



## **WESTERN DISTRICTS AUSTRALIAN FOOTBALL COMMISSION LIMITED**

### **Community Club Sustainability Program**

### **2021 – 2023 Allowable Player Payments**

### **Discussion Document**

#### **Background**

AFL Western District affiliated leagues and clubs are to adhere to the Community Club Sustainability – Player Payment Rules ('Payment Rules'). Refer Appendix 1.

Under section 3(a), AFL Western District is to determine the Allowable Player Payments ('Salary Cap') to apply in any football year. These rulings must be notified to clubs no later than 30 August in the year immediately before the forthcoming football year.

The existing salary caps as they were to apply to season 2020 (prior to announced adjusted COVID-19 caps) are replicated as follows:

<b>League</b>	<b>Existing Salary Cap</b>
Hampden Football Netball League ('HFNL')	\$140,000
Mininera & District Football League ('MDFL')	\$70,000
South West District Football Netball League ('SWDFNL')	\$70,000
Warrnambool & District Football Netball League ('WDFNL')	\$90,000

In July 2020, AFL Western District established an Advisory Board formed by representatives of various stakeholders affiliated with the Commission. This document and advice is prepared for consultation with the Advisory Board and feedback will be sought on the proposed changes outlined in this document.

To provide further long-term planning certainty to our stakeholders, salary caps are proposed to be determined for the period 2021 – 2023.

## Process

A variety of sources have been consulted in forming this proposal and will be outlined and explained as follows:

### **Intent of Player Payments and Salary Caps**

Payments are made to players for a variety of reasons, including but not limited to:

- Compensation for travel to matches, training and club functions;
- Compensation for time commitment and foregone employment opportunities; and
- Compensation in recognition of players value to a club and contribution to its on-field success

Salary caps are in place for a variety of reasons, including but not limited to:

- Level playing field between wealthy and non-wealthy clubs; and
- Reduce financial burden on clubs in sourcing funds to satisfy player payments

## Analysis

An analysis has been undertaken on the factors relevant to the salary caps imposed and can be summarised as follows – *Refer Appendix 2:*

### **Travel**

Steps taken:

1. The registered home postcode of 1,600 players as registered in 2019 within our competitions and who played at least one senior game were recorded.
2. The home and away fixture of each competition in 2019 was also consulted. Calculations have been completed to work out the approximate travel distance that each player undertook to attend matches. For the purposes of this analysis, attendance at training and club events were excluded from assumptions. Any travel where the player resided in the same postcode as the venue where they were playing was recorded as 0km travelled.
3. Travel was assumed using an objective assumption of a straight line between coordinates central to each postcode.
4. Any travel calculated where an individual player travelled in excess of an assumed 10,000km or had an interstate / irregular postcode recorded were excluded also as to not skew results.
5. Over 65,000 trips have been recorded in completing this exercise.

*Distance travelled in Season 2019 by league (Average value used)*

<b>League</b>	<b>Season 2019 Travel</b>
HFNL	1,220km
MDFL	2,380km
SWDFNL	1,000km
WDFNL	660km

Average distance travelled across clubs varied from as low as 381km (Russell's Creek, WDFNL) to as high as 3,071 (Wickliffe-Lake Bolac, MDFL).

It is quite apparent from the above, that the MDFL has considerable travel factors for it's players to contend with and for clubs to attract players to. WDFNL is centered around the most populated postcode in the region and as such does not have the travel constraints experienced by surrounding competitions.

A further assumption has been made in comparing league’s salary caps with reference to the length of season and factoring in a reasonable rate of remuneration for travel time. The outcome of is reflected in the below tables and information:

*Salary cap per round on existing caps*

<b>League</b>	<b>Salary Cap</b>	<b>Season Rounds</b>	<b>Salary Cap / Round</b>
HFNL	\$140,000	18	\$7,778
MDFL	\$70,000	17	\$4,118
SWDFNL	\$70,000	16	\$4,375
WDFNL	\$90,000	18	\$5,000

An assumption was made that a reasonable rate of remuneration for travel time to attend matches was \$50p/h. This factors in considerations such as fuel costs but also the foregone opportunity to work prior to a scheduled match with travel time considered. The average kilometres travelled per player per round was calculated and then an assumption was made of an average travelling speed of 70km/h to derive travel time.

<b>League</b>	<b>Salary Cap/Round/Player (22 players)</b>	<b>Average travel (km) per round</b>	<b>Assumed travel remuneration</b>	<b>Assumed match fee</b>
HFNL	\$354	89	\$63	\$291
MDFL	\$187	139	\$100	\$87
SWDFNL	\$199	91	\$65	\$134
WDFNL	\$227	43	\$31	\$197

With adjustments for travel being made, it was found there were large variances between the ‘assumed match fee’ amounts which would be made to a player in recognition of their value and contribution to on-field success of a club.

**Economic Conditions**

The impacts of COVID-19 have been felt across the broader economy. It is imperative that in the current business economic climate that financial sustainability is a key consideration in determining salary caps. There is also a broader intention, irrespective of the COVID-19 impact, to reduce financial burdens on clubs in meeting player payments.

In an Australian Bureau of Statistics report (‘Business Impacts of COVID-19, June 2020’) it was reported that 54% of businesses reported revenue drops of between 25%-75% when compared to the same time last year. It would therefore be expected that clubs would be experiencing a similar, if not greater, level of pressure on club revenue. Accordingly, a reduction of salary caps should be derived with the broader local economy considered.

The effects of COVID-19 are expected to be felt for many years to come and as such it would be prudent to determine salary caps for proceeding years to give certainty to clubs but also reduce existing payment levels in a controlled and gradual way.

### Recommendation

#### 1. 2021 Salary Caps

- a. The existing salary caps for the **MDFL** and **SWDFNL** remain as per existing
- b. The existing salary cap of the **WDFNL** is reduced by \$20,000, or approximately 22%, to \$70,000
- c. The existing salary cap of the **HFNL** is reduced by \$30,000, or approximately 21%, to \$110,000

#### 2. 2022 Salary Caps

- a. 2021 salary caps of all leagues (excluding **MDFL**) are reduced by 5%

#### 3. 2023 Salary Caps

- a. 2022 salary caps of all leagues (excluding **MDFL**) are reduced by 5%

### Recommendation Outcomes

The following are outcomes of adopting the above recommendations:

1. An emphasis on the travel component of match payments by clubs to players. Recognising that \$200 a game paid to a player who has minimal travel factors is a lot more attractive than \$200 for a surrounding league facing longer travel distances
2. Recognition of a 'per game' method of comparing match payments across competitions to standardize approach
3. A closer alignment of the 'match fees' across the non-premier competitions – i.e. the amounts paid in reward of a player skill or talent.
4. Maintaining a premium payment level to players in the region's premier competition (HFNL)
5. A reduction in pressure on clubs within more populated areas in cannablisng each other financially in pursuit of the town's skilled players
6. A staggered reduction to support clubs in less populated areas remaining competitive to sustain community interest and club longevity

### Salary Caps – Recommendations – 2021-2023

League	2020	2021	2022	2023
<b>HFNL</b>	\$140,000	\$110,000	\$104,500	\$99,275
<b>MDFL</b>	\$70,000	\$70,000	\$70,000	\$70,000
<b>SWDFNL</b>	\$70,000	\$70,000	\$66,500	\$63,175
<b>WDFNL</b>	\$90,000	\$70,000	\$66,500	\$63,175

### Other Regions Direction for Context

The recommendations above are made broadly in line with intentions of salary caps for leagues across the state. An average decrease in salary caps of around 26% across 62 leagues is an indication of the magnitude of decreases. The gap between premier and non-premier competitions is also expected to be similar as to the proposed differential in AFL Western District affiliated competitions.

## **AFL Western District Commission**

### **Community Club Sustainability -**

### **Guidelines for Player Payment Rules**

### **November 2017**

The following guidelines (**Guidelines**) are issued by the AFL Western District Commission to assist Clubs, Club Officials and Players with the application of the AFL Western District Commission Player Payment Rules (**Player Payment Rules**) and the valuation of Player Payments.

These Guidelines are to be read in conjunction with the Player Payment Rules. In the event of any inconsistency between the Player Payment Rules and the Guidelines, the Player Payment Rules are to prevail. Any terms used in these Guidelines are to be given the same meaning as in the Player Payment Rules.

It is the intention of the AFL Western District Commission to update these Guidelines from time to time, and prior to the 2019 Season.

#### **Transition Provision - Pre-Existing Playing Contracts**

Where a Club and a Player are parties to a written contract in relation to the provision of playing services for a Club (**Pre-Existing Playing Contract**) and:

- (a) the Pre-Existing Playing Contract was entered into prior to 2018;
- (b) the Pre-Existing Playing Contract includes the information of the kind required under Rule 4(a)(i)(A) and (B); and
- (c) the Pre-Existing Playing Contract is signed by the Player and on behalf of the Club,

then the Club or the Player may lodge the Pre-Existing Contract with the AFL Western District Commission as the Player Declaration in respect of that Player (and will not be required to lodge a Player Declaration in the form set out in Attachment 1 in respect of that Player).

#### **Club related expenses**

Club related expenses that will be deducted by or on behalf of the Club from any payments to a Player (or any Associate of a Player) must be clearly identified and detailed in the Player Declaration and will constitute a Player Payment. Examples of these types of expenses include annual player registration fees, payments for playing apparel and fees for attending social functions.

Club related expenses must be treated in a consistent manner across all Players of a Club.

## **Coaches / Coaching Staff**

A payment made to a coach or coaching staff who is not also a Player (i.e. non-playing coaches and non-playing coaching staff) is not a Player Payment and is not included in the calculation of a Club's Player Payments (unless that payment otherwise constitutes a Player Payment).

### *Playing coach*

Where a Club appoints a single Player as the coach of the Club's Senior Team (i.e. a playing coach), the coaching element of that Player's payments should be specifically identified in the Player Declaration lodged in accordance with Rule 4(a).

For the purposes of the Player Payment Rules, 50% of the payments the Club has given or applied to a playing coach, to a maximum of \$20,000 is not a Player Payment and may be excluded from the calculation of the Club's Player Payments. For example, if a playing coach is paid \$30,000, then \$15,000 would not be a Player Payment and would not be included in the calculation of the Club's Player Payments. If a playing coach is paid \$50,000, then \$30,000 would be a Player Payment and be included in the calculation of the Club's Allowable Player Payments.

### *Co-coaching*

Where a Club appoints one coach of the Club's Senior Team who is not a Player, and one coach who is a Player (in a co-coach arrangement), the amount paid to the coach who is a Player that is not a Player Payment and may be excluded from the calculation of the Club's Player Payment calculations is no more 25% of their total remuneration, to a maximum of \$10,000.

Where a Club appoints two coaches of the Club's Senior Team who are both Players (in a co-coach arrangement), the amount paid to the coaches that is not to be considered a Player Payment and may be excluded from the calculation of the Club's Player Payments is no more than 25% of the total payments to both coaches, to a maximum of \$10,000 per coach.

The exclusion under this guideline applies up to a maximum of two co-coaches. For all Co- Coaching arrangements, clubs must seek a ruling under Rule 8 (d).

### *Coaching Other Teams*

Where a Player coaches any open age team, (other than the Club's Senior Team) or the oldest under age team at the Club (e.g. Under 19, Under 18 or Under 17 team), the payment to the Player for coaching this team must be specifically identified in the Player Declaration, and any payment, to a maximum of \$3000, will not be considered a Player Payment and may be excluded in the calculation of the Club's Player Payments.

### *General*

The guidelines above that allow for the exclusion of certain parts of payments to coaches from Player Payments will only apply where:

- (a) all payments to the coach have been specifically detailed in the Player Declaration and the Declarations lodged by the Club under Rule 4(a);
- (b) the relevant playing coach or other team coach holds a current AFL Coaching Accreditation; and
- (c) the relevant playing coach or other team coach is specifically identified on the team sheet for the relevant Match to which the payment applies.

Any amount not excluded from the calculation of the Club's Player Payments will be included in the calculation of the Club's Player Payments.

## *Assistant Coaches*

All payments to Players in relation to services to the Club as an assistant coach will be a Player Payment and included in the calculation of the Club's Player Payments.

## **Employment**

For the purposes of the Player Payment Rules, when assessing whether an employment arrangement with a Club or an Associate of a Club is bona fide, consideration will be given to, among other things, current commercial practices, market rates for payments for similar employment arrangements and any relevant industry awards.

All employment related payments associated with the operations of the Club (e.g. bar manager, canteen, ground maintenance etc.) must be declared under Rule 4. Clubs may apply for a Ruling under Rule 8(d) as to whether such payments constitute Player Payments and as to their value for the purposes of the Player Payment Rules.

If a Club wishes to employ a Player to fulfil a (non-coaching) Club related role (e.g. groundskeeper) and is of the view that the payments paid to a Player for that employment has not assisted in the recruitment and/or retention of that Player to play in a team of the Club, and it can be shown the Player's qualification and or experience are relevant to the employment, the Club may apply to AFL Western District Commission for a ruling under Rule 8(d) as to whether such payments constitute Player Payments and as to their value for the purposes of the Player Payment Rules.

## **Provision of Services**

For the purposes of the Player Payment Rules, when assessing whether the provision of services by a Player or an Associate of a Player to a Club or an Associate of a Club is bona fide, consideration will be given to, among other things, current commercial practices and market rates for payments for similar services.

All services related payments associated with the operations of the Club (e.g. bar manager, canteen, ground maintenance etc.) must be declared under Rule 4. Clubs may apply for a Ruling under Rule 8(d) as to whether such payments constitute Player Payments and as to their value for the purposes of the Player Payment Rules.

If a Club wishes to engage a Player to provide (non-coaching) Club related services (e.g. grounds keeping services) and is of the view that the payments paid to a Player has not assisted in the recruitment and/or retention of that Player to play in a team of the Club, and it can be shown the Player's qualification and or experience are relevant to the role, the Club may apply to the AFL Western District Commission for a ruling under Rule 8(d) as to whether such payments constitute Player Payments and as to their value for the purposes of the Player Payment Rules.

## **Awards / Incentives**

Player incentives / match awards paid in cash are Player Payments and are included in the calculation of the Club's Player Payments. This includes Weekly Awards, or incentive / bonus payments made to a Player for awards that relate to (but is not limited to) Club and best and fairest awards, goal kicking and like awards.

Non-cash benefits in the form of an award provided by a Club to Players up to a maximum value of \$300 per week per Club, and to a maximum of \$100 per week for any one Player of the Club, may be treated as not being a Player Payment and therefore not included in the calculation of the Club's Player Payments.

For the avoidance of doubt, any media, or League awards provided to a Player shall not be a Player Payment and is not included in the calculation of a Club's Player Payments.

### **Player Affiliation / Player Registration Fees / Player Insurance**

Any payment for player affiliation, player registration or insurance which the Club has agreed to pay under their arrangements with an affiliated League, Region Commission or AFL Victoria shall not be a Player Payment and is not included in the calculation of the Club's Player Payments.

Any additional insurance (including health and / or income insurance) obtained by a Club on a per team basis shall not be a Player Payment and is not included in the calculation of the Club's Player Payments.

Any health and / or income insurance paid by a Club or an Associate of a Club for and on behalf of an individual Player shall be a Player Payment which is included in the calculation of the Club's Player Payments.

Loss of income paid to a Player via an insurance policy obtained by the Club shall not be a Player Payment and is not included in the calculation of the Club's Player Payments.

### **Injury Payments / Medical Expenses / One Off Lump Sum Compassionate Payments**

A Club may apply to the AFL Western District Commission for a ruling under Rule 8(d) to approve the payment by a Club of:

- (a) injury payments;
- (b) the payment of medical expenses; or
- (c) a one-off lump sum payment via fundraising activities to be provided to a Player on compassionate grounds,

in respect of a Player, such that these payments are not a Player Payment and are not included in the calculation of the Club's Player Payments.

Any such applications must be made to the AFL Western District Commission before any payment is given or applied to the Player.

The AFL Western District Commission will consider any such application on a case-by-case basis.

### **Bonus Payments**

All incentive based payments to Players (including playing coaches) shall be treated as a Player Payment, and therefore included in the calculation of a Club's Player Payments. For example, a bonus payment to a Player associated with winning a grand final.

The arrangements for such payment should be detailed in both the Player Payments Budget / Final Declaration statements completed by the Club (see Rule 4(c) & (d)) and the Player Declaration completed by the Player (see Rule 4(a)).

### **Finals appearances**

Clubs should be aware that any payments relating to finals appearances by Players will be Player Payments, and will be included in the calculation of the Club's Player Payments.

### **Travel and Accommodation**

Any cash or non-cash payments and benefits given or applied by or on behalf of a Club for travel expenses of a team nature, for example the hiring of a bus to travel to away games, in which the benefit is not received by a Player on an individual basis is not a Player Payment and is not included in the calculation of a Club's Player Payments.



Cash or non-cash payments and benefits given or applied to a Player in connection with their travel or accommodation costs associated with a Player's past, present or future services with a Club as a football player shall be treated as a Player Payment, and therefore are included in the calculation of the Club's Player Payments.

If a Club has any questions about whether its specific travel or accommodation arrangements may constitute a Player Payment it should contact the AFL Western District Commission. If necessary, a Club may also apply for a ruling under Rule 8(d) in relation to such payments.

### **Forms**

The Player Declaration, Budget / Final Declaration and Non Declared Payment Statement forms for 2018 are annexed as Attachments 1, 2 and 3 of this Guideline respectively.

### **Rulings**

Any ruling made by the AFL Western District Commission under Rule 8(d) shall be made on the basis of the information provided by the Club. Each such ruling shall be final and binding on the Club making the application for the ruling and shall apply to the particular circumstances of the application. Each ruling will have no precedential value and the AFL Western District Commission will make each ruling based on the information provided to it by the Club in respect of that application.

## APPENDIX 2

HFNL		
Row Labels	Average Annual Travel (km)	No. Senior Players
Camperdown	2,072	38
Cobden	1,589	33
Hamilton Kangaroos	1,713	27
Koroit	1,558	35
North Warrnambool Eagles	1,566	35
Port Fairy	1,987	36
Portland	1,861	41
South Warrnambool	1,189	39
Terang Mortlake	1,628	43
Warrnambool	817	29
<b>Grand Total</b>		<b>356</b>

	Current	Proposed - 2021	Proposed - 2022	Proposed - 2023
<b>Rounds</b>	18	18	18	18
<b>Cap</b>	\$ 140,000	\$ 110,000.00	\$ 104,500.00	\$ 99,275.00
<b>Per Round</b>	7,778	6,111	5,806	5,515
<b>Per Player</b>	\$ 354	\$ 278	\$ 264	\$ 251
<b>Ave KM per Round</b>	89	89	89	89
<b>Assumed Travel Rate</b>	\$ 63	\$ 63	\$ 63	\$ 63
<b>Assumed Match Fee</b>	\$ 290	\$ 214	\$ 200	\$ 187

### Process

1. Use Long/Lat coordinates of players post code at registered home address as origin
2. Use Long/Lat coordinates of main venue postcode as destination
3. Travel based on straight line distance between postcodes. Travel within the same postcode calculated as 0km.
4. Calculate travel based on 2019 H&A Fixtures. Finals venue excluded. Travel to training not calculated.
5. Delete any outlying data points such as interstate players or any player recording in excess of 10,000km travel in a season
6. Assume travel rate \$50p/h - based on average speed 70kmh
7. Assume 22 senior players paid per round

MDFL		
Row Labels	Average Annual Travel (km)	No. Senior Players
Ararat Eagles	2,428	53
Caramut	2,754	42
Glenthompson Dunkeld	2,905	44
Great Western	1,718	35
Hawkesdale Macarthur	2,424	47
Lismore Derrinallum	1,892	32
Moyston Willaura	2,121	39
Penshurst	2,277	30
SMW Rovers	2,652	38
Tatyoan	2,102	42
Wickliffe Lake Bolac	3,071	30
Woorndoo Mortlake	2,111	42
<b>Grand Total</b>		<b>474</b>

	Current	Proposed - 2021	Proposed - 2022	Proposed - 2023
<b>Rounds</b>	17	17	17	17
<b>Cap</b>	\$ 70,000	70,000	70,000	70,000
<b>Per Round</b>	\$ 4,118	\$ 4,118	\$ 4,118	\$ 4,118
<b>Per Player</b>	\$ 187	\$ 187	\$ 187	\$ 187
<b>Ave KM per Round</b>	139	139	139	139
<b>Assumed Travel Rate</b>	\$ 100	\$ 100	\$ 100	\$ 100
<b>Assumed Match Fee</b>	\$ 88	\$ 88	\$ 88	\$ 88

#### Process

1. Use Long/Lat coordinates of players post code at registered home address as origin
2. Use Long/Lat coordinates of main venue postcode as destination
3. Travel based on straight line distance between postcodes. Travel within the same postcode calculated as 0km.
4. Calculate travel based on 2019 H&A Fixtures. Finals venue excluded. Travel to training not calculated.
5. Delete any outlying data points such as interstate players or any player recording in excess of 10,000km travel in a season
6. Assume travel rate \$50p/h - based on average speed 70kmh
7. Assume 22 senior players paid per round

SWDFNL		
Row Labels	Average Annual Travel (km)	No. Senior Players
Branxholme Wallacedale	1,627	45
Cavendish	1,656	46
Coleraine	1,503	34
Dartmoor	1,219	29
Heathmere	1,420	38
Heywood	1,092	30
Tyrendarra	1,723	41
Westerns	1,350	47
<b>Grand Total</b>		<b>310</b>

	Current	Proposed - 2021	Proposed - 2022	Proposed - 2023
<b>Rounds</b>	16	16	16	16
<b>Cap</b>	\$ 70,000	70,000	66,500	63,175
<b>Per Round</b>	4,375	4,375	4,156	3,948
<b>Per Player</b>	\$ 199	\$ 199	\$ 189	\$ 179
<b>Ave KM per Round</b>	91	91	91	91
<b>Assumed Travel Rate</b>	\$ 65	\$ 65	\$ 65	\$ 65
<b>Assumed Match Fee</b>	\$ 134	\$ 134	\$ 124	\$ 115

#### Process

1. Use Long/Lat coordinates of players post code at registered home address as origin
2. Use Long/Lat coordinates of main venue postcode as destination
3. Travel based on straight line distance between postcodes. Travel within the same postcode calculated as 0km.
4. Calculate travel based on 2019 H&A Fixtures. Finals venue excluded. Travel to training not calculated.
5. Delete any outlying data points such as interstate players or any player recording in excess of 10,000km travel in a season
6. Assume travel rate \$50p/h - based on average speed 70kmh
7. Assume 22 senior players paid per round

WDFNL		
Row Labels	Average Annual Travel (km)	No. Senior Players
Allansford	536	41
Dennington	867	42
East Warrnambool	449	30
Kolora Noorat	1,363	28
Merrivale	421	36
Nirranda	1,103	31
Old Collegians	962	44
Panmure	1,074	39
Russells Creek	381	64
South Rovers	559	46
Timboon Demons	777	41
<b>Grand Total</b>		<b>442</b>

	Current	Proposed - 2021	Proposed - 2022	Proposed - 2023
<b>Rounds</b>	18	18	18	18
<b>Cap</b>	\$ 90,000	\$ 70,000	\$ 66,500	\$ 63,175
<b>Per Round</b>	\$ 5,000	\$ 3,889	\$ 3,694	\$ 3,510
<b>Per Player</b>	\$ 227	\$ 177	\$ 168	\$ 160
<b>Ave KM per Round</b>	43	43	43	43
<b>Assumed Travel Rate</b>	\$ 31	\$ 31	\$ 31	\$ 31
<b>Assumed Match Fee</b>	\$ 197	\$ 146	\$ 137	\$ 129

#### Process

1. Use Long/Lat coordinates of players post code at registered home address as origin
2. Use Long/Lat coordinates of main venue postcode as destination
3. Travel based on straight line distance between postcodes. Travel within the same postcode calculated as 0km.
4. Calculate travel based on 2019 H&A Fixtures. Finals venue excluded. Travel to training not calculated.
5. Delete any outlying data points such as interstate players or any player recording in excess of 10,000km travel in a season
6. Assume travel rate \$50p/h - based on average speed 70kmh
7. Assume 22 senior players paid per round