACROSS TASSIE

3 QUEENSLAND AND THE NQ COWBOYS

4 TALENT EQUAL TO ANY OTHER STATE

5 PRECEDENTS ON THE MAINLAND

6 TIGERS AND THE HURRICANES

TAKE THE PLEDGE AND SHOW YOUR SUPPORT UNITEDWESTAND.COM.AU

AND FOUR OF THE MANY REASONS THAT THIS SHOULD HAPPEN ...

We stand as one in backing our team

Tassie kids do deserve chance

THE TIME IS NOW

"I am as confident as I've ever been"

DO YOU SHARE THE DREAM OF A TASSIE TEAM?

To get the AFL's attention we need to unite as Tasmanians and make some real noise.

We need 50,000 Tasmanians to come together and pledge to support our own team.

IT'S TIME TO SHOW YOUR COLOURS

Show the mainlanders that it's time Tasmania was represented in the AFL and the AFLW.

SIGN YOUR FAMILY UP TODAY AT UNITEDWESTAND.COM.AU

The Advocate

TEAM TASMANIA

THE TIME IS NOW

WILL YOU PLEDGE YOUR SUPPORT?

Minister backs in AFL bid

Colbeck floats federal support for state team infrastructure

[The AFL has] taken us for granted. They've seen this as a place to recruit great players.

Federal Sport Minister Richard Colbeck

NEVER BEEN CLOSER

AFL SOCCER BASKETBALL

United Tassie side within reach

No longer a pipedream, says Riewoldt

TIME TO SHOW YOUR COLOURS

Sign up your family at unitedwestand.com.au

TARGET 50,000

It really is incumbent on the people of Tasmania to unite to make sure this happens because this is essentially the role of the taskforce to debunk some of these myths that the state will never be able to unite as one

Girls have eyes on big league too

CRICKET BOSS CALLS FOR A ROOFED STADIUM

MERCURY

THE TIME IS NOW

Today our island state stands without divide

Today we stand as one

Today Tasmania stands united for an AFL side

Today we give you Reason to Believe

SPECIAL COVERAGE INSIDE