

# The Sydney Morning Herald

## The Olympic monopoly and why it harms sport

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Publication: Sydney Morning Herald (8, Fri 20 Nov 2009)

Edition: First

Section: Business

Keywords: **Olympic (18), Australian (3), Committee (3), Olympics (7), AOC (2)**

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### OPINION & ANALYSIS

The howls of outrage from the **Olympic** movement over David Crawford's report into the future of Australian sport reflect the fact that Crawford has made some telling points in his analysis of how sport is funded in this country.

The report was described this week by the **Australian Olympic Committee** chief, John Coates, as poorly informed and an insult to past **Olympic** champions, but it is exactly what the Federal Government sought when it appointed Crawford to do the job: an analysis of sports funding from a business perspective.

And one of the things it highlights is the fact that Australian taxpayers are subsidising a global sporting franchise.

The winter and summer **Olympic** Games, usually thought of as the United Nations of sport, are actually the marketing face of an multinational empire that is based on invitation-only events that have a similar structure to Bernie

Ecclestone's formula one car racing franchise.

The Swiss-based governing body, the International **Olympic** Committee, is a private non-profit corporation and the master company in **Olympics** Inc.

It has outlets in almost every country - the **Australian Olympic Committee** headed by Coates is its branch office here - and through them it controls where its events will run, who its business partners for each **Olympics** will be and who will compete.

The revenue it captures is measured in the billions of dollars. Most of it feeds down to the "**Olympic** movement" but the route is labyrinthine and opaque - being a private not-for profit enterprise, the IOC publishes very little financial information - and most of the money is self-sustaining, in that it goes one way or another to entities that perpetuate the Games cycle.

It works like this. A tender process is used by the IOC to choose countries that will build facilities and host Summer and Winter Games. The host nation keeps the gate proceeds and the IOC collects revenue itself and in its subsidiaries from its exclusive ownership of the **Olympic** brand.

The IOC owns the rights to all **Olympic** symbols, including the five rings, and auctions the broadcast rights worldwide.

Out of the money it collects, it pays national **Olympic** organising committees and sporting bodies to stage the events, and bankrolls its network of subsidiaries around the world to select, send and fund national teams that compete in its invitation-only competition.

As I said, financial details are scarce but the IOC says that it distributes more than 90 per cent of the income it receives and it has been suggested that about 8 per cent of revenue is retained to cover expenses.

The Crawford report points out that, while this system perpetuates the **Olympic** movement, in this country at least it underwrites neither the production of the athletes who compete nor the national development of the sports they compete in. Most of the funding comes instead from the community at federal, state and local levels.

The key federal agency is the Australian Sports Commission, which runs the Australian Institute of Sport, and received about \$500 million in funding in the four years to 2008-09.

Over a similar period, calendar years 2005 to 2008, Crawford estimates the **Australian Olympic Committee** contributed only about \$33 million in direct support to **Olympic** teams, national federations, medallists and their coaches.

And almost all of the taxpayer money the Australian Sports Commission spends is **Olympics**-related. The Crawford report says that in 2007-08 for example, it distributed nearly \$90 million in grants to national sporting organisations: about 80 per cent of it went to **Olympic** sports, and 90 per cent of that went to "high performance" programs, in the AIS predominantly.

The IOC monopoly over the **Olympics** actually makes it more difficult for sports that see the Games as their pinnacle to raise funds independently.

The **Olympic** Insignia Protection Act 1987 gives the **AOC** perpetual control of the key **Olympic** symbols here and sports that compete at the **Olympics** must assign their games-related rights to the **AOC** for several weeks around each event, the period of maximum revenue collection.

Restrictions on local groups appear to be more stringent than those in other countries, including the United States, the Crawford report says.

The report applies business logic to other parts of the sports funding equation. It argues, for example, that the ASC's board should be restructured to reduce the number of sports personalities around the table and build its business expertise.

Further, it says support for sport needs to be nationally co-ordinated, rather than splintered among the states as it is now.

But the real nugget is the analysis of the way **Olympics** Inc has captured the dominant share of national taxpayer-funded support without returning money to the sports that underpin its vast sporting franchise.

The Crawford report's broader recommendation, that non-**Olympic** sports are being starved for funds and that government money needs to be spread much more widely, follows naturally from it: **Olympics** Inc is complaining. But it would, wouldn't it?