

GROUND

Gary Ablett was enjoying a stellar 2014 season for Gold Coast until he injured his shoulder in round 16.



STRATEGY & CLUB SERVICES

SAM GRAHAM
GENERAL MANAGER



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The AFL has adopted several policies which will allow all clubs to participate in a well-managed and balanced competition.

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Developing the AFL Commission's updated competitive balance policy was the major focus of the strategy and club services department in 2014.

The final policy was the result of more than 18 months' work involving the AFL Commission, the 18 AFL clubs and AFL executive.

An industry working group formed to make recommendations which consisted of three AFL club presidents – Peter Gordon (Western Bulldogs), Eddie McGuire (Collingwood) and Andrew Newbold (Hawthorn) – plus three AFL club Chief Executive Officers – Brendon Gale (Richmond), Trevor Nisbett (West Coast Eagles) and Keith Thomas (Port Adelaide).

Then AFL Players' Association Chief Executive Matt Finnis was also a member of the working group while the AFL was represented by Chief Executive Officer Gillon McLachlan, former Chief Executive Officer Andrew Demetriou and General Manager, Strategy and Club Services Sam Graham.

While the policy adopted by the AFL Commission in June 2014 has some new elements – notably a 'soft cap' on non-player football department spending – it was a refinement of how the competition has been managed by the AFL Commission since the 1980s.

Since that time, the AFL has been a 'managed' competition with the following components:

- The National Draft for the distribution of player talent.
- A salary cap to ensure clubs all pay their players a similar amount.
- Revenue sharing via the distribution of central AFL funds across the 18 clubs generated by competition broadcast rights, sponsorship, finals and licensing.
- A gate levy on adult match-day attendees.
- Club Future Fund – discretionary distributions to clubs from central AFL revenue.



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'Managed' competitions aim to deliver competitiveness on the field and uncertainty of outcomes. This is critical to ensuring members and supporters believe their club has a legitimate chance of winning from week to week, regardless of their financial strength.

The National Football League in the United States is arguably the best example of a managed competition. This underpins our ability to maintain and grow interest in, and support for, the game.

Competitions which are left to market forces usually result in a few strong teams dominating and on-field success becoming a foregone conclusion primarily due to a significant financial gap between clubs.

Since 1990, every AFL club except the Gold Coast Suns and Greater Western Sydney Giants has reached a preliminary

final and 14 clubs have reached the Grand Final with 11 different clubs winning premierships.

In the 20 years before 1990, only seven different clubs played in the Grand Final and five won premierships.

A review of competition finances over recent years showed the financial gap between clubs was significant and growing, which has meant some clubs have had greater resources to invest in their football department and to grow their supporter bases.

It therefore became apparent that policy amendments were required to ensure the competitive balance we have experienced since 1990 is maintained and continued into the future to maximise public interest in the AFL competition. →

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CHASING GLORY

A managed competition means all teams have a shot at winning a premiership. →



COMPETITIVE BALANCE POLICY

The AFL's revised competitive balance policy was based on the following principles which were agreed to at a meeting in March 2014 between the AFL Commission and the Presidents and Chief Executive Officers of the 18 AFL clubs:

1. All clubs to have the capacity to pay 100 per cent of TPP and ASA limits.
2. All clubs to have the capacity to fund a level of non-player expenditure to be competitive on-field while maintaining overall profitability.
3. To deliver financial viability and on-field competitiveness, an enhanced revenue-sharing system including central and local revenue was required.
4. A mechanism to control growth in non-player football spend was required.
5. An aspiration to move towards a pure draft and salary cap.
6. An aspiration to pay the players more, if affordable for the industry.
7. Supplementary funds were required in addition to increased revenue sharing to address structural inequities – for example, fixture cycle, stadia deal, supporter base size and non-football businesses.
8. Revenue-sharing recipients must remain incentivised to grow and actively address causes of disadvantage.
9. AFL to provide more central support and enforce stronger penalties for non-compliance.
10. No club to be unfairly disadvantaged by the new competitive balance policy.

In June 2014, the AFL Commission announced its new competitive balance policy which took into account the following factors:

- The financial advantages and disadvantages of the AFL fixture.
- The relative strength of each club's supporter base and the widely varying markets in which each club is based.
- The financial advantages and disadvantages of stadium agreements held by AFL clubs.
- Recommendations from a group which included representatives of various AFL clubs who were given the task of establishing a level of non-player football department expenditure that would allow all clubs to be competitive.

The new competitive balance policy consisted of the following key changes:

1. Introduction of a soft cap and luxury tax on non-player football expenditure to curb football cost inflation. Clubs will have the choice of keeping within the soft cap or spending above the soft cap. If clubs exceed the soft cap, a luxury tax will apply. Club contributions will be capped at \$1 million per club per year for 2015 and 2016.
2. Move toward a more 'pure' salary cap through the phased reform of the veterans allowance, and phased reform of cost of living allowances for the Sydney Swans and GWS Giants.
3. Increase in total player payments by \$150,000 per club per annum for 2015 and 2016, and the introduction of a new total player payments banking mechanism that provides clubs the ability to catch up on player payments if underspent in the previous two years.
4. Enhanced revenue sharing which includes retention of the existing gate levy for larger clubs and incremental adjustments to club distributions based on relative club income for 2015 and 2016. Clubs generating above average income will have distributions reduced and clubs generating below average income will have distributions increased. Reductions in AFL distributions to larger clubs will be capped at \$500,000 per year.
5. Increase in discretionary allocations from the Club Future Fund for smaller clubs.
6. Strengthening existing and introducing new accountability and performance measures for clubs receiving additional distributions from the AFL.

The policy's implementation in 2015 will involve a number of AFL departments including integrity and compliance, finance and football operations as well as strategy and club services.



In June 2014, the AFL Commission announced its new competitive balance policy

Other major projects in which the department was involved included:

STADIA

- Review of the financial model for the first year of operation of Adelaide Oval.
- Supporting the planning for the new Perth Stadium in conjunction with the Fremantle and West Coast Eagles Football Clubs and West Australian Football Commission.

CLUBS

- Ongoing support for the two expansion clubs, the Gold Coast Suns and Greater Western Sydney Giants.
- Working with AFL clubs to support strategic and operational planning processes, delivery of key projects and development of best practice industry initiatives.

STRATEGY

- Building industry data strategy to simplify the way fans, members, subscribers and participants engage with our game.
- Managing annual strategy development and planning with the AFL Commission, executive and senior managers.
- Providing strategic planning support to key AFL departments, state bodies and other industry groups.

YOUNG AND OLD

Lachie Whitfield and Heath Shaw are a key part of expansion club GWS Giants. →

