



South Sydney District Rugby League Football Club Limited

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Anti-siphoning Review
Commercial Broadcasting Section
Department of Broadband, Communications and the Digital Economy
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Introduction

This submission is made by the South Sydney Rabbitohs DRLFC to the Review of the Anti-Siphoning Scheme in the Contemporary Digital Environment by the Department of Broadband, Communications and the Digital Economy.

History of the Club

- South Sydney District Rugby League Football Club (the 'Rabbitohs') is culturally significant due to the high esteem by which it is regarded by Rugby League supporters throughout New South Wales, Australia and New Zealand. It is one of the founding members and the most successful club in the history of Rugby League in Australia, winning the first premiership game in 1908, and subsequently, winning a total of 20 first-grade premierships – more than any other club has ever won to date. The value of the Rabbitohs to the community and their important contribution to the spirit of sport was clearly demonstrated on 12 November 2000, when an estimated 80,000 people marched from Redfern to Sydney Town Hall to protest against their expulsion from the National Rugby League. This rally, ensuing public campaigns and the massive groundswell of support from club supporters and the general public, are unprecedented in Australian sporting history.
- The South Sydney Rabbitohs have a long standing relationship with the indigenous community, with strong links to their heartland at Redfern. The Rabbitohs' emblem and the red and green colours on the club's jersey are symbolic to the indigenous community and widely recognised throughout Australia.

Membership and Supporter Base

- The Rabbitohs ranked #1 in Club Membership in 2009 having strengthened their Ticketed Membership to over 8,600 with over 15,000 Total Members in 2009, and count hundreds of thousands of fans that pledge their allegiance to the mighty Rabbitohs across NSW and Queensland.





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The Rabbitohs Community initiative Souths Cares

- The players and staff at Souths Cares have proven that they really do care about their communities, contributing over 1600 hours this year to communities across Australia, targeting the South Sydney district and Coffs Harbour area. Through Souths Cares, the charitable arm of the Club, staff and players have been involved in a number of initiatives based around the ethos of education, training and employment. Souths Cares main programs are Teachers Aide, Workplace Mentoring, Social Awareness Campaigns and Corporate Partner relationships. These programs have involved players from both the NRL Squads and Toyota Cup for which both groups have contributed a total of 1610 hours this year.
- At South Sydney, the players and staff have been delivering Healthy and Active Lifestyle, Numeracy and Literacy, as well as Aspiration building programs. They have also spoken at Careers Days about valuing education and making the most of opportunities. This has involved the players going out to Alexandria Park Community School, Green Square, La Perouse Primary and Matraville Sports High School throughout the 2009 season. They have also visited several schools in the Coffs Harbour Region. 2010 will see these programs further develop to include Anti Bullying, One to One Mentoring and players will undergo further training as Teachers Aides which will provide them with Certificate III and IV qualifications. Souths Cares has also developed a number of relationships with training and employment companies. Some of the Rabbitohs' NRL players have been attending aspiration building workshops and speaking to young jobseekers both indigenous and non indigenous about overcoming barriers to training and work. These messages include identifying support networks, finding appropriate role models, coping with peer pressure and valuing opportunities in the workplace. There have been a number of reports that illustrate the impact the players have had in this important area. As the profile of Souths Cares has grown, Souths Cares has been approached by a number of agencies to use our people for social marketing campaigns to raise awareness, support and funding where appropriate.

The Rabbitohs financial context

- The Rabbitohs have only this year (2009) managed to achieve a break-even financial position through heavy cost cutting and a growth in membership, after enduring losses totalling over \$6.5m across 2007 and 2008. The future corporate sponsorship environment is unclear, and for the Rabbitohs, the revenue generated from negotiated media rights is paramount.
- The Rabbitohs rely on the media rights revenues to not only fund the NRL team and Membership programs, but also to progress the good work that Souths Cares is doing in the community. There is much more our community initiatives can achieve; we simply can not provide the resources.
- Along with corporate sponsorship the NRL grant from negotiated media rights is the core source of revenue to support the Rabbitohs team and community operations. If it were to remain flat or decrease as a result of the next round of media rights negotiations, the results





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will be catastrophic, and will ultimately place in jeopardy the going concern of the Rabbitohs. Such a precarious financial position puts at risk a community icon that has been part of the fabric of South Sydney and Rugby League for over 102 years.

The Club position on the Anti-Siphoning Scheme

Taking into account the Rabbitohs future financial outlook, the Rabbitohs would like to put forward the following points to the review:

- While the Club accepts the rationale for the Anti-Siphoning Scheme, we believe the scheme ultimately diminishes media rights income for the game. This has a direct impact on the funds available from the governing body to the Rabbitohs. In turn, the Club is less able to fund the delivery of infrastructure and the community programs initiatives previously discussed.
- We are confident, irrespective of the existence of the Anti-Siphoning Scheme, that the enduring popularity of Rugby League will ensure a strong, continuing free to air (FTA) television presence. Any extension of the Anti-siphoning scheme will only lead to less competitive market conditions resulting in less funds to be negotiated from media rights.
- For this reason the Rabbitohs supports a reduction to the number of events on the Anti-Siphoning list. We do not consider it is necessary or appropriate to have any of the regular season NRL Premiership matches included on the list. We don't see such events as being within the limit of the meaning of "national importance." It is our belief that our Members would endorse this position. Furthermore, only three out of the eight Premiership matches are currently televised on FTA television each week.
- For the Anti-Siphoning Scheme, this will involve a revision to the criteria for inclusion of events on the list, an action the Rabbitohs support.
- The Rabbitohs do not support the relaxation of the current multi-channelling restriction. We are certain that in the event multi-channelling is permitted, there will be further and significant reductions in media rights income. Any reduction in rights income will be catastrophic for Clubs, threatening the already delicate financial balance we and most other Rugby League Clubs are in.
- FTA television is the primary platform of choice for our fans to engage with the game. However, new media platforms represent an important opportunity for the Rabbitohs to reach new fans, particularly young people, or communicate with existing fans in different ways. The Rabbitohs are increasingly reliant on these new technologies, having successfully leveraged our web presence to achieve the Membership numbers we have today, but are strongly of the opinion that these media remain complimentary to the traditional means of fans engaging with the game.

For this reason, the Club does not consider it is appropriate for the Anti-Siphoning Scheme





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to be extended to cover new media.

Summary

In the current climate and based on the delicate future financial state the Rabbitohs and all Rugby League Clubs will be facing, we cannot support any changes to the Anti-Siphoning Scheme that will reduce income flowing to the Rabbitohs and its community initiatives from media rights. It is important to note, and in contrast to many other Rugby League clubs, the Rabbitohs receive no financial support from Licensed Clubs. It is becoming increasingly apparent that recent changes to poker machine taxes and the introduction of non-smoking legislation is placing enormous financial pressure on Licensed Clubs and in turn the majority of Rugby League clubs supported by such operations. This flawed business model is highlighting a funding gap in the Game. It is fundamental to the existence of the Game, that the next round of media rights negotiations see a significant increase in the value of the Games media rights. We therefore support a reduction to the number of listed events, the retention of the multi-channelling restriction and the continued non-application of the scheme to new media platforms such as web based streaming or mobile.

Importantly, we do not consider these recommendations to have any negative impact for our Member and supporter base; indeed we are of the view that our Members would endorse this position; as it will give the Rabbitohs the best chance of medium to long term survival in the current market environment.

The Rabbitohs thank the Department of Broadband, Communications and the Digital Economy for the opportunity to provide input into the current review.

Yours sincerely,

Shane Richardson
Chief Executive
South Sydney Rabbitohs

Joe Kelly
Chief Financial Officer
South Sydney Rabbitohs

John Richardson
GM - Marketing
South Sydney Rabbitohs

