



## MEMORANDUM

To: **AFL Western District League Executives, Clubs, Umpiring Associations, Media and Stakeholders**

From: **Matthew Ross, Commercial & Operations Manager**

Date: **17 August 2020**

Re: **CCSP: Announcement of Allowable Player Payments for 2021 - 2023**

Dear All,

### **Background**

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 31 August in the year immediately before the forthcoming football year.

Given the cancellation of community sport has brought forward the recruiting activities of our clubs, it was appropriate to ensure that the decision on salary caps was communicated earlier than other ordinary years.

Given the uncertain economic period we are in, it was appropriate to give some future direction on the period covering 2021 – 2023 so that clubs can future plan. 2022 – 2023 caps determined will be subject to review should conditions substantially change between now and then.

The existing unmodified salary caps as they were to apply in season 2020 are:

<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

### **Methodology**

Numerous discussions have taken place with several club and league leaders across the past few months which have assisted in guiding direction for the future of the salary caps. Based on feedback received in those discussions, AFL Western District put together a discussion document which is attached separately.

The discussion document considered a variety of factors in determining salary caps but placed an emphasis on the unique conditions experienced by each league across the district as well as considering the differences in season lengths for each competition which impacts the 'per game' approach to player payments and negotiations.

Travel was considered to be the biggest variance experienced between leagues. Data was captured on the travel undertaken by approximately 1,600 players across the four senior men’s competitions in the respective 2019 home and away seasons. Excluding any travel to training or club events, the average travel per player and league in that year is summarised as follows:

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

Given that player payments contain a component of compensation for player travel (to either reimburse travel expenses or the forgone opportunity of employment to participate), work was completed to standardise payments to reflect the amount paid for travel versus the amount paid to a player for their skill and contribution to a club’s success. That difference is summarised as per below:

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

The large differences in the ‘assumed match fee’ – that is, the amount paid to a player for their skill and contribution to a club’s success was a key factor in determining varied changes to each league salary cap.

Considering that 54% of businesses have reported revenue drops of between 25%-75% when compared to the same time last year, it is a prudent time to reduce salary caps where appropriate to alleviate pressure on clubs fundraising endeavours. A fine balance still needs to be struck between alleviating pressure on finances and hindering a clubs ability to recruit and retain players.

### Consultation

Consultation was undertaken with the newly formed AFL Western District Advisory Board as well as AFL Victoria and with an understanding of neighbouring regions intentions in future salary cap adjustments. The changes to AFL Western District league salary caps are broadly in line with the rest of the state, therefore, providing no gain or loss to the bargaining power of our leagues.

### Decision

#### 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%

This decision is further illustrated by the below table:

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

### **2020 Compliance Framework**

Across all leagues, the 2020 Salary Cap will be set at a nominal amount of \$5,000. This will provide for instances where clubs have already made payments to players in 2020 or provided items of value to their players such as the provision of apparel as an example.

Clubs are required to lodge player contracts and details of actual payments for the 2020 season via Footyweb/SportsTG in the 'Contracts' module. Detailed instructions have been provided with this memo. AFL Western District will begin to contact clubs in the coming month to ensure this has been completed.

Any club that has paid over the \$5,000 salary cap for 2020, will be required to lodge a request to AFL Western District to seek either an exemption of those amounts for 2020 or if deemed not to be suitable to be exempt, the excess amount will be carried forward to reduce the 2021 cap.

Please contact Michael Farrow, Senior Operations Coordinator on either [Michael.farrow@afl.com.au](mailto:Michael.farrow@afl.com.au) or 0417 125 482 with any queries on this process.

### **Further Support**

Clubs are encouraged to consult the resources available via the AFL Club Help website ([www.afl.com.au/clubhelp](http://www.afl.com.au/clubhelp)) for further guides – particularly resources on player payment negotiations and the steps required to make any alterations to player contracts. You may also email the dedicated team to take up specific assistance on [clubhelp@afl.com.au](mailto:clubhelp@afl.com.au)

Further guidance on player point allocations and total allowable team points are expected to be available shortly. Given there were no matches played in season 2020, there is not expected to be any substantial changes to those point allocations already made.

We trust this decision allows clubs to commence planning for season 2021 and beyond with confidence.

Regards,

A handwritten signature in blue ink, appearing to read 'M Ross', on a light green background.

**Matthew Ross**  
**Commercial & Operations Manager – AFL Western District**