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Ms Susan Philp,  
Director Adjudication Branch,  
Australian Competition & Consumer Commission

Dear Ms Philp,

At the risk of flooding you with my submissions there is one matter in relation to FQ that has perplexed me. The structure of FQ, whilst it may be appropriate for a sporting body, is very different to a company structure.

A diagram of the structure is on their website.

I believe the FQ board is elected/appointed through a multi-tiered collegiate system. The board members are not directly responsible to clubs or players or even zones. The members of FQ Ltd are elected by and from zones and standing committees. Whilst zones consist of the clubs, they and players are totally divorced from this process. Zones do not usually consult clubs about FQ board elections or FQ matters more generally. The FQ board is separated from the clubs and players by three levels of collegiate voting.

Standing committees have varying degrees of activity. Few at a club level have a working knowledge of how these standing committees operate. It is unclear how often they meet or what rules govern their operation, or to whom they are responsible.

FQ board election results figures do not appear to be distributed or even available. I understand that at the most recent FQ annual general meeting fewer than ten people were present. The higher up this collegiate voting structure you go, the fewer the number of eligible people to nominate and vote. This culminates with the six board members who are finally elected by FQ Ltd appointing two more board members themselves i.e. 25% of the board is appointed by the board itself. In the end, a handful of people are able to exercise extraordinary power.

Such a structure is in jeopardy of being a self-perpetuating circle with little connection to the clubs and players who actually make the sport function every week.

In a corporate structure, the directors are responsible directly to shareholders, without any intermediary. Strict corporate governance requirements have to be met. Disclosure to shareholders of a wide range of information occurs. I do not believe this is the case with FQ.

Indeed, this multi-tier collegiate system of governance was outlawed for trade unions decades ago. Like FQ, unions are community/member-based organisations. Many traditionally used a multi-tiered structure for senior state and national governance bodies. This was outlawed because of concerns the senior governance bodies were too distant from, less accountable and less responsive to the needs of those who actually paid their subscriptions.

There are parallels with FQ.

In considering FQ's third line forcing scheme, the ACCC should have some regard to its governance structure. Its structure is unlike that of companies and corporations that the ACCC regularly deals with. FQ does not benefit from a direct relationship with those who pay football fees.

The responsiveness of FQ to issues in the game and its relationship with clubs and players would be very different if every club or player had a direct say in who was on the board, just as shareholders do in a company.

The absence of any direct line of responsibility between the FQ board and FQ Ltd on the one hand and those who actually pay fees and those who administer the game on the other hand, removes the usual internal counterbalancing mechanisms applying in a company. Add to this FQ's monopoly hold on the game and apparel suppliers and the situation is even less like that of a normal company.

All this places an additional responsibility on regulators such as the ACCC to ensure competition and fair trade operates to the benefit of consumers, businesses and the community, and in this case, the players who pay the fees and without whom there would be no game to administer.

Once again I thank you for your interest and look forward to your consideration of this matter.

Yours Sincerely

Hon Arch Bevis  
10 June 2011