

Game on: The two major football codes continue to grow

By Tommy Wu

The battle between Australia's two largest football codes is supporting the Sports Administrative Services industry.

Organisations in the NRL and the AFL reported strong profit results for the year ending October 2018

The two largest football codes in Australia are continuing to battle it out in their expansion war. New broadcast rights contracts, along with significant investment in stadiums and participation, have contributed to the Sports Administrative Services industry's growth. Industry revenue is expected to grow at an annualised 7.8% over the five years through 2018-19, to \$6.0 billion.

The AFL recorded a solid result for the financial year ending October 2018. A large part of the league's solid revenue growth was due to a continued rise in broadcasting and AFL media revenue, with the league's commercial operations also supporting its performance over the year. On the other hand, the NRL's new broadcast deal with Nine, News Corp, Fox Sports and Telstra kicked in during the 2018 season, which boosted the NRL's broadcast revenue by 54.2%. In comparison, the AFL only recorded 2.7% growth in broadcast revenue, although the AFL's new broadcast contract took effect back in 2017. The AFL's broadcasting rights deal still surpasses the NRL's, at \$2.5 billion over six years compared with \$1.8 billion over five years.

Both football codes recorded a strong profit for the financial year ending October 2018. The AFL's profit was bolstered by growth in its broadcast revenue and a successful 2018 finals campaign. Likewise,

the NRL's profit was boosted by its new broadcast deal and a rise in revenue from corporate partnerships.

Distributions to community facilities increased significantly for the AFL as the league sought to boost participation at the grassroots level. The league also increased expenditure on marketing in New South Wales and Queensland, which is the NRL's traditional heartland. The AFL also boosted expenditure on promoting female participation and the women's game, which was highlighted by the record-breaking crowd of over 53,000 at the AFLW final.

In contrast, the NRL's spending on development stagnated as they revised and launched their new participation strategy in 2018. With the exception of women's rugby league development, the NRL's development spending declined from the previous year.

The AFL has typically placed a greater emphasis on in-person attendance. This emphasis contrasts with the NRL, which tends to be more TV friendly. The AFL has introduced several initiatives to boosting crowds over the past five years. These initiatives have included reducing food and drink prices in Melbourne, and building and redeveloping stadiums and facilities in Perth, Sydney and Adelaide. In addition, the AFL acquired the Docklands Stadium (also known as Marvel Stadium) in October 2016, with the AFL and Victorian Government

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announcing plans to upgrade the stadium. The AFL has continued to record growth in attendance numbers for both its home and away season and finals series over the past five years. This rise in attendance has occurred as clubs with larger followings, such as Richmond, West Coast and Collingwood, have enjoyed on-field success over the past two years.

Despite the AFL's strong performance, the NRL has also been promoting its membership offerings in recent years, and has recorded membership records and growth. In contrast with the AFL, which has built its membership base since 1984, the NRL has only placed an emphasis on promoting its membership base since 2013 and 2014. Several new stadiums and developments used by the NRL will be

completed over the next five years, including the Western Sydney Stadium, the Sydney Football Stadium rebuild and the Stadium Australia refurbishment. While these new stadiums and redevelopments are not anticipated to increase crowds significantly in the NRL, they will likely provide a boost to other sports that use these facilities. These developments are forecast to support the Sports Administrative Services industry's continued growth over the next five years.

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