



## **The price of gold: Assessing Australia's elite sports funding**

### **An anti-climactic Olympics**

London, August 2012: Her race lasted fewer than 13 seconds but champion hurdler Sally Pearson had to endure an agonising minute of uncertainty before she was declared winner of the women's 100-metre final by a mere 0.02 seconds. Pearson's elation and relief were palpable as the widely-tipped favourite ascended the Olympic podium to accept her medal. That relief was shared by many team officials.

Overall, the Australian contingent had experienced a rather lack lustre campaign. Australia's medal tally was significantly down on the previous Olympics and by the time the Games finished, Australia would win 35 medals. Only seven were gold. This was compared to 46 medals in Beijing (14 gold). The team's relatively poor showing dominated Olympic coverage, in particular, the failure of several high-profile athletes to perform as expected. The Games were also marred by controversy including: the participation of disgraced athletes Nick D'Arcy and Kendrick Monk; reports of low morale and bullying in the Australian swimming squad; and rower James Booth's drunken vandalism.

Several public commentators saw the London Games as indicative of a deep malaise within elite sport and worried about Australia's capacity to remain competitive on the world stage. Others saw it as a blip and felt the media reaction was predictably and unnecessarily melodramatic.

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This case was written from published materials by Marinella Padula, Australia and New Zealand School of Government, for Professor John Alford as a basis for class discussion rather than to illustrate either effective or ineffective handling of a managerial situation.

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But some, both before and after the Games, questioned whether the pursuit of Olympic victory really warranted all the time, effort and money invested in it. Specifically, the amount of public money directed towards elite sport. Just prior to the Games, academic and Australian Institute of Sport founder Professor Brian Stoddart honed in on the difficulties facing decision-makers:

“The central policy issue, of course, is just how do we measure the public good benefits of investing in sport at this level? Everyone supports the idea of athletes performing well, but where to draw the line in a federal budget clearly now under enormous pressure, and likely to be even more so as the iron ore and coal milch cow starts to dry? And does it matter if Australia falls outside the top five?

Of one thing we can be sure: whatever the London athletic results, the follow up will either be that we succeeded because we invested, proving that we need to keep doing so. Or we failed because we did not get enough, proving we need more. Once again, the government will face a difficult choice of either combating or acquiescing to the Olympic pressure.”<sup>1</sup>

## Dollars and medals

Some observers hoped the medal shortfall would finally fracture what they saw as the unassailable orthodoxy that Australian sporting supremacy was both necessary and good. Yet it was far from the first time such thoughts had been aired. *The Future of Sport in Australia*, better known as *The Crawford Report*, was one of the most notable critiques. It was released in 2009 after the Federal Government appointed the Independent Sport Panel to investigate reforms to the Australian sporting system at the community and elite levels. Headed by eminent business leader David Crawford, the Panel advocated a substantial shift in how funding was prioritised and allocated.

One of the first issues facing the Panel, however, was determining exactly how much was spent and to what end. “Australia does not have a national sports policy or vision,” said the Report, “We have no agreed definition of success and what it is we want to achieve. We lack a national policy framework within which objectives for government funding can be set and evaluated. The absence of a definition of sporting success has led to a failure to collect meaningful data about the quality of Australia’s sport and recreation participation. This has inhibited an evidence-based approach to the development of sports policies and strategies.” It went on: “At the start of this review, the Panel asked some simple questions about the amount of money being spent by all Australian governments on sport, recreation and physical activity, and its impact. It was surprising to discover there is no current reliable information available to answer those threshold questions.”<sup>2</sup>

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<sup>1</sup> Stoddart, B. ‘Money well spent? The Olympic dash for taxpayers’ cash’ *The Conversation*, 18 June 2012, [www.theconversation.edu.au](http://www.theconversation.edu.au), Accessed September 2012.

<sup>2</sup> ‘The Future of Sport in Australia’ Australian Government Independent Sport Panel, November 2009, p.5.

The Panel's best guess was derived from 2000–2001 Australian Bureau of Statistics data which estimated that \$2 billion was spent on sport that year across the three tiers of government.<sup>3</sup> The Federal Government provided approximately 10 percent; state and territory governments contributed 40 percent, while local government supplied the remaining 50 percent. The bulk of local and state spending was dedicated to building and maintaining sporting facilities – facilities often used by a variety of private and public groups.<sup>4</sup> Support could also take many forms. For example, the historic boat sheds lining Melbourne's Yarra River occupied public land which was leased by the Council back to rowing clubs for a nominal amount.

As for the Commonwealth's contribution, spending on sport occurred across multiple departments and agencies, however, the bulk of funds were channelled through the Australian Sports Commission (ASC). The ASC was a statutory authority established in 1997 to promote and support both community-level and elite sport. The ASC worked with National Sporting Organisations (NSOs), schools and other agencies, providing resources, policy advice and education, amongst other services. A key component was the Australian Institute of Sport (AIS) – a peak training facility where select athletes from close to 30 sports (predominantly Olympic) prepared for national and international competition. The AIS was based in Canberra but delivered programs across Australia and at overseas training bases.

Opened in 1981, plans for the AIS emerged during the 1970s but momentum increased substantially after the 1976 Montreal Olympic Games. Only one silver and four bronze medallists graced the dais that Olympiad, motivating a more professional approach to elite sport.<sup>5</sup> By 2012, the Institute was providing scholarships to 700 athletes annually, which included specialist coaching and access to scientific experts.<sup>6</sup> Figures published in *The Age* placed the cost of the AIS Olympic campaign over the previous four years at \$310 million.<sup>7</sup> Almost \$40 million of that total went to the swimming program, while the AIS devoted more than \$90 million to athletics, cycling and rowing combined (*Exhibit A*).

Overall, the ASC spent in excess of \$200 million in federal government funds per annum; most being directed towards elite athlete development which included the AIS and its programs (*Exhibit B*). Of the money channelled into elite athletes, the majority went to those in Olympic sports. In 2012, the ASC awarded grants to more than 50 recognised national sporting organisations (NSOs) including Cricket Australia, the Australian Football League, Badminton Australia, the Australian Fencing Federation, Surfing Australia and the Polocrosse Association of Australia. Most grant money was directed towards the NSO's high-performance programs.

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<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> Later revelations about systematic doping amongst East German athletes, for example, would cast those results in a different light.

<sup>6</sup> 'History and successes' Australian Institute of Sport, [www.ausport.gov.au/ais/history](http://www.ausport.gov.au/ais/history), Accessed: January 2013.

<sup>7</sup> Johnston, C. et al 'What price medals?' *The Age*, [www.theage.com.au](http://www.theage.com.au), 11 August 2012, Accessed: January 2013.

However, not all high-level athletes were based at the AIS. Each state and territory also operated their own separate academies for high performance athletes and received both state and federal funds. Clubs and institutions such as universities were also involved in delivering high performance programs and received varying levels of government support.

## **Big investments**

Each prospective Olympian faced a long and arduous journey to make it to the Games, let alone an Olympic final. Most would never make it to selection. Research by the UK National Lottery – a significant contributor of funds to the London Games – found that surveyed Olympians would spend an average 10,000 hours training in the lead up to the Games and compete in seven international events per year.

This usually equated to six hours of training a day, six days a week. Respondents had typically been working towards their Olympic or Paralympic goal for 11 years and began participating in serious competition at an average age of 14.<sup>8</sup>

Some sports attracted sufficient funding and/or sponsorship to enable high-performing athletes to concentrate exclusively on training. A few Olympic sports, e.g. tennis and basketball, had professional leagues/circuits where players could earn an adequate, sometimes significant, income. However, many athletes had to rely on outside employment or private support to cover training, equipment, travel and general living expenses. These costs were often borne by the athlete's family who could devote tens of thousands of dollars as well as hundreds of hours to the cause each year.

Most Olympic athletes would enjoy a relatively brief tenure in the upper echelons of their sport; though successful and marketable Olympians could parlay their sporting achievements into other high-profile arenas. The rest had to return to “regular” jobs or study, usually after a significant absence. Although some relished the change, many reported a sense of deflation – irrespective of their Olympic results.<sup>9</sup> Some foundered without the discipline of regular training and the protective bubble provided by managers and assistants. Others battled chronic injuries – the legacy of sustained intensive training.

## **Value for money?**

In *The Future of Sport in Australia*, the Panel estimated the cost of each Beijing medal at roughly \$4 million each, or \$15 million per gold.<sup>10</sup> Sports academic James Connor put the cost of gold at \$16.7 million but claimed that the true figure was probably closer to \$100 million.<sup>11</sup> The Panel acknowledged that calculating the cost of medals and using them to quantify success was problematic but concluded that it was the only output that seemed to matter: “Olympic medal counts seem to be the one area where success is being defined and measured. No parallel

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<sup>8</sup> ‘Elite athletes spend 10,000 hours training for London 2012’ *Inside the Games*, [www.insidethegames.biz](http://www.insidethegames.biz), 18 November 2010, Accessed: January 2013.

<sup>9</sup> Berry, S. ‘Life after London: from green and gold to post-Olympic blues’ *The Age*, 21 October 2012.

<sup>10</sup> ‘The Future of Sport in Australia’ Australian Government Independent Sport Panel, November 2009, p.7.

<sup>11</sup> Bachelard, M. ‘Going for gold, but at what cost?’ *The Age*, 24 August 2008.

ambition has been expressed for community sporting participation where outcomes are not even measured.”<sup>12</sup>

The Panel also concluded that elite sports funding was too focussed on Olympic sports, particularly, individual sports as opposed to team-based sports since there were usually more medals to be won. This was despite the fact that several Olympic sports were yet to produce any medallists. Although the Report did not advocate cutting elite sports funding, it did suggest a revamp of priorities and questioned the wisdom of budget increases. Demographic shifts towards an older, more ethnically diverse and increasingly sedentary society prompted Crawford to question whether the government was really harnessing sport’s potential:

“The bias towards funding Olympic sports leads to outcomes that make little strategic sense for Australia. For example, more government funds are provided for archery than cricket which has more than 100 times the number of participants according to unpublished ASC data. Water polo receives as much high performance and Australian Institute of Sport (AIS) funding as golf, tennis and lawn bowls combined—even though these sports can rightly claim to be ‘whole of lifetime’ sports and significant contributors to the Australian Government’s preventative health agenda...Australians are very interested in what happens in cricket, golf, surfing—not to mention the various football codes. On what basis are these sports not equal claimants on the public purse?”<sup>13</sup>

The Report received a mixed reception upon its release. Recommendations to bolster community sport and physical education in schools were widely endorsed. However, suggestions that Australia merge state and national training institutes, focus on popular grassroots activities and formulate a more realistic definition of Olympic success were panned by many in the sporting community. (Though not by Australia’s major sporting codes (AFL, NRL etc) which welcomed proposals to rethink funding arrangements.) Australian Olympic Committee (AOC) head John Coates was particularly aggrieved, especially since the AOC and NSOs were in the process of seeking additional funds in the lead-up to the next Olympiad. They were successful but not as successful as they’d hoped and Coates feared for the future of Olympic sports that couldn’t attract outside funds: “The only sport (besides internationally popular sports such as golf, tennis and football) that attracts significant commercial sponsorship is swimming and that sponsorship is driven by their performances at world championships and Olympic Games.” he said.<sup>14</sup>

Prior to London, the Australian Olympic Committee was aiming for a fifth place world ranking, one up on Beijing. Australia eventually finished in tenth behind Hungary, France and Italy. Based on \$310 million AIS funding, each of the 35 medals won cost close to \$8.9 million. Former International Olympic Committee Vice President Kevan Gosper attributed the result to inadequate resources: “There was a suggestion that getting gold medals in the Olympic Games was too costly. Now that really cost us. You’ve got to put money in there. That pays for coaches, it pays for international competition. The money is the difference between silver and gold.”

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<sup>12</sup> Opcit, p.5.

<sup>13</sup> ‘The Future of Sport in Australia’ Australian Government Independent Sport Panel, November 2009, p.7.

<sup>14</sup> ‘Coates ‘pissed off’ by Crawford Report’ ABC News, [www.abc.net.au](http://www.abc.net.au), 18 November 2009, Accessed: January 2013.

According to Gosper, *The Crawford Report* had set Australia back “substantially” in the race for gold: ‘We’ve been down on the sort of financial support that we were accustomed to when compared with the financial support that’s coming through from other countries, particularly here in Europe. The fact is you do need more money in international sports and preparing if you’re going to compete with the world.’<sup>15</sup>

While he was resistant to Crawford’s suggestions that Australia scale back its expectations, for some critics it was not simply a matter of money but mettle. They pointed to countries such as New Zealand which had won a similar number of gold medals to Australia with far smaller populations and budgets. Writing anonymously in *The Guardian* one British swimming coach working in China attested to the power of determination. Although he acknowledged the vast resources at his disposal, he argued that attitude was what gave his athletes the edge:

“Chinese athletes train incredibly hard, harder than I can explain in words and as a coach who has placed swimmers on five different Olympic Games teams, I have never seen athletes train like this anywhere in the world. They have an unrelenting appetite for hard work, can (and will) endure more pain for longer than their western counterparts, will guarantee to turn up for practice every single time and give their all. They are very proud of their country, they are proud to represent China and have a very team focused mentality. Let’s also not forget that this is their only avenue for income; most do not study and sport offers them a way out or a way up from where they and their families currently live in society. If their swimming fails, they fail and the family loses face.”<sup>16</sup>

## Sports symbols

Yet for many commentators and members of the public, there were numerous direct and indirect benefits to fostering elite sport that well exceeded any outlay. “Olympics are our opportunity, as a nation, to celebrate our diversity of role models, particularly our women who are underrepresented in “popular” sports,” wrote Australian Rowing Team Captain Kimberley Crow after the Crawford Report’s release. “The magic of the victory of Cathy Freeman in the apparently un-Australian sport of athletics united us in a sense of community. Triumph above the odds, irrespective of the sport, imbues us with a sense of national pride that teaches us to dream and to strive for our goals. Striving for excellence is a valuable mind-frame, on and off the sporting field. There are tangible benefits to Olympic success too. Countless political leaders have alluded to the value-adding nature of Australia’s success on the Olympic stage to our international status and business opportunities. Furthermore, Olympic success encourages young people to take up sport.”<sup>17</sup>

But in the wake of London’s disappointments, dissenting voices piped up. The popular image of brave athletes sacrificing all for national glory was skewered by one Fairfax columnist: “Haven’t these Olympics dismantled one of our favourite national myths – that our ‘selfless’ athletes ‘do it

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<sup>15</sup>‘Government funding cuts cost Australia gold: Gosper’ ABC London 2012, [www.abc.net.au](http://www.abc.net.au), 6 August 2012, Accessed: January 2013.

<sup>16</sup>‘Chinese athletes at these Olympics train harder than any in the world’ *The Guardian*, 31 July 2012.

<sup>17</sup> Crow, K. ‘Sport report undervalues a proud Olympic tradition’ *Sydney Morning Herald*, 18 November 2009.



for Australia?’ ...How many people get the taxpayer-funded opportunity to put their adult life on hold, cocooned in a state of arrested development while they fly around the world chasing a dream? Attend an Olympic opening ceremony? Compete in a final? Win a medal?’<sup>18</sup> UNSW sports researcher Dr James Connor went further, claiming there were issues with both what Olympic funding delivered (or failed to) and the values it represented:

“What do we get for our investment? National pride, if you believe in that sort of thing — and a plethora of commentary on how great at sport we are and how we ‘punch-above-our-weight’. Politicians of course love it — photo opportunities abound. A more difficult question is that of their worth as role models — do we really want our kids looking up towards elite athletes and aspiring to be that? Aspire to break another’s jaw, threaten officials, take drugs at the worst end of the spectrum and endanger their health through over-training at the best?...The biggest cost is the message this sends about what is important: sport before science or art. You can be the elite of sport and get a fully funded scholarship to the AIS, with access to the very best sports science and facilities we as a nation can buy. And the best bit is you never have to pay a cent back — unlike our future doctors, nurses, teachers and scientists...Sport at the elite level is a very expensive, commercialised and professional activity — just remember — it is your tax dollars up on that podium.”<sup>19</sup>

Some critics argued that resources were better spent on essential public services, while others suggested putting more money into areas such as the arts which had the potential to produce works of lasting value. They also pointed to the dearth of evidence on elite sport’s much-touted benefits – a topic previously addressed by the Independent Sport Panel:

“Importantly, the Panel can find no evidence that high profile sporting events like the Olympics (or Wimbledon or the Australian Football League (AFL) Grand Final) have a material influence on sports participation. So if sports are to be funded in part to encourage wide participation, some priority should be given to those sports played throughout the country and even more so to those that engage their participants through their lifetimes.”<sup>20</sup>

“Participation in some sports did lift around the Olympics but the effect was characteristically short-lived. There was little to suggest that elite sporting events benefitted the community economically either. “It is, however, an unfortunate statistic that, almost without exception, studies that forecast the economic benefits of stadium construction and mega-events prior to that event predict large gains, and studies which evaluate the benefits after the fact reveal losses, or at best modest gains. Examples from a long list include the Sydney Olympics and the 2006 World Cup in Germany,”<sup>21</sup> wrote economist John K Wilson. “There are beneficiaries to all of this however. Most grounds are built to host professional team sports, which yield the majority of gate receipts and associated TV rights deals. Indeed, in an industry which should be otherwise profitable, it is hard to see why the public should fund these stadiums anymore than they would

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<sup>18</sup> De Brito, S. ‘Athletes don’t ‘do it for Australia’ *The Age*, 12 August 2012, [www.theage.com.au](http://www.theage.com.au) , Accessed September 2012.

<sup>19</sup> Connor, J. ‘What price gold? Tallying up Olympic success’ *Crikey*, 26 July 2012, [www.crikey.com.au](http://www.crikey.com.au), Accessed September 2012.

<sup>20</sup> ‘The Future of Sport in Australia’ Australian Government Independent Sport Panel, November 2009, p.7.

<sup>21</sup> Wilson, J.K. ‘How much do we really gain from the money we spend on sport?’ *The Conversation*, [www.theconversation.edu.au](http://www.theconversation.edu.au), 21 July 2011, Accessed: January 2013.

fund the construction of a new department store.”<sup>22</sup> In the years following *The Crawford Report* there had been a greater effort to link ASC funding to community sport objectives and measurable outcomes. However, the AIS’s stated goals seemed little altered, save for a commitment to promoting better governance within sporting organizations and deploy funding more efficiently. *Australia’s Winning Edge*, the ASC’s post-London high-performance sports strategy for 2012-2022, stated that the Institute was still aiming for Top 5 Olympic and Paralympic results, claiming that Australians expected to retain their pre-eminent position in world sport.<sup>23</sup> According to the strategy, this was not only important for national pride but because of elite sport’s contributions to economic development and grassroots participation.<sup>24</sup> With regard to the latter, however, there was still some way to go. Almost 67 percent of Australians in 2011-2012 reported taking little-to-no exercise during the week prior. Though this was a small improvement on previous years, the proportion of overweight or obese adults continued to rise, climbing from 61.2 percent in 2007-08 to 63.4 percent in 2011-2012. The prevalence of excess weight or obesity amongst children aged 5-17 remained stable at 25.3 percent.<sup>25</sup> Meanwhile, after the London Games, further revelations emerged regarding poor conduct in the Australian swimming team, prompting an inquiry. A few months later, the Australian Crime Commission released a report examining match-fixing and banned substance use within Australia’s major sporting codes. Several prominent clubs and players were implicated, casting a sinister shadow over the notion of healthy competition.

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<sup>22</sup> Ibid.

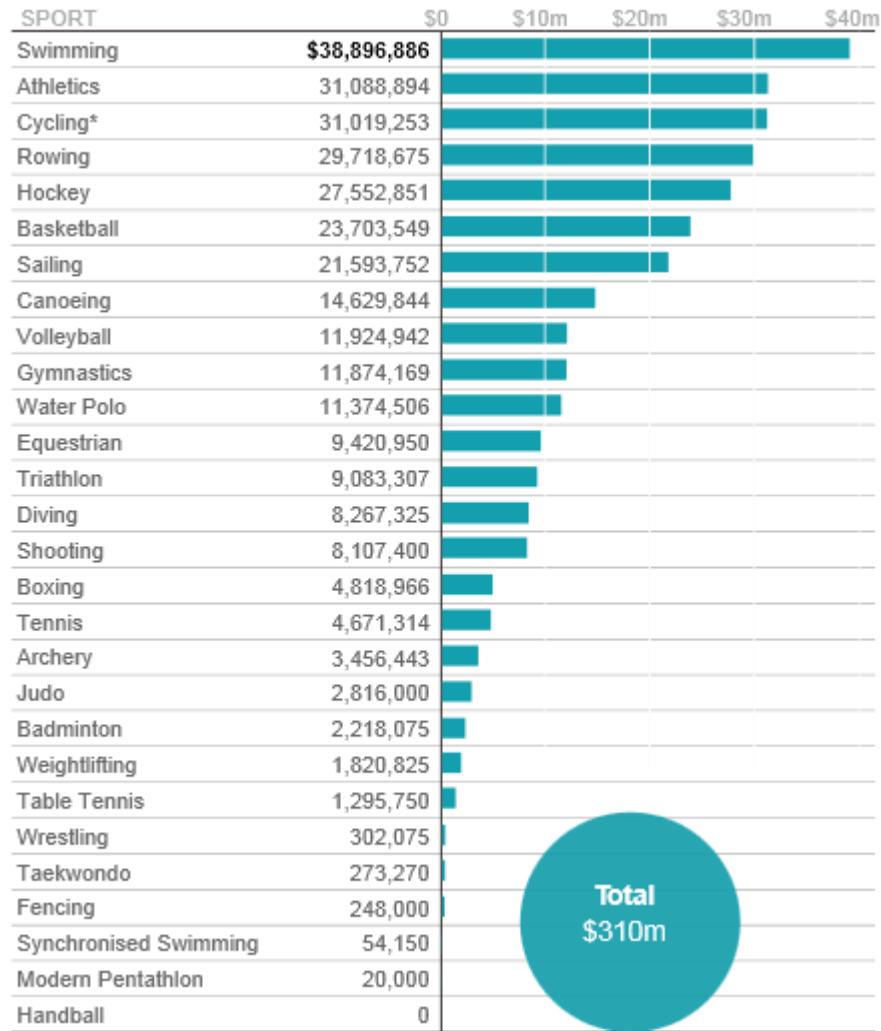
<sup>23</sup> ‘Australia’s Winning Edge 2012-2022’ Australian Sports Commission, November 2012, p.2.

<sup>24</sup> Ibid, p.3

<sup>25</sup> ‘Australian Health Survey: First Results, 2011-12’ Australian Bureau of Statistics, [www.abs.gov.au](http://www.abs.gov.au) Accessed: January 2013.



## Exhibit A: Australian Institute of Sport – Spending by Sport



\*Cycling total includes \$2,561,075 for BMX.

Source: The Age, [www.theage.com.au](http://www.theage.com.au), Published: 11 August 2012, Accessed: October 2012.

## Exhibit B: Australian Sports Commission Expenditure 2008-2012

	2008-2009	2009-2010	2010-2011	2011-2012*
<b>National sport system development \$'000</b>	85,509	88,694	113,020	117,367*
<b>National elite athlete development \$'000</b>	163,919	159,539	195,315	188,465*
<b>Estimated actual expenses - total \$'000</b>	249,428	248,233	308,335	305,832*

\*2011-2012 figures based on budget estimates.

Source: Australian Sports Commission, 'Budget Statements' <http://www.ausport.gov.au/about/publications>

Accessed: January 2013.