



Feasibility of the development of university sporting leagues - summary report

Ernst & Young with Crank Sports

Australian Sports Commission and Australian University Sport

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1. Executive summary

The Australian Sports Commission ('ASC') and Australian University Sport ('AUS') (together, "the Project Steering Group") have commissioned Ernst & Young to undertake a feasibility of the development of university sporting leagues in Australia ("the Project"). Ernst & Young sub contracted Crank Sports as part of the Project Team for the Project.

The genesis of the Project comes from AUS seeking to strategically reposition itself to pursue two main objectives:

1. Significantly improving the experience of students attending universities (and potentially attending Technical and Further Education (TAFE) institutions as well) through expanding participation in quality sport offerings from entry level to elite competition level; and
2. Significantly strengthening the linkages between school sport and sport played in higher education institutions and between the education sector and club-based organised sport administered by National Sporting Organisations ("NSOs") so that athlete and coach pathways are as seamless and articulated as possible.

The expected outcomes from achieving these objectives over time are a healthier, more community-spirited student body that is motivated to retain a positive life-long association with sport and, in addition, a larger talented athlete pool feeding into sub-elite and elite competition.

A key strategy in advancing these objects is the concept of Uni League home and away competitions. The Project examined the feasibility of university sporting competitions involving the target sports (being Basketball, Swimming, Cricket (Twenty/20), Rugby Union (Rugby 7s), Tennis, Netball, Football (Soccer), and Rowing) and as many participating universities as possible ("the Uni-Leagues").

1.1 Disclaimer

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1.2 Findings and recommendations

1.2.1 The landscape for Uni-Leagues

Through detailed desktop research, including of publications provided by the ASC and AUS, and consultations with the ASC and AUS, the Project Team obtain a detailed understanding of the landscape in which the Uni-Leagues concept is being considered.

The key findings from understanding the landscape for Uni-Leagues included:

- ▶ Key stakeholders in the process agree that there is merit in the ASC and AUS assessing the feasibility of the development of Uni-Leagues.
- ▶ Key internal stakeholders believe Uni-Leagues will address various issues including sport pathways, participation rates, recruitment of students, and enhancement of the student experience.
- ▶ Decisions about funding concerns (who will pay), structural issues (who will own the concept), garnering the support of NSOs and universities, and rules and regulations (athlete eligibility) will be integral to the establishment of Uni-Leagues in Australia (amongst numerous others).
- ▶ The passing of the *Higher Education Legislation Amendment (Student Services and Amenities) Bill 2010* (and thereby reversing Voluntary Student Unionism) could be critical for the establishment of Uni-Leagues in Australia.
- ▶ The British and South African models provide guidance for the development of Uni-Leagues, in that all eight sports under consideration form part of their competition schedule, the competitions are effectively for students only, there are a variety of formats in which the sports are played, and there exists commercial opportunities with university sport, including broadcasting of events and ticket sales.
- ▶ Given the scale and structural differences with the Australian market, care should be taken in using the National Collegiate Athletic Association (“NCAA”) model (i.e. the model in the United States of America) in designing the Australian version of Uni-Leagues.

1.2.2 Consultation with external stakeholders

In order to understand the views of Member Institutions (of AUS) and the target Sports regarding Uni-Leagues to better understand the feasibility of the Uni-Leagues concept, the Project Team, in coordination with the ASC and AUS designed and executed a detailed consultation process.

The key findings from the consultation process included:

- ▶ Consultations took place with ten Member Institutions and each of the eight target Sports for Uni-Leagues. Results of consultations confirm that Uni-Leagues competitions have the potential to:
 - ▶ Improve the experience of students attending universities; and
 - ▶ Expand participation through quality sport offerings.
- ▶ There is less evidence to enable a conclusion that Uni-Leagues could strengthen linkages between school sport and sport played in higher education institutions and between the education sector and club-based organised sport administered by NSOs so that the athlete and coach pathways are as seamless and articulated as possible.
- ▶ The Member Institutions consulted are well equipped to offer numerous sport and recreational opportunities to their students, and in some cases, the general public. They also focus on high performance sport (generally).
- ▶ For the greater part, the Sports’ links with tertiary institutions is through club sport. It is clear there is an opportunity to further leverage the resources of the tertiary institutions in relation to the sports sciences, other research capabilities, and provision of educational opportunities (amongst others).
- ▶ Football and Netball appear to have the best (positive) alignment between the Sports and the Member Institutions. Basketball, Cricket and Rowing are rated the next best of the designated sports. For the other sports, the NSO, the Member Institutions or both deemed a sub-elite Uni-Leagues concept featuring only enrolled students unlikely to be feasible.

- ▶ The Member Institutions appeared to favour Rugby, Basketball, Cricket, Football, Netball, and Rowing being included as part of Uni-Leagues.
- ▶ From the consultations (in particular with AUS and the ASC), the following ‘constraints’ were agreed (amongst others) to focus the concept development for each of the designated Sports:
 - ▶ Fundamentally the Uni-Leagues concept needs to be focussed on enrolled students.
 - ▶ The Uni-Leagues should not compromise the staging and timing of the Australian University Games (“AUGs”) (September) and Regional equivalents (“RUGs”) (Eastern, Northern and Southern University Games, staged in July).
 - ▶ Uni-Leagues teams should not compete with university sporting clubs on-campus for resources.
 - ▶ The Uni-Leagues should not be staged in the months of December, January and February given the tertiary campuses operate at a limited capacity during the summer holiday period. The Uni-Leagues should also not impact upon periods when exams are traditionally staged.
 - ▶ The Uni-Leagues should focus on enriching the student experience, whether that be through participating in the Uni-Leagues or consuming the Uni-Leagues by being a spectator or through some other medium.

1.2.3 Concept development

In order to investigate the feasibility of Un-Leagues competitions, the Project Team developed concepts for each of the eight sports subject to this Project

From the concept development work, the following recommendations for the Project were made:

- ▶ Based on a data scan of relevant information, consultations with key stakeholders, including the ASC, AUS, the Sports and Member Institutions, and concepts development by the Project Team for the eight Sports, the following conclusions were made to:
 - ▶ Proceed with business modelling for the following Sports:
 - ▶ Basketball and Netball (FastNet)
 - ▶ Concepts to be modelled for both Sports will include a regional home and away competition and a national home and away competition.
 - ▶ Do not proceed with business modelling for the following Sports:
 - ▶ Rugby, Cricket, Football, Rowing, Swimming, Tennis.

1.2.4 Business modelling

Critical to understanding the feasibility of the Uni-Leagues competitions was the development of business models for the two Sports identified for progression to this stage of the analysis. Further, consideration was given to the potential structure and governance of Uni-Leagues, and risks of setting up the competitions.

The key findings from the Project Team’s business modelling included:

- ▶ Business models for Basketball and Netball (FastNet) Uni-Leagues competitions, under both regional and national home and away formats were developed, with three years of cash flows (using low and high income scenarios).

- ▶ The regional format involves all 41 Member Institutions allocated to eight regions, with the regional champions meeting in a national finals series.
- ▶ The national format involves ten Member Institutions (indicatively chosen from around the country for the purposes of the modelling), with the two top ranking universities playing in a Grand Final.
- ▶ The funding gaps for the Uni-Leagues competitions were as follows:

Figure 1: Funding gaps for Uni-Leagues

Line item	Regional competition		National competition	
	Low (\$000s)	High (\$000s)	Low (\$000s)	High (\$000s)
Basketball	(7,903)	(6,406)	(4,078)	(3,550)
Netball	(6,419)	(5,282)	(3,188)	(2,748)

- ▶ The significant funding gaps needed to be bridged to enable Uni-Leagues to be piloted could be addressed by various means and sources including: NSOs, Government, commercial revenue streams, benefits from the Student Amenities Bill, Member Institutions and alumni donations.
- ▶ Given the work undertaken to date, it would appear that AUS will be best placed to manage the day-to-day operations of the Uni-Leagues competitions, including bearing the commercial and legal risks of running the Uni-Leagues competitions (as they do with the AUGs and RUGs).
- ▶ An indicative risk assessment of the Uni-Leagues competition has been developed, considering commercial, legislative and operational risks. A more comprehensive assessment should be completed prior to piloting the Uni-Leagues competitions.

From the business modelling, the following recommendations for the Project were made:

- ▶ The business modelling for Uni-Leagues indicates that the competitions could generate significant losses if piloted. The Project Team recommends that further investigation be considered by the ASC and AUS regarding the potential means to bridge the funding gap for Uni-Leagues before commissioning the actual competitions.
- ▶ That AUS is best placed to bear the commercial and legal risks of running the Uni-Leagues competitions.
- ▶ A detailed risk assessment is completed prior to piloting the Uni-Leagues competitions.

1.2.5 Other opportunities for Uni-Leagues

The Project Team's scope was added to mid-way through the Project to:

- ▶ Understand the appetite of the commercial / private sector for non traditional forms of the eight sports targeted in the Project; and
- ▶ Explore the benefits of designing Uni-Leagues for sports that appeal to the international student market.

The key findings of this work included:

More commercial sports concepts

- ▶ Given the funding gaps identified for Basketball and Netball Uni-Leagues based on applying more traditional formats, the Project Team developed concepts for each of the target Sports that amongst other things were:
 - ▶ Open to the masses (from both the point of view of participation and spectating), and able to generate high levels of spectator interest in an easily accessible location on-campus;
 - ▶ A knock out competition at lunch time over two weeks to crown the university champion; and
 - ▶ University champions to meet in a national finals series.
- ▶ The Project Team developed “more commercial” concepts for each of the target Sports.
- ▶ From a commercial perspective, there appeared to be a general lack of private sector support for the “more commercial” concepts proposed.
- ▶ Practically, there is no reason the ASC and AUS couldn’t develop competitions for the short-listed “more commercial” sports concepts to derive benefits such as increasing sports participation and enhancing the student experience.
- ▶ The potential funding gaps created by establishing the competitions would need to be addressed and considered in light of the potential benefits.

Opportunities to engage with international students

- ▶ Badminton and Table Tennis were identified as two sports that appeal to the international student market.
- ▶ Anecdotally, there would be support for a university sporting competition for both Badminton and Table Tennis from the NSOs, Member Institutions and students (including international students).

From the additional scope of works, the following recommendations for the Project were made:

- ▶ There is merit in further investigation of the potential piloting at least one of the short-listed “more commercial” sports opportunities.
- ▶ The ASC and AUS consider further investigation of Badminton and Table Tennis Uni-Leagues competitions.

1.2.6 Market research of students

Also an amendment to the scope of works, the Project Steering Group wanted to ensure that the views of tertiary students regarding the Uni-Leagues concept, and sport in general at university were incorporated into the feasibility of Uni-Leagues. Given this, a market research process was commissioned.

The key findings from the market research of students included:

- ▶ The research indicates that the sports with the largest base of sports participants to choose from are Football (soccer), Netball and Basketball.
- ▶ The target sports for the Project were well represented in the sports that respondents liked to play socially. The percentages fell and were evenly distributed when asked about playing the sports competitively.

- ▶ Sport and recreation is considered by the students surveyed to be important to the overall university experience.
- ▶ Students surveyed believe there should be greater opportunities to represent their university at sport.
- ▶ Acknowledging the little knowledge they would have on the concept of Uni-Leagues competitions, students surveyed do not see such competitions as a means to progress through the ranks of their chosen sport.
- ▶ Basketball and Netball (the Sports chosen for business modelling) are in the top six favourite sports to watch of students surveyed.
- ▶ Students surveyed indicate there is some willingness to pay to watch fellow students compete in Uni-Leagues.
- ▶ Students surveyed indicate there is some willingness to watch Uni-Leagues either on television or online.

Based on the market research of students, the following recommendations for the Project were made:

- ▶ That the market research undertaken of students be considered in any further investigations of the feasibility of piloting university sporting competitions in the mould of Uni-Leagues (whether that be in traditional or more commercial formats).
- ▶ Any further investigations could be supplemented with more targeted market research of students, alumni, and the private sector.

1.3 Questions regarding the Project

Specific questions regarding the conduct of the Project, its findings and recommendations should be directed to the Australian Sports Commission (Dr Robert Kidston, 02 6214 7001) or Australian University Sport (Mr Don Knapp, 07 3876 2610).

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