COMMERCIAL OPERATIONS COMMERCIAL OPERATIONS



In September of 2004, a landmark decision was made by SANZAR to expand to a Super 14 and extended Tri Nations series from 2006.

Following the landmark success of Rugby World Cup 2003, the year 2004 represented a return to "business as usual" for the Commercial Operations division. However, for a range of reasons, it was an extraordinarily busy and active period.

On the SANZAR front, agreement was reached with our SANZAR partners to extend both our Joint Venture for a further five years and to expand our major tournaments – the Bundaberg Rum Rugby Series/Tri Nations and the Tooheys New Super 12. In late 2004, Perth was awarded the new team in the expanded Super 14 tournament, and importantly, our

broadcasting rights from 2006 onward were sold in our key SANZAR and UK territories to News Limited and Supersport. We take this opportunity to thank both News Limited, particularly Mr Peter Macourt, as well as our broadcast partners, Channel 7 (through CEO David Leckie) and Fox Sports (through CEO David Malone), who both continue to provide strong support to Rugby in Australia.

Our family of sponsors changed considerably during the year, with Qantas taking up naming rights of the Wallabies and two new partners, Telstra and Suncorp joining up. We thank departing sponsor Vodafone for their support of Rugby over a long period.

During the year we also extended Canterbury International's sponsorship and licensing arrangement for a further five years and Tooheys New commenced their sponsorship of the Super 12 tournament. Joining Bundaberg Rum, Ford, Coca-Cola and Beringer Blass, our new and extended group of partners continue to provide valued support to Rugby in Australia. Ed Flitcroft, our Head of Sponsorship and his team of account managers deserve particular

credit for their capable management of our sponsorship portfolio.

As evidenced by the successful conduct of Rugby World Cup, the ARU has developed a core competence in delivery of world class sporting events and our Events & Operations team led by George Perry and supported by lan Alker, Frances Travers and Tricia Armstrong continue to manage and deliver events and functions of exceptional quality and value.

During the year, the ARU also took a major decision to bring our sales acquisition activities in house. These were previously undertaken by IMG, who we thank for their service over the last 10 years. Sports & Entertainment Limited (SEL) has been appointed to support us with strategic advice as we build our internal sales capacity.

Finally, I would take this opportunity to thank all of the staff of Commercial Operations who continue to put their heart and soul into the ARU and the game of Rugby. Like other staff at ARU, we all share a passion and love for the game and our staff work extremely hard, often sacrificing weekends and nights to deliver our objectives.

The John Eales Medal Dinner was one of many highlights of the Hospitality calendar. Getty Images

SANZAR EXPANSION

In September of 2004, a landmark decision was made by SANZAR to expand to a Super 14 and extended Tri Nations series from 2006. To manage this major step in the history of southern hemisphere Rugby, the SANZAR partners confirmed the strength of their relationship by extending their Joint Venture through to 2010.

The decision to expand Super 14 reflects the strength and popularity of the tournament, which has grown 67% in crowds since the series began in 1996. Super 14 Rugby will deliver 38% more matches than Super 12, with a total of 26 matches being played in Australia, plus any Finals – all up, 52 matches involving Australian teams.

The Tri Nations series delivers sell-out crowds year in and year out, and the addition of a third round creates a very exciting competition. Australia will now host two of three Bledisloe Cup matches in alternate years, which will thrill fans across Australia.

The additional content is welcomed not only by fans, but is also highly valued by broadcasting and sponsorship partners of the ARU.

BROADCASTING RIGHTS

Just before the close of business for the year, SANZAR secured an historic US\$323 million, five-year broadcast rights agreement with News Limited and South Africa's Supersport. The agreements include broadcast rights for the three SANZAR countries as well as the UK and Ireland from 2006 until 2010.

With an additional US\$25 million expected from the sale of the rights in the rest of the world, SANZAR will receive 25% more annually than the average of the last current 10-year agreement.

This level of interest from key broadcasters confirms the success of SANZAR in presenting Rugby matches that have excited broadcasters and delighted Rugby fans and television audiences.

The agreement secures the financial future of Rugby in Australia, both at an elite level, allowing us to expand Super 12 and the Tri Nations series and at a grassroots level enabling us to fund the continued growth of the game.

CORPORATE HOSPITALITY

The ARU's Corporate Hospitality division continued to perform very well in 2004, with record financial returns and more than 12,500 Test match dining packages sold, generating more than \$5 million.

The ARU appointed five agents for the 2004 season:

- IMG (exclusive on-site agent and off-site).
- Southern Cross Sports Management.
- Corporate Sports Australia.
- John Eales 5.
- Match Point.

All hospitality options were popular, with packages ranging from in-stadium fine dining to the cocktail-style Wallaby Gold Bar and relaxed, informal boat parties.

The ARU also conducted a series of dinners over the season including recognising the achievements of all players at Super 12 level with the Tooheys New Super 12 Awards in May and, in conjuction with the Players' Association, the John Eales Medal Dinner at a glittering function in Sydney in October.

Our long-term objective of awarding Test caps to every Wallaby was concluded at the John Eales Medal Dinner, with players from the 1990s receiving their caps. It is tradition that a Wallaby receives his cap on debut, however, for reasons unknown, this practice ceased from the mid-1930s until the mid-1990s. The ARU commenced the project to retrospectively cap Wallabies at the John Eales Medal Dinner in 2002, starting with the Wallabies from the '30s and '40s, and has worked its way through the decades until the 1990s Wallabies were awarded their caps.

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CORPORATE HOSPITALITY continued...

2004 also represented 20 years since the 1984 Wallabies completed their historic Grand Slam by defeating England, Ireland, Wales and Scotland on the one tour. To celebrate this occasion, the ARU hosted the third annual Tom Slack Dinner in November at the Sydney Convention & Exhibition Centre, with the theme being the reunion of this mighty team. The Prime Minister, the Hon. John Howard, 24 of the 32 Grand Slam Wallabies and coach Alan Jones attended the night. Those who could not join the reunion were reunited by video or telephone links.

The Tom Slack Dinner is held in memory of the son of Grand Slam-winning captain Andrew Slack and his wife Caroline. Tom Slack died of cancer in 2000, aged 11 and proceeds from the night are forwarded to organisations dedicated to finding a cure for cancer. The night raised more than \$180,000 for the Queensland Institute of Medical Research and the Cure for Life Foundation.

SPONSORSHIP

The sponsorship program in 2004 saw a number of our corporate partners capitalise on the previous year's successes and the increased awareness and popularity of Rugby. This was demonstrated by a continuation of the leverage campaigns and joint initiatives set in motion by the momentum of Rugby World Cup. The year also brought with it a host of new sponsors, whose innovative activities and campaigns exposed the game to an even greater audience.

Bundaberg Rum, in their fifth consecutive year as an ARU sponsor continued their widespread support of Rugby, ranging from senior grassroots to the elite levels of

In the first half of the year, Bundaberg Rum's retail campaign supported all three Australian provinces during the Super 12 season and featured giveaways including team branded beanies and scarves. This support carried through to the Bundaberg Rum Rugby Series and our national team, the Wallabies, with substantial promotional activities including free rugby supporters t-shirts and jackets. Other nationally-

focused initiatives included the use of Wallaby imagery in a national TV campaign supporting Rugby and mateship.

Bundaberg Rum's support also extended to the grassroots of the game, with senior rugby clubs being provided with co-branded Bundaberg Rum collateral to assist their fundraising efforts.

Qantas was announced in 2004 as the Wallabies naming rights sponsor, bringing together two 'marquee' Australian brands. Immediately, Qantas began leveraging their sponsorship by introducing 'money can't buy' opportunities to its Frequent Flyer program, including exclusive access for 10 Frequent Flyers to each Captain's Run, with a tour and commentary from former Wallaby captain John Eales. Additionally, 50 lucky Frequent Flyers at each Australian Test enjoyed a dressing room and field tour on match day, also led by John Eales.

Canterbury, the official apparel sponsor of the ARU continue to outfit the Wallabies in high quality playing gear, at the same time ensuring the Wallaby jersey maintains its iconic status.

sponsors in 2004. In the banking/credit card category, Suncorp has supported its sponsorship of Australian Rugby at all levels of Rugby, from hosting a Fan Day at Suncorp Stadium (involving high profile Wallabies conducting training clinics for kids), to the introduction of the Suncorp Official Wallabies Visa Card, which enjoyed great results. The card gives holders a "window to the Wallabies" and offers great incentives and rewards including tickets to matches and signed merchandise. Suncorp also marked their inaugural sponsorship with two new television commercials - "Tails" and "Change" and initiated an extensive hospitality program

The ARU also welcomed two other major

to more than 1,200 of its key business partners.

The year 2004 marked the first year Community Rugby has been sponsored, with Telstra taking up this position. Its sponsorship included the naming rights to the Telstra Volunteer Recognition Program, Telstra TryRugby, Telstra SmartRugby, the Telstra Australian Rugby Shield and the Telstra Australian Women's Invitational tournament.

The company's support for grass roots Rugby included launching the Telstra Rugby Union Assistance Fund, designed to assist Rugby clubs in NSW, Queensland and the ACT to access subsidised rugby and medical equipment and regional coaching clinics for kids featuring Wallaby players.

Support for junior grass roots Rugby fed through to Test matches, with precinct activities and promotions in support of Telstra Walla and Mini Rugby, which was played at half-time at each of the Tests in 2004.

A long-time sponsor of the ARU, Tooheys New started 2004 as its first year as naming rights sponsor of the Super 12 competition. Tooheys New were very active in all areas of the marketplace ensuring the competition was well supported. Some of the features of their leveraging activity included on-premise "Bet a Mate" Tooheys New coasters, supported by point of sale collateral, whilst off-premise, their 30-can packs were fully branded with the competition logo and Super 12 imagery.

The value of sponsorship in Australian Rugby and the Wallabies is reflected in the increasing use of Wallabies in sponsors' advertising and promotions, with a number of our sponsors using Wallabies in advertising campaigns during the season.

Ford's promotional activity focused on activity at Test match venues, with Ford

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moving towards a more interactive approach to engage the Rugby supporter. A Rugby field was recreated with three Ford Falcons, a pass the ball competition gave passersby the chance to test their skills and fans could have their photo taken with a cut out of Phil Waugh to go into the draw to win a signed Wallabies jersey.

Other Ford highlights included the Ford Wallaby V8 race day at Eastern Creek, which gave six Wallabies the chance to test their driving skills against Ford's V8 drivers and the V8 race at Bathurst, with Phil Waugh and Stephen Larkham attending as guests of Ford.

Another sponsor leveraging highlight in 2004 was Coca-Cola's "It ain't over til it's over" brand positioning to accompany their new Powerade campaign.

The Suncorp Official Wallabies Visa Card was launched in 2004.

Whilst we welcomed a number of new sponsors in 2004, several other sponsors re-signed with the ARU including Beringer Blass, further highlighting the value of the Wallabies brand.

Finally, we would like to thank our departing sponsors, Ricoh and Sony for their uncompromising support and valued contribution shown during their many years of association with the ARU and the Wallabies.



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LICENSING

It was assumed 2004 would be a tough year for licensing, coming off the back of a massive year in 2003. There was a general perception that the marketplace had been flooded and that everyone who wanted to purchase a piece of Wallabies merchandise certainly would have done so during Rugby World Cup. It was anticipated that licensees would be facing a challenge to maintain the oversized share of shelf space within retail we had become accustom to during 2002/03, however, with hard work and determination we continued to maintain the upward momentum in merchandise sales which began in 2000, generating revenue of more than \$2 million in 2004.

The change in Wallabies naming rights meant that there was a need to clear the market of both the old jersey and the RWC clean jersey, giving the marketplace the subtle rest and revision it required. When the new Qantas Wallabies jersey came into stores in May, it had a strong sell in, which was surprisingly only 14% down on 2003. This proved the steady confidence retailers have in the Rugby brand they now know so well.

The licensing portfolio reached a peak during RWC with 42 licensees; the size of our program simply cannot maintain this number in a normal year and was streamlined slightly with a few licensees ending their term with us. To this end, we would like to thank Keith Gamble, Playcorp, Ozcorp, Jatek and The Ink Group for their enormous efforts and continued support.

Despite the downsize, there were a few new licensees who joined the ARU in 2004, most filling in gaps left by previous licenses whose contracts had expired. They were Trofe (pins), My Dream Game (personalised children's book), ESP (posters, cards, calendars) and Papermoon (souvenirs and accessories).

The cornerstone of the licensing program remains the replica Wallaby jersey, a product for which our lead licensee Canterbury continues to grow the market with great success. This product now reaches into all corners of the market, with the popular women's cuts including a summertime sleeveless option. The latest addition in the jersey range is the Wallabies baby playsuit replica.

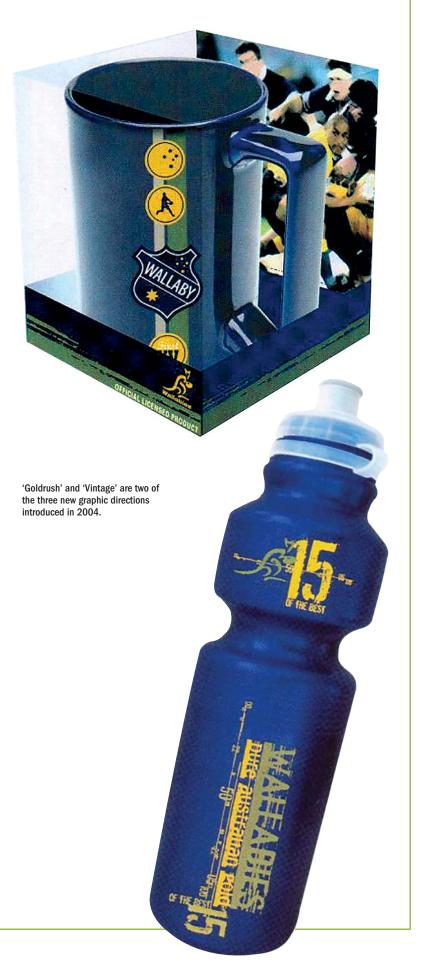
The Wallaby Bar in Sydney's Cockle Bay remains a popular nightspot for the 18-20 set, with up to 3,000 people going through the doors on a Saturday night.

Our Rugby mascot, Wally, was reincarnated with some very cute new poses to illustrate the EdRugby program, where he does much of his work educating the younger fans. The poses feature him as a reporter, at a computer, as a teacher and as a supporter.

An exciting new step taken by licensing this year was to develop some graphic artpacks to revive the gold Wallabies product and give it a fashionable edge. Three separate graphic directions were created – 'Goldrush' and 'Vintage' for midupscale products and 'Pride of the Nation' for mass-market products, which retail through discount department stores.

The Australian Rugby mascot Wally was made over to complement the EdRugby program.





EVENTS & OPERATIONS

In 2004, six Test matches were conducted across the country, with history being made with the Wallabies returning to the historic Adelaide Oval. To add to the occasion, it marked the first ever Test against the Pacific Islanders, a combined side featuring the best of Fiji, Samoa and Tonga, with profits from the Islanders' tour being invested in the future of Pacific Islands Rugby.

In addition to the Pacific Islanders' match, Test matches were also held against Scotland (in Melbourne and Sydney), England (Brisbane), South Africa (Perth) and New Zealand (Sydney).

The Events & Operations department continued to provide event management services to NSWRU, conducting all of the Waratahs' Super 12 and inbound fixtures in 2004.

The Test matches were managed well, with the added ability to use some of the operational "legacies" generated from the Rugby World Cup.

Event presentation continues to be an important component of the match day activities. These were again conducted with Great Big Events and included entertainment from some well-known entertainers including Troy Cassar-Daley.

We are fortunate to work with some of the best contractors in the country and we extend our appreciation to all of the ARU's contractors, but particularly Great Big Events and Sports & Outdoor Media for their contribution in 2004. Match day volunteers are also important to the success of the Test match operations and we thank all of them for their valuable time.

TICKETING & MEMBERSHIP

Attendances at the Test matches in 2004 were again very strong, averaging just fewer than 50,000. While the Bledisloe Cup was a sell-out again, matches against South Africa (Subiaco Oval, Perth) and England (Suncorp Stadium, Brisbane) were also sold out prior to match day. The 56,143 attendance for the Test against Scotland at Telstra Stadium was a record for an Australia v Scotland Test in Australia, and for the first time in 2004, public transport was included in the ticket price for Sydney Test matches.

The Wallaby 1st Membership program continues to be run efficiently, providing excellent service to our 1,500 Wallaby 1st Plus and 2,000 Wallaby 1st members, whom we thank for their continued support.

In addition to the ticketing for domestic Test matches, the Ticketing & Memberships department was also able to make available tickets for the Wallabies Spring Tour of the UK and France to ex-patriots living in the UK, enabling strong support for the team.

The Ticketing & Memberships department also provided support to NSWRU, conducting ticketing and membership operations for all Waratahs' Super 12 and inbound fixtures in 2004.

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