



We Love Footy

1 February 2019

Leslie Guy
Secretary to the Committee
C/- Parliament House
GPO Box 572
Adelaide 5001
By email: scadelaideoval@parliament.sa.gov.au

Dear Ms Guy

In response to your letter of 20 December 2018, please find enclosed a submission from the South Australian National Football League (SANFL) to the Select Committee on the Redevelopment of Adelaide Oval.

This document has been written to complement rather than duplicate the information contained within the submission provided by the Adelaide Oval Stadium Management Authority (AOSMA). It therefore responds specifically to parts (d) and (e) of your letter.

It is intended to provide Committee members with relevant information required to understand not only SANFL's position in the Adelaide Oval management model and the rewards and risks associated, but also our role in growing and managing football at all levels and all ages across South Australia.

This submission also contains detail on how football revenues from Adelaide Oval flow right through to grassroots participation because of the work done by SANFL through its competitions, clubs and programs.

That is the benefit *for* football. What is less understood, however, are the benefits football brings to our communities.

It is estimated by La Trobe University¹ that for every \$1 spent on a community football club, there is a Social Return on Investment (SROI) of at least \$4.40 in terms of increased social connectedness, wellbeing, mental health, employment outcomes, personal development, physical health, civic pride and support of other community groups.

In fact, such is the impact of football in the community that the report's authors concluded that:

"It does not matter where you live, how long or how often you are involved in a football club, or what role you have (player, coach, volunteer, supporter) in the club, people associated with a football club experience greater social connectedness, wellbeing and self-reported physical and mental health."

Given that football is SA's most popular club-based sport and has grown to now involve more than 204,000 participants across the State, it can be argued that SANFL's continued investment in football is essential not only to the development of our young people but also to the very social fabric of South Australia.

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¹Value of a Community Football Club", The Centre for Sport and Social Impact (CSSI), La Trobe University

SANFL is justifiably proud of its contribution to the success of the Adelaide Oval redevelopment and the Adelaide Oval management model is performing as intended. It is delivering benefits to cricket and football inclusive of the two South Australian AFL clubs while protecting SANFL's ability to grow South Australian football from grassroots to the elite level.

We welcome the opportunity to participate in the Select Committee process.

Sincerely

SA NATIONAL FOOTBALL LEAGUE INC

A handwritten signature in blue ink, appearing to read 'Jake Parkinson', with a stylized flourish at the end.

Jake Parkinson

Chief Executive Officer

SANFL SUBMISSION TO THE SELECT COMMITTEE ON THE REDEVELOPMENT OF ADELAIDE OVAL

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1. The role of SANFL in managing and facilitating football in SA

Football in South Australia is much more than a game of AFL at Adelaide Oval. It is the State's most popular club-based sport and is at the heart of our regional and metropolitan communities.

Comprising more than 204,000 participants, 51,000 club players in 252 clubs participating in 25 affiliated leagues, football is inherently part of our culture and, for more than 140 years, the South Australian National Football League has been the South Australian custodian.

South Australia is a unique footballing landscape, one which is governed by SANFL for the people of South Australia ensuring football in this State receives the funding and focus required to protect its growth and prosperity.

SANFL's programs cover the breadth of football including (but not limited to) Auskick, club and school participation programs, school competitions, governance of community football, facility development, SANFL Juniors, indigenous, multicultural and disability programs, umpiring and coaching recruitment, accreditation and development, talent academies and our proud, parochial and popular male and female State League competitions.

We are justifiably proud of South Australia's two local AFL clubs, both of which have their origins in SANFL. The Adelaide Football Club was established by SANFL in 1990 while the Port Adelaide Football Club entered the competition in 1997, both under licence from SANFL. The clubs now own their AFL licences as part of the transfer agreement negotiated prior to the 2014 season.

They are the elite teams for which players aspire to play in South Australia and are successful clubs. Essential to their success is the growth and sustainability of the entire sport of Australian Football in SA, which SANFL takes responsibility for and pride in. To emphasise the importance, it is suggested by the AFL that those who play the game are six times more likely to attend an AFL game.

The governance of football and delivery of programs in this State is conducted by SANFL. This is only possible due to the benefits that flow from Adelaide Oval. In a traditional football state such as South Australia, this is important to ensure that the funds generated by football in SA remain in SA to benefit South Australians. All decisions related to football remain in South Australia.

Our vision is for *'Healthier, more connected lives through the enjoyment of footy'* and our purpose is to:

- Ensure SANFL is a leader in organised sport;
- Provide the structures, programs and means to encourage development and participation in sport;
- Make sport inclusive, fair, engaging, fun and rewarding;

- Embrace diversity through a belief that competitive sport brings us together, rather than separates us;
- Make sport safe, accessible and affordable for participants and fans, regardless of age, gender, ethnicity or beliefs; and
- Build the benefits of sport into the fabric of strong and healthy communities.

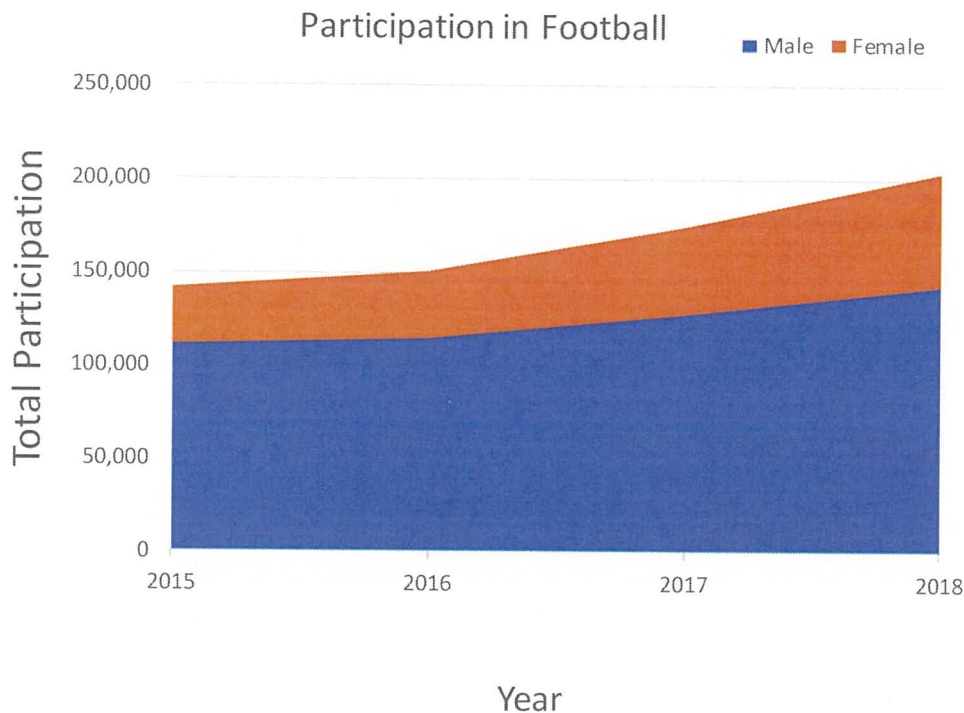
The South Australian Football Commission is a nine-person board and is elected to govern football by one member of the Community Football Committee and the eight member SANFL clubs comprising Central District Football Club, Glenelg Football Club, North Adelaide Football Club, Norwood Football Club, South Adelaide Football Club, Sturt Football Club, West Adelaide Football Club and Woodville West Torrens Football Club.

SANFL employs 80 staff directly engaged in delivering football across South Australia with a further 50 employed across the eight member SANFL clubs. There are also an estimated 22,000 volunteers supporting the delivery of football in South Australia, with in excess of 1,000 working directly with SANFL across Community Football.

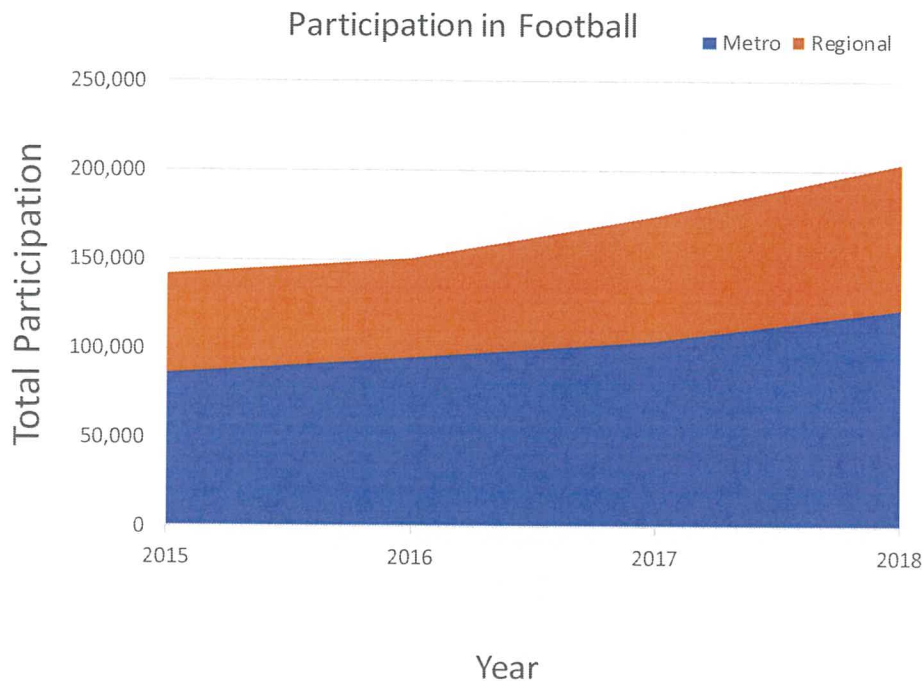
Outlined below are some key statistics that represent the breadth and diversity of SANFL's influence in SA:

- Participation – 204,000 participants of which 61,000 are female
 - In excess of 51,000 club participants – highest per capita in Australia – with almost 1 in 8 club players now female (after being 1 in 45 in 2014)
 - 2,150 umpires registered across the State – many of which are directly employed, appointed and paid by SANFL
 - In excess of 2,500 accredited coaches
 - In excess of 10,000 Auskick participants
 - More than 9,000 primary and secondary inter-school participants in organised competitions
 - 1,500 participants in SANFL school holiday clinics
- SANFL State League competitions
 - The oldest male football competition of any code in Australia. Played at suburban venues, it attracted more than 270,000 spectators last season, 25,000 members and has been part of the fabric of South Australian culture for more than 140 years
 - Average of 40,000 attendees at the 2017 and 2018 SANFL Men's Grand Finals
 - Completing the pathway for female talent the SANFL Women's competition commenced in 2017 with four teams and expands to 8 teams in 2019 with more than 200 State League players.
- Talent Pathways
 - Second highest contributor of AFL men's talent in Australia (averaged over past six years), and the highest per capita
 - National champions in both U18 and U16 men's teams in 2018
 - 10 women drafted to AFLW in 2018
 - Talent programs at U13, U14, U15, U16, U18 male and U15, U17 female levels are delivered by each of the eight SANFL clubs
- SANFL Juniors – metro competition
 - Managed by SANFL with four full-time employees
 - 51 clubs, 612 teams (98 female) and 13,000 participants (4,500 female) across 4,500 games
- Multicultural
 - Programs run in schools and communities introducing the Australian game to new arrivals, helping them to assimilate to the Australian culture.

- Indigenous
 - Remote sporting competition on the APY lands facilitated and controlled by SANFL
 - 634 indigenous players in the 2017 season – which is 70% of the male population between 16–35 on the APY lands.
- Integrity
 - SANFL is the first State League to have a dedicated full time Integrity Officer who oversees an integrity framework that governs education, management and administration of policies which protect the health of the sport and safety of participants.
 - This includes education of players, clubs and leagues with regard to risks confronting sport (including Child Safety, Gambling, Anti-Doping and Vilification) and the administration of policies unique to South Australian football. These include a state-wide Salary Cap that was introduced as a means to support club sustainability, and the SANFL Illicit Drug Policy which is a wellbeing policy that includes testing and is designed to promote and provide the safest and most supportive environment for young people in SANFL clubs.



As this graph highlights male participation has grown by 30% since 2015 to 143,000 and female participation has grown by 97% to 61,000.



SANFL has increased its resourcing and support of regional football from eight to 14 full time staff since 2014. Participation in regional football has grown by 46% to 83,000 and in the metro area has grown by 43% to 121,000.

In addition to our responsibility to provide access and the opportunity for all to play Australian Football affordably, it is also our responsibility to players and umpires with talent to provide development and pathways that encourage the fulfillment of their potential.

The SANFL manages and fully funds the programs that result in the following representation of the State in National Carnivals and Championships:

- SANFL Men's
- SANFL Under 18 Female
- SANFL Under 18 Male
- SANFL Under 16 Female
- SANFL Under 16 Male
- SANFL Country
- SANFL Kickstart Under 15 Male and Female Indigenous Teams
- SANFL All Nations (Multicultural) Under 15 Male and Female Multicultural Teams
- State Inclusive Team (for men with intellectual disability)

Finally, SANFL is the custodian of the game's history in South Australia and administers the SANFL History Centre and the SA Football Hall of Fame.

2. Part (d) *The financial returns to SANFL from Adelaide Oval*

Discussions on Adelaide Oval formally commenced in December 2009 with all parties and detailed due diligence was undertaken by the stakeholders (Government, SANFL, AFL, AFC, PAFC and SACA). Detailed financial modelling was undertaken by PWC and the AFL in conjunction with all stakeholders.

Due diligence was completed and stakeholders formally agreed to the Adelaide Oval redevelopment in late 2011 based on the overall net benefits modelled on a conservative set of assumptions. The financial modelling outcomes met or exceeded each stakeholders' expectations.

The financial model was extremely complex and there first had to be agreement between how revenue and costs at the Oval would be shared between football (SANFL) and cricket (SACA). This was documented in a "Promoters Agreement" as has been detailed in the AOSMA submission.

The Promoters Agreement stated in basic terms that each sport would benefit from the revenue (net of costs) derived from its own match days and that AOSMA would retain all revenue from non-match days i.e. functions and events.

Despite AOSMA retaining this revenue to fund oval operating expenses, SANFL and SACA are required to contribute approximately \$2.5m p.a. each to enable AOSMA to make a \$200,000 annual surplus. Each also contributes approximately \$1.4m annually to the legislated Sinking Fund to enable asset replacement at the venue. The total payment to AOSMA of approximately \$4m p.a. each also funds the annual legislated \$1m p.a. rent payment to the Community Sport and Recreation Fund. The proceeds of this fund are distributed to sports outside of those involved at the Oval.

SANFL, after agreement with SACA, then had to agree with the AFL and each AFL club on how the football share of revenue from the oval would be shared between SANFL, AFC and PAFC.

The AFL facilitated the Adelaide Oval financial model negotiations as they needed to ensure that football at grassroots level was supported and that the final share of revenue was fair to all stakeholders.

The AFL and the two South Australian AFL clubs all agreed to the initial Adelaide Oval financial model and subsequent amendments to it following two further reviews in 2015 and 2018.

Importantly for the AFL clubs, they have no debt, capital investment or residual risk exposure to the operations of AOSMA. The clubs are tenants while SANFL is responsible each year for funding AOSMA jointly with SACA inclusive of the legislated Sinking Fund and Community Sport and Recreation Fund.

The negotiations took more than two years to complete due to each party having to be absolutely satisfied with the deal being agreed to.

The AFL and the AFL clubs set an expectation in the agreement that they receive 70% of the income generated by the stadium on football match days – meaning SANFL retained 30%. This is also referred to as the **Net Stadium Return**.

The Net Stadium Return is the net revenue derived from football match day events at the stadium – including ticket sales, membership revenue, catering returns, signage and corporate facility and hospitality revenue. Subtracted from this revenue are match day costs charged for using the venue.

The agreement between the parties included that there would be a complete financial model review after the first season at the Oval and every three years thereafter where the model could be rebalanced.

An outcome of the reviews has been that the share of the Net Stadium Return for the AFL clubs is in excess of the objective of 70%.

The Net Stadium Return achieved by SANFL has increased from \$11.1m at Football Park (AAMI Stadium) in 2013 to approximately \$11.8m currently which equates to 6% growth – which is less than CPI growth compounded.

3. Part (e) *The financial contributions into the broader sporting community*

The cost of SANFL undertaking its football objectives is in excess of \$18m per annum. Adelaide Oval delivers 65% or approximately \$12m of the net revenue required to fund the SANFL’s programs.

SANFL funding delivers football to the participants of South Australia in such a way that it is affordable. SANFL receives only approximately \$90,000 p.a. in affiliation fees which, when spread across the registered playing base of 51,000 players, equates to less than \$2 per participant. This ensures the benefits of football are accessible to even the most disadvantaged groups in our community.

While the SANFL Net Stadium Return at Adelaide Oval is marginally higher than what it was at Football Park (AAMI Stadium), through the sale of its freehold land SANFL has significantly reduced its debt which has also reduced SANFL’s interest by approximately \$2.3m p.a. when compared with 2013 (the last year prior to moving to Adelaide Oval). This has enabled a significant increase in its investment in football in South Australia.

As the table indicates, SANFL has increased expenditure on football in SA by \$2.9m p.a. since moving to Adelaide Oval. This includes \$1.7m in Game Development and Participation (for 204,000 participants) inclusive of \$500,000 specifically for Junior and Female competitions and programs.

SANFL also now invests \$9.1m into the State League Competition and Umpiring inclusive of under age and elite programs managed through the SANFL clubs and competition management expenses at SANFL.

	2013	2019	Change
Game Development & Participation	\$2.8m	\$4.5m	+\$1.7m
State Leagues & Umpires	\$7.9m	\$9.1m	+\$1.2m
TOTAL	\$10.7m	\$13.6m	+\$2.9m

SANFL is investing in excess of \$18m p.a. to achieve its vision and purpose of “healthy more connected lives through the enjoyment of football” as broken down in the following table.

	Investment in 2018	%
State League Competitions	\$7.9m	43
Umpiring / Training / Development	\$1.2m	7
Football Administration	\$3.5m	19
Game Development	\$2.7m	15
Talent Development	\$1.9m	10
Community / Regional Football	\$1.1m	6
TOTAL	\$18.3m	100

While it is a positive that SANFL has been able to increase its investment in football, this investment is not keeping pace with growth in female participation and the need for unisex facilities to support players, coaches, and umpires. There are now more than 7,500 female participants registered at clubs and 150 new female teams.

A SANFL audit has found that 93% of facilities are non-compliant for unisex participation. SANFL has facilitated \$46m across 91 projects but the total cost to become compliant is approximately \$300m. The recently announced Grassroots Football, Cricket, and Netball Facility Program will raise \$24m towards such projects.

4. Why invest in a Hotel

As stated previously, approximately 65% of SANFL's revenue is derived from Adelaide Oval.

This creates significant risk as there is a reliance on patrons attending events, the sale of functions (and there is significant competition for this business) and attraction of major events. For example, were attendances at AFL matches decline by 10%, it would reduce SANFL's Net Stadium Return by \$500,000 p.a. with obvious impacts on SANFL's ability to fund grassroots programs.

SANFL needs to diversify its revenue streams – as does AOSMA –by investing in other ventures to mitigate this risk. This has driven the AOSMA strategy to provide catering services outside of Adelaide Oval and develop the roof climb. These income streams are not reliant on the core business of Adelaide Oval.

There is always risk with any venture, and the SA Football Commission therefore engaged BDO Australia to carefully evaluate the model and its assumptions. BDO concluded that the return was reasonable. The BDO advice was in addition to the consultants used by SACA and AOSMA to perform similar evaluations.