

## **John McMillan: Sales pitch brings risks for rugby**

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Pele, the great soccer player, a few years ago campaigned for a change in the ownership of Brazil's soccer clubs. The owners ran the clubs as their personal fiefdoms. Corruption was rife. There were accusations that the clubs bribed referees, and even that the clubs were conduits for laundering the profits from drug trafficking.

Despite Pele's prestige and position - he was at the time the minister of sports - the clubs mustered enough support in the Congress to kill his proposed reforms.

The New Zealand Rugby Union, according to a recent news report, is thinking about privatising the Super 12 teams. In what would be the biggest shake-up of rugby's administration since the game turned professional in 1995, the union envisages selling the teams for \$5 million to \$8 million each. If enacted, this proposal would bring to New Zealand rugby, in effect, Brazil-style ownership.

Private ownership of sports teams is the norm in the United States. The experience there, while less extreme than in Brazil, does not exactly provide a strong case for having teams owned by millionaires.

The system works to the advantage of no one but the owners. The fans suffer. Players are bought and sold with no regard to fan loyalties, and teams move from city to city at the owners' whim. Coaches, fearful that they will be fired if their team suffers a few losses, impose risk-free, boring tactics.

The team owners play their cards close to their chests. They are reluctant to reveal their revenues, for fear of weakening their bargaining position vis-a-vis player salaries. Secrecy is needed also for their dealings with the cities in which they operate.

In 1991 the Texas Rangers baseball team, recently acquired by a new set of owners, threatened to move out of the city of Arlington, ending baseball there, unless the city built a new taxpayer-funded stadium and granted the team the rights to use it in perpetuity. The city caved in, increasing its sales tax to generate the US\$191 million to pay for the stadium.

One of the owners, having paid US\$600,000 for his stake, sold it for US\$15.4 million. This happy owner was budding politician George W. Bush.

In England, the elite rugby clubs are owned by millionaires. The outcome is hardly an advertisement for privatisation.

The club owners have engaged in nonstop bickering with the Rugby Football Union, England's governing body. Most of the clubs are reportedly not covering their operating costs, because, they claim, of the high salaries they are paying their players - which would seem to be an admission of their own business ineptitude.

A better model for team ownership than English rugby, arguably, is English soccer. About 19 English soccer clubs are stockmarket-listed companies. The shares in teams such as Manchester United, Tottenham Hotspur and Newcastle United are publicly traded.