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A. Subject coordinator

Jeff Borland
Room: 428 (Business and Economics building, 111 Barry Street)
Email: jib@unimelb.edu.au
Phone: 8344-5294

To access the subject LMS site:
http://www.lms.unimelb.edu.au
[Use the same username and password that you use to access your University of Melbourne email account.]

B. Lectures and Tutorial times

Each week there are two 1-hour lectures; and one 1-hour tutorial. Lecture times/venues are Monday 2.15-3.15 (Engineering C2 Theatre) and Tuesday 11-12 (Spot Level 1 Theatre). There will be weekly tutorials starting in the week beginning Monday August 5. Allocation to tutorials is determined by the student system ISIS. You must enroll in a tutorial via ISIS as soon as possible. You access ISIS through the Student Portal.

C. Assessment

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<th>Due Monday August 25</th>
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D. Textbook/Readings

There is no textbook for this subject. Readings will be assigned for each lecture and made available on the LMS site. Some general references that you may find useful are listed below.
E. Subject description and objectives

This subject provides an economic perspective on professional sports in Australia and the rest of the world. It shows how economic concepts and theories can be used to understand the operation of professional sports, and can guide decision-making on sports by management and public policy makers. It also emphasises how studying sporting competitions can provide a laboratory for improving our knowledge of human behaviour and economic activity. Topics covered include: the demand for professional sports; the design of sporting competitions; measurement of player and team performance; strategy and decision-making in sports; sporting labour markets; managing and coaching sports teams; umpiring in sports; sports gambling markets; and national sporting performance. The subject will draw on examples from many major sports and sporting competitions – such as the Olympics, Australian Football League, cricket, soccer, National Basketball Association, Major League Baseball and National Football League (gridiron).

Students who complete this subject will be able to:
• Classify, and identify the main characteristics of, different types of professional sporting competitions;
• Identify and apply relevant economic concepts and theories to understand the operation of professional sports;
• Apply empirical methods and available data to analyse the operation of professional sporting competitions;
• Use your understanding of economic aspects of the operation of professional sports to guide decision-making by team and league managers in professional sporting competitions; and public policy decision-makers with responsibility for professional sports; and
• Understand how data on the operation of professional sporting competitions can be applied to test economic theories of decision-making and market outcomes.
### F. Lecture outline

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G. General references

An excellent overview of the field of sports economics is provided by:
Szymanski, Stefan (2009), Playbooks and Checkbooks (Princeton University Press).

Some textbooks on sports economics that provide general overviews of the field are:
Fort, Rodney (2003), Sports Economics (Prentice-Hall).
Sandy, Robert, Peter Sloane and Mark Rosentraub (2004), The Economics of Sport: An International Perspective (Palgrave Macmillan).

Reference volumes are:

Some other useful references on sports economics are:
Anderson, Chris and David Sally (2013), The Numbers Game: Why Everything You Know About Soccer is Wrong (Penguin).

Other books you might find of interest:
Haigh, Gideon (2007), The Cricket War (Melbourne University Publishing).
Harris, David (1986), The League: The Rise and Decline of the NFL (Bantam Books).
Lewis, Michael (2004), Moneyball (WW Norton Co.).
Oakley, Ross (2014), The Phoenix Rises (Slattery Publishing).
H. Resources for study

• Lecture overheads and notes – Available from LMS site.
• Audio lectures – Available from LMS site.
• Tutorial questions – Distributed in tutorials/Available from LMS site.

You can access the subject LMS site at: http://www.lms.unimelb.edu.au
To access the site you need to use the same username and password that you use to access your University of Melbourne email account.

Audio recordings of lectures delivered in this subject will be available. These recordings of lectures allow you to revise lectures during the semester, or to review lectures in preparation for the end of semester exam. Please note that lecture recordings are not a substitute for attendance at lectures; rather they’re designed for revision. You can access recorded lectures by clicking on the Lecture Capture menu item in the LMS page for this subject.

I. Extra information on submitting assessments

Submitting Assignments 1 and 2
Assignments 1 and 2 will be submitted in electronic format using the Assignment Tool. You can access the Assignment Tool by clicking on ‘Assignment Tool’ in the menu from the LMS subject website. A guide to using the Assignment Tool can be downloaded from:
Please note that you are required to keep a copy of your assignment after it has been submitted, as it may be necessary for you to be able to provide a copy of your assignment at some later date.

Meeting Deadlines
It is very important that you submit Assignments 1 and 2 by the specified times on the due dates. Late assignments, where approval for late submission has not been given, will be penalised at the rate of 10% of the total mark per day, for up to 10 days, at which time a mark of zero will be given. Assignments that exceed word limits may also attract a marking penalty. For information on applying for an extension to the due date for Assignments 1 or 2 see:

Special Consideration
If you are significantly affected by illness or other serious circumstances during the semester you may be eligible to apply for Special Consideration.
The following website contains detailed information relating to who can apply for Special Consideration and the process for making an application:
http://fbe.unimelb.edu.au/csc/assistance/special_consideration
J. Tutorial participation

At the end of semester your tutor will assign you a mark out of 10 for tutorial participation. Your grade for participation will depend on:

• Evidence of preparation for the tutorial;
• Frequency of participation in discussion;
• Relevance and logic of comments in discussion; and
• Evidence of active listening to other students’ contributions.

K. Plagiarism

It is the policy of the Department of Economics that attention be drawn to the nature and serious consequences of plagiarism and collusion. Where an allegation of academic misconduct involving either plagiarism or collusion is upheld, significant penalties such as deprivation of credit for a subject or component or assessment can be imposed.

Referencing

All sources used for a written piece of assessment must be referenced. This is to acknowledge that your material is not based entirely on your own ideas, but is based, in part, on the ideas, information, and evidence of others. This is desirable as you are attending University in order to learn from others.

You will be required to use the APA system or Harvard System of referencing. The FBE Centre for Excellence in Learning and Teaching has prepared a booklet for each system specifically to assist students to reference correctly. Each booklet contains many examples that will help you when preparing your assignments. The booklets can be found here: http://fbe.unimelb.edu.au/__data/assets/pdf_file/0006/647583/Basic_referencingAPA_system.pdf and http://fbe.unimelb.edu.au/__data/assets/pdf_file/0007/647584/HarvardReferencing.pdf

Plagiarism

Plagiarism is the act of representing as one’s own original work the creative works of another, without appropriate acknowledgement of the author or source. (Creative works may include published and unpublished written documents, interpretations, images, photographs, and ideas or ideological frameworks gained through working with another person or in a group. These works may be in print and/or electronic media.)

Collusion

Collusion is the presentation by a student of an assignment as his or her own which is in fact the result in whole or in part of unauthorised collaboration with another person or persons. Collusion involves the cooperation of two or more students in plagiarism or other forms of academic misconduct. Both the student presenting the assignment and the student(s) willingly supplying unauthorised material are considered participants in the act of academic misconduct. There is no objection to assignments being discussed in a preliminary way among students. What is not permissible is anything in the nature of joint planning and execution of an assignment.
Appendix 1
Sports Economics
ECON20011
Semester 2, 2014

Assessment 1

Due Date: Monday August 25, 4pm
Word limit: 1500 words

1. (5 marks) Competitive balance:

Do tasks (i) to (iii) and then answer the questions (a) to (c):

Tasks
i) Choose two sporting competitions;
ii) Choose a measure of within-season competitive balance. For a recent season, calculate the measure for each competition; and
iii) Choose a measure of between-season competitive balance. For a recent period of more than 10 seasons, calculate the measure for each competition.

Questions
a) Why is the within-season measure of competitive balance you have chosen an appropriate measure? What do your calculations tell you about the relative within-season competitive balance in the two competitions?
b) Why is the between-season measure of competitive balance you have chosen an appropriate measure? What do your calculations tell you about the relative between-season competitive balance in the two competitions?
c) Can you give any explanations for the results you have found on the relative within-season and between-season competitive balance in the two competitions?

2. (5 marks) Production function:

Choose a team-based sporting competition. How would you represent the production of output for a team in this competition?

Specifically:
a) What measure of output would you use?
b) Would you choose a team-based or player-based model of production? What does this imply you are assuming about the substitutability of different players in the team?
c) What are the main inputs you would include in the production function? What are some examples of functional forms of the relation between output and inputs that you might investigate?
d) How would your model of production allow you to estimate the value of individual players? Explain your answers using specific details from the sporting competition you have chosen.
3. (5 marks) Article summary: Answer the questions below for one of the listed articles:

a) What is the main research question?
b) What economic theory is used to formulate the hypothesis to be tested?
c) What empirical method is used to test the hypothesis?
d) What are the main findings?
e) How are the findings interpreted?
f) What does the article suggest is its original contribution to knowledge about sporting competitions? Why is this an important contribution?

Appendix 2  
Sports Economics  
ECON20011  
Semester 2, 2014  

Assessment 2: Team project (30%)  

Due Date:  
Outline – Thursday September 11, 4pm (Up to 500 words)  
Final report - Monday October 13, 4pm (Limit: 2500 words)  

Task: Create and answer a question that you believe would be of interest to a major stakeholder in a sporting competition (such as the league organiser, club owners or players’ union).  

Main steps:  
1. Form a team with a minimum of 2 members and a maximum of 4 members. The team can be formed with people from different tutorials.  
2. Create the question you would like to answer. Email me the question for approval. (I will try to give you some suggestions on your question, how you might go about answering it, and resources you could draw on.)  
3. Prepare an outline of your report. I will meet with each team to provide feedback on your outline.  
4. Prepare a report answering the question.  
In answering the question you should draw on material that we are studying in the subject – such as concepts, theories or empirical literature.  

Examples of questions:  
1. I have posted some examples of projects from 2013 on the LMS in the ‘Assessment 2’ folder.  
2. Other ideas:  
   • How might the National Basketball League in Australia seek to increase attendance at matches?  
   • Is there an emerging problem of not enough competitive balance in the AFL? If so, how would you recommend the AFL to respond?  
   • What is the production function for performance by teams in international T20 cricket?  
   • What policies should be applied to seek to reduce the use of performance-enhancing drugs in Major League baseball?  
   • What method should be used for allocating the rights to host the World Cup and Olympics?  
   • How would you seek to market the media rights to potential broadcasters for the Australian Netball League?
Appendix 3

The University of Melbourne
Semester 2 Assessment 2013

Department of Economics

ECON 20011 SPORTS ECONOMICS

Reading Time 15 minutes
Writing Time 2 hours
Open Book Status No
This paper has 7 pages (not including this page).

Authorised Materials:
No materials are authorised.

Paper to be held by Baillieu Library: Indicate whether the paper is to be held with the Baillieu Library.
Yes

Instructions to Invigilators:
None

Instructions to Students:
This exam contributes 45% to the assessment in ECON 20011. The exam consists of three parts. You must complete all parts. Part A is worth 25% of the marks for the exam. Part B is worth 50% of the marks for the exam. Part C is worth 25% of the marks for the exam.

Extra Materials required (please tick & supply)
Graph Paper Multiple Choice form Other (please specify)
Part A (25 marks)

Choose 5 of the concepts from the list below. For each of the 5 concepts you have chosen:
(i) Provide a brief definition; and (ii) Explain why it is important in Sports Economics.

- Competitive balance
- Monopsony power
- The objective of win-maximisation
- Mixed strategy equilibrium
- Price discrimination
- Invariance proposition
- Loss aversion

Part B (50 marks)

Choose and answer 3 of the questions below. Each question will contribute one-third to the marks for Part B.

1. The World Chess Federation (FIDE), the world governing body for chess, is looking to reform the structure of the competitions it organises for 2014. FIDE has identified the world’s top 64 ranked players who it wants to involve in these competitions. FIDE’s objective is to maximise fan interest in chess competitions. FIDE hires you as a consultant to advise on what should be the format of the new competitions. More specifically they ask you to advise them on the implications for fan interest of:
   (i) Whether to divide the 64 players into different leagues, how to group players into those leagues, and whether the leagues should be fixed over time;
   (ii) Whether individual competitions within each league should adopt a round-robin or tournament format (or a combination);
   (iii) Whether there should be an overall champion for 2014, and if so, whether this should be determined by a finals series or by points allocated for each tournament during the year.
   Describe how you would address these points in your report to FIDE.

2. Cricket Australia is seeking to review attendance at test matches in Australia. The review has two parts: first, to understand the determinants of attendance at test matches in Australia; and second, to determine a profit-maximising ticket pricing strategy for test matches. Cricket Australia hires you as a consultant to help it with the review. Describe a plan for how you would go about:
   (i) analysing the determinants of attendance at test matches in Australia; and
   (ii) advising on a profit-maximising ticket pricing strategy for test matches. One particular issue you should cover is what information you would try to obtain in step (i) in order to inform your recommendations in step (ii).
3. Major League Baseball (MLB) is reviewing its policies on regulation of the baseball players’ labour market. They have asked you to prepare a presentation that will provide them with some background for deciding on the optimal regulatory structure. More specifically, they want you to explain:

(i) The equilibrium outcome in a sporting league where teams are profit maximisers and there is no regulation seeking to improve competitive balance;
(ii) How a salary cap would affect competitive balance in this league;
(iii) What might be other issues regarding a salary cap that it would be important for them to take into account in judging its value as a regulatory policy.

4. The Australian Football League (AFL) Coaches’ Association is undertaking a project to identify the main attributes of successful AFL coaches. The Association hires you as a consultant to undertake empirical research on this question. Describe a plan for how you could undertake empirical analysis to help the Coaches’ Association identify attributes of successful AFL coaches.

5. The government of the ACT is considering bidding to have a new A-League soccer club located in Canberra. The government hires you as a consultant to do a benefit-cost analysis of the consequences for the ACT of having the club. Describe a plan for how you would go about doing the analysis. In particular, you should discuss the types of benefits and costs you would include in the analysis, and how you would go about measuring those benefits and costs.

Part C (25 marks)

Read the excerpt from the article ‘Seizing the moment: A blueprint for reform of world cricket’ by Ian Preston, Stephen Ross and Stefan Szymanski.

(a) (2 marks) What is the main problem in cricket the blueprint is seeking to solve?
(b) (3 marks) Give a brief overview of the economic theory of crime.
(c) (5 marks) What does the article argue is the main cause of the problem in cricket that you identified in part (a)? Explain how the argument could be interpreted using the economic theory of crime.
(d) (5 marks) How does the article propose that the problem in cricket could be solved? Explain how the way in which this solution would work can be interpreted using the economic theory of crime.
(e) (5 marks) Discuss possible reasons why the blueprint may not work in solving the problem in cricket that you identified in part (a).
(f) (5 marks) Can you suggest other ways in which it might be possible to solve the problem in cricket?