

# CORRECTED TRANSCRIPT

## RURAL AND REGIONAL SERVICES AND DEVELOPMENT COMMITTEE

### Inquiry into country football

Modewarre – 9 March 2004

#### Members

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Mr B. P. Hardman  
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#### Witness

Mr M. McMahon, Chief Executive, Football Geelong (sworn).

**The CHAIR** — Could you give us your name and address for the purposes of sending you the transcript?

**Mr McMAHON** — Michael McMahon, and my address is 20 Crofton Street, Geelong West 3218.

**The CHAIR** — You are attending today in your capacity as the chief executive, Football Geelong?

**Mr McMAHON** — That is correct.

**The CHAIR** — Your evidence will be taken down and become public evidence in due course. If you could now give us a statement or some comments for the next 5 minutes or so, we will ask some questions after that.

**Mr McMAHON** — Basically I guess what I wanted to have an opportunity of talking about today first of all is the state of country football in general and then perhaps look a bit more specifically at the Geelong region. I have only just come into the Geelong region in my role, so I might not be the best person to talk about that, but I have done a little bit of research, so hopefully I can enlighten you in some areas at least.

First of all, you are probably well aware from the dealings of the inquiry to this point and from the submissions from the VCFL of the scope of country football and also the importance of it to the broader community across the state. There are some facts and figures in the document I have given you. I am not going to go through them one at a time, but I think it is important to realise as well that since 1990 — as I said, you are probably aware of this — the number of teams in country football across Victoria has actually increased. So while there is certainly a need for this type of inquiry to ensure that country football continues to prosper long into the future, there is also a lot of doom and gloom about country football, and if you go out into the local community often you hear about the fact that country football is definitely struggling and going through difficult times. While that is certainly the case in some areas — and that is for a number of reasons — if you took the state in its broadest sense there are certainly some areas that I think you could argue are going along reasonably well. The Geelong area is probably fortunate in a lot of senses, compared to some other country areas in that it is a large centre and so we do not have to deal with some of the issues that some of the more remote rural areas have to deal with.

As far as Geelong itself is concerned, if you look at the participation rates in the Geelong region compared to other areas of the state, you can see that across the whole state, including country and metropolitan, the participation rates in the Geelong area are significantly above the participation rates for the rest of the state, in all age groups — that is, from 5 to 39 years of age. You can find details of that in the documentation I have provided to you. That comes from Football Victoria's participation census for 2002, so hopefully it is accurate.

However, if you look at the average for the 13 to 39 age group against just country Victoria, we are probably just slightly below the average across country Victoria, if you take country Victoria in isolation. So there are some issues there that we have to look at. The other thing as far as participation — as Chris probably alluded to in his presentation — is that there has been a large growth in participation at younger age groups. If you look at the 5 to 12 age group, you can see that the participation has increased significantly in that age group. What we have to start to address, I guess, as football administrators is ensuring that at least some of that participation flows on to the higher age groups, particularly from 12 to 19 years, and then through to senior football as well. So player retention is a major issue as far as clubs are concerned. There are a whole of things that impact on that player retention. You have been talking about salary cap and player payments. I think it would be reasonably fair to say that a lot of football clubs have been over-reliant on player payments as a means of retaining players. We have to encourage the clubs as much as possible to get to a point where they go beyond relying on just that method and look at broader club development things to try and, I guess, make the club a place where players want to be and an attractive environment for them.

With regard to Football Geelong, the organisation that I work with, just to give you a little bit of background, we have approximately 200 senior and junior football teams that play each weekend and about 4800 players — that is in just football alone. We also have about 150 netball teams and 1600 players. So we are looking at over 6000 players running around each week in either football or netball. We have more than 40 businesses that are involved in our organisation, whether it be as a sponsor or a supplier. It is obvious that we have a pretty broad-reaching impact on the community.

In addition, you talked about the issue of player retention. A couple of years ago Football Geelong — and I am probably fortunate because I have walked into a nice situation — took a decision to change the structure of their

junior football and as a result of that they have had some really positive outcomes. In the last couple of years the number of junior teams in under-14 and under-16 levels have increased significantly. The main reason for that is that they decided to go down the track of a graded competition. Because of the large number of teams that we had available to us, we were in a nice situation — and many rural areas would not be able to do this — of being able to format a competition whereby at the start of each year the first four or five weeks of each season are basically a grading exercise. So the formal draw does not actually come out until about week five and those grading games form the basis of dividing the teams into different divisions based on their perceived level of performance. What that has done is enable us to at least reduce the sort of situation where teams were being consistently beaten very easily each weekend, which was obviously having an impact on the experience that young players were having through their involvement with country footy. That has been a real positive as far as Football Geelong is concerned, and it has started to help address that issue of player retention, so that at least at the under-14 and under-16 levels there have been some real improvements.

The issue that we are confronted with now as an organisation is that because of that large growth in player numbers in those age groups players are now coming out of the under-16s and there are not enough teams to cater for the number of players who are coming out. So we now have to look at changing I guess what has been the traditional club structure of having senior reserves and under-18s. We have 22 clubs operating under that structure.

In a nutshell at the moment those 22 clubs and their 22 under-18 teams cannot cater for the number of players who are coming out of our under-16 competition. The dilemma in front of us as an organisation is to try and ensure that those players are retained, not just to under-16 level but through to under-18s and seniors, so we are investigating a number of different possibilities as far as changes in that area are concerned.

I briefly talked before about the role of football in Victoria, and particularly country Victoria, but the main one that you are probably all aware of is that, particularly in small rural places such as Modewarre, the important role that the country football club plays in determining and making up the actual fabric of the town. The footy club provides a common ground for people from all different walks of life, whether they are businessmen working in Geelong during the week, farmers out here or whoever, and they come together on the weekend. In some instances they come together to solve a common problem, to work towards a common cause or to enjoy mutual achievements — all those types of things. That is a bit of an intangible benefit, but it is an important one that we cannot afford to neglect. As well people obviously gain many skills from their involvement in country football, whether they be administrative, involved with playing or communication through coaching — whatever they happen to be. All of those things are important to consider as well in the broader role of football in the community.

Most of us are aware of the reasons for the decline in country clubs. In more remote areas there are the shifts in population and the decline in services offered in particular towns — say, the bank and the school closing, those sorts of issues. Combined with greater educational opportunities, they all have an impact and make it more and more difficult for footy clubs to attract the necessary number of people — not just players but volunteers, administrators et cetera — in order to keep functioning. Again we are lucky in Geelong because we have a major centre reasonably close, so the population shift has not had as drastic effect on us as, say, such areas as far East Gippsland.

There are some major issues confronting country football at the moment, I have talked about player retention. One of the things that is related to that, which I think Chris talked about as well, is the increasing number of alternative leisure activities, particularly for young people but across the broader community as well. There are more and more choices for young people to make. Back in our day there was cricket in the summer and footy in the winter. Obviously that has changed to a large degree. As mentioned earlier, one of the challenges for footy clubs is to try and make their clubs as attractive as possible to people so that they remain involved, become involved or recruit new people into the club.

Chris spent a fair bit of time on facilities. It is obviously a big issue for all of our clubs. Increasing demands as far as the standards of facilities and what is required mean that clubs are having more and more pressure placed on them to meet those demands. Issues such as catering for the disabled, bringing netball facilities up to standard, and making sure that the ground comes up to risk management insurance requirements all have an impact. As Chris said, they impact enormously on the workload of the volunteers who are involved at club level, which is probably the biggest issue confronting football clubs at the moment. Previously the club treasurer or secretary might have been required to turn up to training two nights a week and contribute 5 or 6 hours to his footy club for the week. Club secretary is now almost a part-time job. You are talking 20 hours a week or so to make sure that the secretary

has crossed all his t's, dotted all his i's and done all the things that he needs to have done. There are two questions. The first is : how do we ensure that clubs can sustain the involvement of those types of people so that they do not get disenchanted? The second is: how do we try to alleviate the workload being placed on those people?

Umpire shortage is a big issue. I notice that Bill Fulton is on the agenda this afternoon, so I will not talk too much about that, but it is a real struggle for us each week to have enough umpires to cover all of the games. Obviously there are a lot of issues around retention and training of umpires.

I will quickly talk about insurance risk management. One of the big things is ensuring that clubs, and indeed leagues in some instances, have appropriate infrastructure to be able to deal with the increasing demands being placed on them in the current football environment. As I talked about, so often it is left to one volunteer to do a hell of a lot of work around a footy club, or it might be three or four volunteers. In some cases those people may not have the experience or the background to do the things they are being asked to do, and even if they do have that background it is still taking up an awful lot of their time.

Another issue is football in schools. It is pretty well documented that there has been a decrease in the number of male teachers in primary schools in particular, so that has been a real issue as far as trying to ensure that football is taught in primary schools. The other thing we need to try and make sure of is that sufficient time is put aside for school sport, and that as a consequence there is room somewhere in the curriculum for football to be included. They are some of the broader issues.

I have some ideas about how you guys might be able to help. I am not for 1 minute suggesting that we do not have to do things to help ourselves. As I have talked about already, as a league we have to try and ensure that, firstly, our administration is up to scratch, and secondly, that the infrastructure and support that is in place at club level is also able to manage the environment that they are currently operating in.

With player payment taxation one of the things that has happened recently is that quite a number of umpire organisations have managed to gain exemptions for the payment of umpires so that that income is not included as taxable income. One thing that we are suggesting is that it may be possible for but similar sort of exemption to be put in place for players who are earning a little bit less or something equivalent to what the umpires earn each week — not necessarily the players who are paid large amounts of money to play each week; we do not want to create a system where there is going to be open slather, because, as we know, we are trying if possible to reduce the player payments. That would decrease enormously the workload that was placed from an administrative level on someone like the club treasurer. At the moment if that payment is to be treated as taxable income then it creates a fair paper trail for the person who is administering all of that. That is one issue.

Obviously we would like, if possible, for industry regulation of football to be considered as part of the equation. We realise that there are probably bigger and broader issues that come into play when you are talking about, for example, the regulation of the timber industry, but as a football body we would like to see football at least considered as part of the equation, because some of that legislation can impact on the football community. With services in local areas there is a similar type of scenario. If the local school, bank or whatever is going to close, what impact does that have on country football in the area?

Volunteer protection is an important issue. I think I am correct in saying that last year some new legislation was passed that provided protection to volunteers who perhaps acted in good faith, such as when an injury occurred or someone tried to treat somebody, and did not get the desired outcome. It enables that person to be protected. What I am suggesting is that we explore that move or that legislation to see if there are opportunities for similar things to be done again to help our volunteers who are involved at club level.

Chris talked a lot about financial assistance, government grants and those types of things. The other thing we would like assistance with is to administer and finance volunteer, club administration development or umpire training and retention programs. Through the appropriate channels we lobby higher football bodies such as Football Victoria and the AFL for assistance in those areas. Similarly if there was any assistance available from government quarters, that certainly would be helpful. Similarly, if there was any assistance available from government quarters that would certainly be helpful.

The last one is in regard to planning in growth areas in particular, just to ensure that sufficient space is left for recreational facilities so that five years down the track we do not have the situation where the population in those

particular high-growth areas do not have sufficient recreational facilities — and, obviously, football grounds — available to them for use. I think that is about everything I wanted to cover.

**Mr CRUTCHFIELD** — There seems to be a glaring omission in your presentation. I am not directing that to the comments about either the AFL or the VCFL, but you mention nothing about the AFL and VCFL in terms of where are the gaps in their support, if any. We have already had one presentation that talks about the fact that there does not appear to be or the perception is that money does not get to grassroots sport. I am intrigued that you do not mention it. Have you got an opinion on it?

**Mr McMAHON** — If you talked to AFL people about it, obviously they would argue that they put roughly \$15 million, I think, into game development each year and they would argue that that is more than sufficient, given their total revenues. I think most of that game development funding, from my perspective, tends to be targeted towards player development and in particular talented player development. Do not get me wrong, I am totally in favour of talented player development programs — I actually come from that background; that is my background in football prior to this role, so I am supportive of that. But I would not like to see support of those types of programs being to the detriment of what we are focusing on more a little bit today and that is grassroots football. Of that \$15 million a year I do not think much is finding its way towards enhancing the facilities at the Modewarre Football Club, or that type of thing. I think that is a criticism. Whether the total funding coming out of the AFL needs to be increased or it just needs to be redistributed a little bit is probably more the issue.

**Mr CRUTCHFIELD** — So you would argue that the AFL could contribute more to grassroots, either to volunteer programs or administrative programs, whether it is facilitating other programs for junior development or making capital contributions to individual clubs, whether it is league based and it allocates it, or the individual clubs?

**Mr McMAHON** — Yes. I think the other thing too is that, aside from the talented player development programs, the AFL and Football Victoria as an affiliate of the AFL, have spent a lot of time developing the types of programs that we are talking about, like club development, volunteer recognition — those types of programs — but the danger with those types of programs and their development is that that is as far as it goes. I think what also needs to be addressed is the implementation of those programs and how they are rolled out. Basically sometimes those programs become a folder that sits on a shelf and never gets opened and never actually gets implemented or gets beyond the club delegate who has it handed to him on a given day, or whatever. I think that is certainly an area that needs to be looked at and improved.

**Mr CRUTCHFIELD** — The last one is about Geelong. I think we are spoilt. I do not think this is representative of some of the areas that the other members here represent — it is not, obviously, but I mean in terms of the health of football. I think you are right; I think football in Geelong generally is okay, but there are some are hot spots, if you like, both in your leagues and also in the Geelong and District Football League. I am just conscious of some of the clubs close to here too that have issues about the salary cap. What is the salary cap? I think your ambit claim about a tax-free status for players has as much chance as I have of getting my income declared tax free, but what about the other way, in terms of reducing the salary cap and putting more surveillance, if you like, on some of the clubs? Some of the hot spots are certainly about finances, no. 1 and volunteerism, no. 2.

**Mr McMAHON** — In relation to the salary cap, the real difficulty there is obviously, as you alluded to, surveillance. If you look at the AFL example and the resources that it has available to it and that it has difficulty enforcing the salary cap and basically for the first six or seven years it was in place it did not enforce it, I would tend to think the answer is not in trying to enforce a salary cap and trying to provide surveillance, but rather trying to educate clubs about: this is why the salary cap is there, so you spend only X amount on player payments and therefore you have X amount available to your club for other reasons. It comes back to the old adage that traditionally football clubs have been more concerned about winning a premiership than about the broader club issues. It is really an educational process, trying to educate as many as possible of the administrators at club level about there being more to being a successful club than just winning the premiership in a given year. There are innumerable examples of clubs that have won the premiership in a given year and for the next 10 years have been in just diabolical financial situations. For example, I cannot see Football Geelong, as the governing body of our leagues ever — or in the short-to-medium-term — having the resources available to us to effectively police a salary cap.

**Mr CRUTCHFIELD** — How do you do it? Because I am certain that there are clubs that this year already are way outside the salary cap.

**Mr McMAHON** — I am certain that there are too.

**Dr NAPTHINE** — I think one of the strengths of the AFL Geelong Football Club in recent times is the way it has recruited father and son and recruited back people like Haynes and Loats from their natural catchment. Is there an opportunity that we should be looking at, giving advice or making a recommendation to the AFL, about changing the draft so that clubs can nurture their home ground, whether it be a blend of zoning and draft so that perhaps in each round of the draft clubs can have a priority pick or something from their zone — similar to the father and son-type rule — instead of certain picks, so that you do get that better relationship between clubs and districts? Would that help country football and Geelong?

**Mr McMAHON** — I will preface my answer to your question by saying that our relationship with the Geelong Football Club has been, from my understanding, a really positive one and that they have been pretty proactive in trying to assist us in a number of areas. Obviously to some extent they are probably obligated to because they are only a tenant, but we are able to play our finals at Skilled Stadium and those types of things. So I would not have any great issue with the support that we have been provided by the Geelong Football Club.

Getting back to your question, as I said before, I come from a development background and a lot of the people that I have worked with in that field and who have been involved for a long time would argue that that as far as player development — which is essentially the area that you are dealing with there — is concerned, it is much better under the current system than under the old system, where clubs were responsible for development in a certain zone, because at the end of the day what you do is get back to a system where the only concern of clubs is getting players out of that zone. So the area that they are going to put the resources into is talented player development and so the risk is that those other areas that are important to football in that area are going to be neglected.

**Mr WALSH** — Having been involved in football under the old zoning and being involved now, I would have said that football clubs in the country were better looked after under the zoning rules — as a club, not so much as a young skilled player, but as a club they were a lot better looked after under the old zoning rules.

**Mr McMAHON** — That was a little bit before my time. What was the sort of support that AFL clubs would provide to the local club under that system?

**Mr WALSH** — Players coming up to training, taking training and that sort of stuff because that was the — —

**Dr NAPTHINE** — Jumpers, footballs.

**Mr WALSH** — Tickets to the football in Melbourne, junior teams — —

**Dr NAPTHINE** — Training for the trainers and coaches.

**Mr WALSH** — Junior teams hosted by clubs in Melbourne, that sort of stuff.

**Mr McMAHON** — That is probably all fair enough, but you have to realise as well that the football environment and the way in which the AFL probably operates now has changed a great deal in the 15 or so years since the zoning system was in place. You mentioned free tickets, for example. I cannot see that ever coming back in whether we go to zoning or have the current structure, because the corporate world demands that there be not enough tickets to go around, but I take your point.

**Mr INGRAM** — To take that up, they still give tickets in the juniors.

**Mr WALSH** — Given that you are probably rather unique in that you have an AFL club and, as I understand it, a senior football league and then some minor football leagues, how does the functioning of raising money in the community go as to the interaction between all those different levels of football? Are you being piranhas on each other or is it well organised?

**Mr McMAHON** — That is one of the difficulties that we face as an organisation in that competition for funding, and it probably goes beyond football. We probably are competing to a large extent against a lot of

different groups from other recreational areas as well, but specifically football. I will give you a funny example. When I walked out of the supermarket on Sunday a lady was sitting out the front at her stall selling raffle tickets. It was for the Geelong and District Football League. A lady walked up and bought a ticket. As she was walking away she must have seen a sign and realised that she thought she was buying a ticket to support the Geelong Football Club, so she went back and wanted to get her money back because she did not want to support the Geelong and District Football League; she wanted to support the Geelong footy club. That is certainly an ongoing struggle. From our perspective one of the things that has been positive is the Geelong footy league and the Bellarine football league coming under the one umbrella of Football Geelong. That has helped us to some extent in that area. Without being too political, if we could expand on that a little bit so that some of the other football bodies in the area are also part of the one organisation, then that would help our selling power.

**Mr INGRAM** — You mentioned before the taxing issue of wages, salaries or payments to players. I think what you were getting at there as well was that it appears, from my understanding, that even match payments — whether they be awards or things like that — arguably come under that taxation system. If you are looking at a best-case scenario, do you split off award-type rewards that all football clubs do, and some of those are fairly minor — whether they be for \$10, \$5 or \$20 in a small country league. Do you think there is a possibility of limiting the size of those match awards and having a taxation exemption on something like that?

**Mr McMAHON** — That might be a possibility. I think the initial idea was that you might have a sliding scale. I am not sure of the exact figures, but I think umpires are paid around about \$125 a game or something like that, which is tax exempt. We would argue why that is tax exempt if a player, who earns \$50 or \$100 a game, is not.

**Mr WALSH** — Are you sure it is tax exempt?

**Mr McMAHON** — There are a number of umpiring bodies around the state who just recently have obtained tax exemption.

**Mr WALSH** — Is it tax exemption or Workcover exempt?

**Mr McMAHON** — Tax, which raises another issue. Workcover's treatment of umpires seems to be completely contradictory to that. Workcover suggests that players do not have to pay Workcover, yet umpires do. That does not seem to be logical when umpires are getting tax exemptions.

**The CHAIR** — Thanks very much, Michael. That was fantastic. You will get a copy of the transcript in about a fortnight. You may correct any obvious errors of fact or grammar, but obviously you will leave any matters of substance. It has been very useful. Thank you.

**Witness withdrew.**