



# **Reshaping the Second Tier of Football in Australia**

## **Progress Report**

**January 2021**

## Introducing the National Second Division Partner Group

AAFC acknowledges the proud history and track record of the 32 member clubs of our National Second Division (NSD) Partner Group. Clubs from across Australia, from different and rich backgrounds reaching back 130 years.

We thank the leaders of these clubs who, though their foresight and genuine love of the game, have made a tangible contribution to the establishment of the NSD. They have brought the immense football experience and knowledge of their clubs to the NSD Partner Group and the development of this report.

A NSD which gives all clubs something valuable to which they can aspire. A NSD which appeals to all true lovers of our game.



## Foreword



**Nick Galatas**  
Chairman

**Association of Australian  
Football Clubs Ltd**



The current second tier of men's football in Australia is comprised of 222 clubs. It's worth taking a moment to absorb that in print. Collectively, these clubs play in the eight separate National Premier Leagues (and equivalent state premier leagues) administered by eight separate Member Federations. Although they are licensed by their respective Member Federation to participate in their local competition, they do not enjoy a direct say in how they are governed as they are not members of their Member Federation.

The frustration of these clubs emanating from licensing obligations and competition-structure restrictions, forever limiting their role and aspirations, led them to seek a voice to demand change only a few years after this nominal second tier was rolled out nationally. That led to the formation of the Association of Australian Football Clubs (AAFC) in March 2017.

For the most part, these clubs remain intrinsically connected to community football through promotion and relegation within NPL divisions and state and regional premier leagues. In contrast, our top tier, is comprised of only 12 teams (11 in Australia) which are not linked to the NPL nor to the rest of the game through football competition and merit. Consequently, a yawning gap has emerged between our top tier and the rest of our game. This is evident in the football to an extent, but perhaps importantly, in the connectedness and unity of our game.

Nobody seriously thinks 222 clubs (of which 89 are in the eight NPL1 competitions) sitting below and unconnected to our 12 top tier teams is the best we can do. That is why, since October 2017, when AAFC publicly called for a National Second Division – a true second tier – support for it among fans, players, coaches, media, retired football stars and governing bodies has been overwhelming. Most recently, Football Australia CEO, James Johnson, has repeatedly said it is no longer about “if” we will have a national second division but about “how” and “when”.

Accordingly, this report does not seek to make the case for a true national second-tier. That case has long been made. It was mandated by Football Australia in its *National Second Division White Paper* which was produced by the National Second Division Working Group (NSDWG) in 2019 and adopted by the Board of Football Australia. It recommended that a financially viable national second division be introduced. AAFC was a key contributor to the NSDWG and the *White Paper*.

AAFC was also a key contributor to the work done by the National Second Division Steering Committee (NSDSC). More recently, AAFC was consulted by Football Australia in the formulation of its *XI Principles for the Future of Australian Football* which includes, as a measure of *Principle IV*, the continued development of any second division with key stakeholders, including AAFC.

This report is about what our member clubs can contribute to Football Australia in establishing and operating a true national second tier. It is about the best possible. Not about a notional “best” or the merely “possible”. It identifies the most viable and financially responsible model for a true national second tier to be able to both start and, as importantly, to grow.

We haven't got one, haven't had one but we all want one. So now is not the time to lament not having the perfect one or be inhibited by a wish for the ‘perfect’ one. Now is the time to start the best possible one.

The *White Paper* required it to be financially viable. Football Australia Board members and its executive have repeatedly said they're in favour of one, provided it's financially viable. This ‘rider’ or condition of financial viability has always struck us at AAFC, and our member clubs, as conveying an underlying absence of belief in it, and it has to be said, in our member clubs. That somehow a second tier might be contemplated, proposed or established which is financially unviable.

NPL Clubs haven't gone broke - not even during COVID-19. Many of our members have experienced massive external financial challenges during their decades of existence. They have navigated them all. They remain with us today; still healthy, still aspirational. They have not incurred hundreds of millions of dollars in operating losses as A-League owners have. They are self-funded through their members, supporters, sponsors and football activities.

This report advances a national second tier model, after considering available options, which is financially viable and more importantly, financially responsible. It is supported by our Partner Group of NPL clubs, which developed it and is available to be deployed by Football Australia for the benefit of the game. The proposed model represents the best possible financially viable and responsible true second tier which can be delivered. We understand it may disappoint those with more ambitious hopes for it from the start – that it might be immediately fully professional, for example.

However, while our clubs share such aspirations for the notional best, they are also mindful that they will assume the financial risk. We think this is the best place to start if we want to quickly develop to a higher level.

Before we finalise our optimum model, however, we will consult other key stakeholders and governing bodies to stress-test it and where appropriate, adjust it.

By concentrating our second-tier talent, our model offers hundreds of additional elite, national competition level playing opportunities for our young players, high-level coaching opportunities for our best local coaches, development of strong clubs across our country, places to nurture our future administrators, unleashing funding and sponsorship opportunities and building more football-specific facilities. And it embeds within its DNA the ability to grow and develop to a higher level; to respond to the development of our game and its needs and challenges as they arise. Most importantly, it offers the game's supporters what they want. It's their game, after all.

This report also addresses a national second tier for women. Currently, like the men's second tier, the women's second tier is comprised of the Women's National Premier Leagues run separately by each Member Federation. AAFC considers women's football vital to the overall health of our game. Hosting the FIFA Women's World Cup™ in 2023 presents us with a wonderful opportunity to grow women's football, including through the introduction of a true national second tier.

We have pressed for a NSD for women from the outset, but this measure has not received the same measure of support from our governing bodies and other stakeholders, so our report addresses it in that context.

Finally, I would be avoiding the 'elephant in the room' if I didn't mention promotion and relegation with the A-League. It was a consideration in the *White Paper* and is foremost in any football person's mind. A National Second Division makes no sense to our football minds, nurtured in the dominant football traditions we have all followed since childhood, without being linked to the 'National First Division'. One cannot be second, or first for that matter, if there is only one participant in a race. That is why we also use the term 'national second tier', in recognition that the National Second Division will truly come into being only when it is linked to the first tier. It is for Football Australia to decide when that happens after this necessary building block is added and embedded.

Many missing building blocks are belatedly being introduced to our game. Most recently, Football Australia's *Domestic Transfer System White Paper* for the introduction of a transfer system. Our model for a true national second tier should be seen in that context. It is a necessary building block for the ultimate unification of our game and our adoption of global best practice in all aspects of our football, as Football Australia recently said it did with the unbundling of the A League. In the end, linkages unite and strengthen while isolation, in silos, weaken and divide. We hope this becomes the link enabling Football Australia to complete unification as it reforms the game in line with the *XI Principles*.

We welcome any suggestions for improvement but about one thing there can be no argument...

***It's Time!***



**Nick Galatas**

**18 January 2021**

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# 1 About this Report

## 1.1 The Journey so far

### AAFC initial Preferred Model (2017)

On 27 October 2017, AAFC released a paper titled *A Preferred Model for a National Second Division Competition*.

That paper led to the resumption of a national discussion about the 'missing link' in our game – a true national second tier.

Whereas during the A-League era this idea had not gained a foothold, somehow the time now seemed right. It elicited widespread and overwhelming support among fans, clubs, players, coaches, media and our governing bodies.

### AAFC and Football Australia Partnership

It led to Football Australia (formerly known as Football Federation Australia or FFA) to partner with AAFC in late 2017 in seeking to establish a NSD. Meetings were held, during mid 2018 involving Football Australia, all Member Federations, the PFA and AAFC where tentative progress was made.

This work was undertaken in the shadow of the reforming of the Football Australia Congress and the work of the Congress Review Working Group. A new Football Australia board was elected in November 2018 which strongly supported the introduction of a NSD. New Chairman Chris Nikou, along with new Board members, Remo Nogarotto and Joseph Carrozzi, all publicly endorsed it.

### NSD Working Group – White Paper

Chaired by Remo Nogarotto, Football Australia established the National Second Division Working Group (NSDWG). AAFC was a key member. This group commissioned a *White Paper* on the feasibility of a NSD which was approved by the Football Australia Board in June 2019 with three recommendations:

1. *That a National Second Division be introduced.*
2. *That it be financially viable.*
3. *That a Steering Committee be established to oversee its formation.*

It also identified over 20 issues for consideration relevant to its establishment and development.

*"From the FFA's perspective, it's not a question of if there will be a second tier competition, but a question of when and how."*

**James Johnson** (SMH 15 Sep. 2020)

*"A national second division is the single most important policy area for the Board moving forward. Bigger than expansion. We can't have an AL and then a void. And pro/rel is only possible if there is a sustainable national 2<sup>nd</sup> Div in place."*

**Remo Nogarotto**

*"The move to a NSD is irresistible. The issue is how and when it is done, with realism to underpin success."*

**Joseph Carrozzi**

*"Introduce a national second division for men with pro/rel by 2023. Introduce a national second division for women by 2025. This is the least we can do to leverage #FIFAWWC2023."*

**The Golden Generation** (May 2020)

### NSD Steering Committee

The National Second Division Steering Committee (NSDSC) was established. AAFC was again a key member and driver of the work of the committee, which was chaired by Remo Nogarotto and included key stakeholders. The NSDSC had done considerable work on identifying the features of the clubs which would make-up the NSD.

By the latter stages of 2019, the work of the NSDSC was well-advanced towards conducting a 'market sounding' or 'preliminary expression of interest' among NPL clubs and any other interested party to be done in the first quarter of 2020.

This coincided with the commencement of James Johnson as the new Football Australia CEO in January 2020 amidst much anticipation for the substantial reforms which had been flagged. These included the unbundling of the A-League from Football Australia; the introduction of the NSD; the national review of the NPL; and the further development of women's football while pursuing our ultimately successful bid to host the FIFA Women's World Cup™.

## COVID-19 Pandemic

As we all know, something else happened in March 2020 – COVID-19. Understandably, the pandemic was the focus of attention and priorities of Football Australia, Member Federations, and clubs. Football, at all levels, and across the country was suspended and then, in various degrees and in most places, many months later, it slowly resumed. Sadly, that was not possible in Victoria.

That took a lot of work and coordination. It also focused the minds of clubs and governing bodies alike on financial survival.

Football Australia had the additional significant challenge of delivering the conclusion to the suspended 2019-2020 A-League season and on completing the unbundling of the A-League.

Amongst all of this, all football lovers celebrated the wonderful news that Australia was awarded the hosting of the 2023 FIFA Women's World Cup™.

Amidst these challenges, it is understandable that work on the NSD was slowed. AAFC's member clubs were keen, however, to see it progress, as they considered it as urgent, if not more urgent, than some other issues. While the A-League owners urged the unbundling on Football Australia in order to reboot and enhance the A-League, our member clubs urged the reform of our national second tier as that would not only reboot and enhance their football competitions, it would also help the A-League too as the whole game would benefit.

## NSD Partner Group

In that context, the AAFC Partner Group was born with 32 member clubs from all parts of the country. Representing a diverse cross section of aspirational clubs, they resolved to further the development of a model of the NSD.

This group resourced and undertook detailed discussions involving numerous workshops, research and analysis which has culminated in the preparation of this report – the 'market sounding'.

Mindful of the reality of our present wider economic circumstances, as well as the post-COVID football landscape on the one hand, the pressing football need to start a NSD on the other, the Partner Group sought to develop a model which is robust, financially responsible, and achievable.

The objective has been to develop a proposed model for a new national second tier clubs can confidently and successfully deliver. In this way, AAFC can assist Football Australia bring a robust and well-considered view to the table when participating in the consultation process.

Additional detail about the Partner Group clubs is in Part D of this report.





## 1.2 Purpose of this Report

This report sets out the proposed working model for the NSD as developed by AAFC together with its NSD Partner Group. It identifies and explores the critical success factors for a successful NSD and discusses available options for governance and commercial arrangements for the new league, and its clubs. It aims to encourage discussion and further analysis, as well as forming the basis for consultation by AAFC with other stakeholders and governing bodies before finalising its preferred model.

## 1.3 Report Structure

This report is presented in four parts:

<b>A</b>	<b>Our Vision</b> Setting out a vision for what a new National Second Division could look like when it commences and how it may evolve over time.
<b>B</b>	<b>Critical Success Factors</b> Discussion of the key elements of the NSD to be considered and agreed by the stakeholders before commencement.
<b>C</b>	<b>Governance &amp; Commercial Considerations</b> Consideration of available governance and commercial structures and club criteria
<b>D</b>	<b>Partner Group Moving Forward</b> Summary of the actions and next steps to progress planning for the restructuring of the 2 <sup>nd</sup> tier of football







# Part A – Our Vision

## 2 Our Vision

**A new National Second Division is the 'missing link' in Australian Football.**

**It will redefine the second tier of football in Australia, by:**

*Creating a critical step in the career path for Australian playing and coaching talent.*

*A new elite competition offering up to 300 new football positions for players, a higher level for our top coaches and match officials.*

*Bridging the gap between the NPLs, A-League and W-League.*

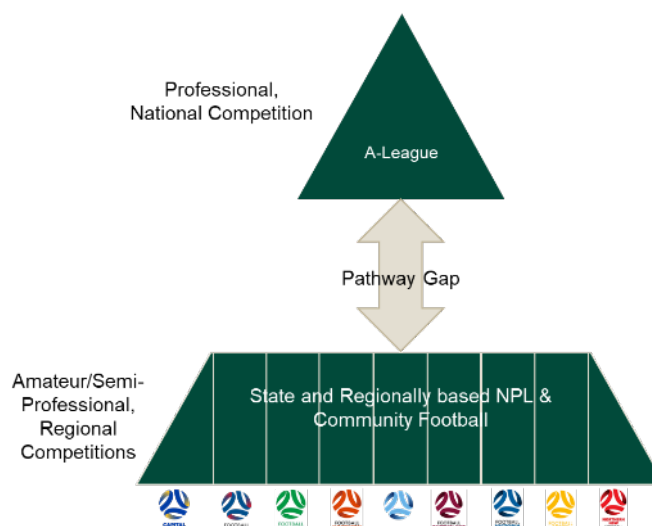
*Scaling up existing aspirational semi-professional clubs, by playing in a national competition, within a professional environment.*

*Offering the necessary peak competition of an open 'pyramid' for clubs within which they will find their level and best respond to their football community to satisfy their aspirations.*

*A 'free market' which empowers clubs as they live and survive within competition structures.*

*A true, streamlined second tier of clubs emerges from within the burgeoning number of notionally second tier state and regional NPLs.*

Current Situation



Proposed NSD



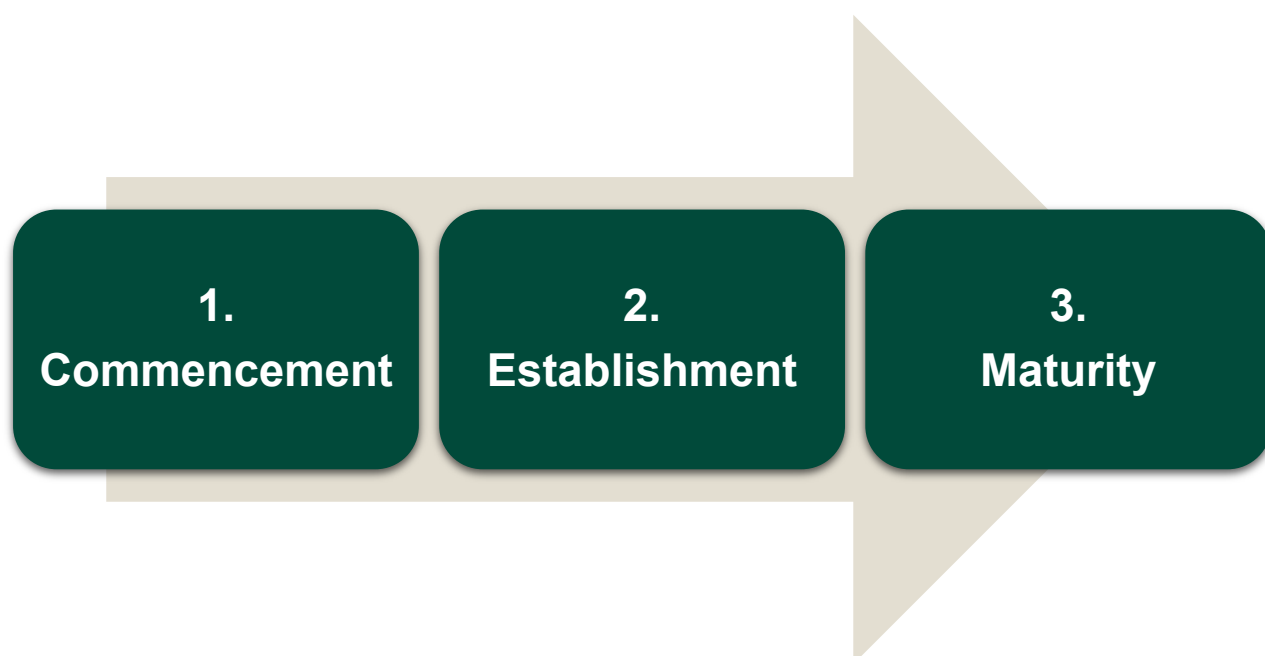
## 2.1 Responsible, Sustainable Growth

The model has been developed on the basis it is no longer a question of “if” but of “how” and “when”. It is therefore paramount that a new, reshaped and fit-for purpose second tier be developed and that it be the best possible. There is no ‘perfect’ time to start and the cost of further delay is unaffordable. Waiting longer is no longer an option – in the best interest of the game.

It is therefore necessary to be able to start as soon as possible while also building within the DNA of the model the mechanism to grow sustainably and responsibly. In this way we have failsafe development and demonstrable improvement to our game at the same time.

To this end, the model recognises and is informed by these factors:

1. **Commercial Sustainability** – remaining financially responsible achieved by leveraging the existing capability of clubs so as to not enshrine ongoing operating losses.
2. **Risk burden** - the clubs will bear the majority of the commercial and reputational risks.
3. **Not for Profit Organisations** – Club Directors recognise they have a stewardship role over the use of their members’ funds. Being not-for-profit, the clubs can re-invest all revenue into the game and not be fettered in their growth by any need to provide a return on private shareholder funds.
4. **Standards driven** – entry and participation criteria will describe the optimal outcomes rather than prescribe how these outcomes are to be delivered.
5. **XI Principles** – demonstrably contribute to the achievement of the Vision for Australian Football.



### 2.1.1 Commencement (2022/2023)

It is not hard to envision the commencement of the NSD. The resources all exist today. Teams, supporters, players, administrators, sponsors, expertise, potential, and passion are all there.

When it starts, the NSD will be a modest, financially responsible league. 12 teams bringing the best of the NPL1 clubs together with a national footprint.

Importantly, it will be founded on elevating existing, semi-professional clubs into a professional environment.

A snapshot of the NSD at **Commencement** is as follows:

1. 12 clubs are selected to form our new second tier, a genuine national second division (NSD), which kicks off in summer 2022 or winter 2023.
2. Over 280 new elite semi-professional playing opportunities in a professional environment are created for our best young footballers which enhances their development, excites fans, and strengthens our national teams.
3. Women's football continues to grow as FIFA Women's World Cup™ fever hits and planning for the Women's NSD is completed.
4. This initial group of aspirational clubs represent the best of our current NPLs across the country and have:
  - a. Facilities which largely align with FFA Cup technical requirements and >3,000 ground capacity with corporate hospitality facilities
  - b. Coaching staff with A-license accreditation
  - c. Demonstrated financial capability and deep connection to and support within their community through history and tradition
  - d. A comprehensive women's football program in place

NPL clubs aspiring to enter the NSD are developing to meet the criteria.
5. A lean, experienced administration with:
  - a. Strong commercial support from new and existing club sponsors.
  - b. Broadcast/streaming arrangements for all fixtures which embed fan engagement, with revenue at least meeting its cost.
  - c. A clear strategy for commercial growth.
6. NSD clubs continue to participate in NPL at youth level – both boys and girls. Planning is progressing for them to seek accreditation as 2-Star Academies.
7. Promotion from NPL to NSD from the outset until the competition has 16 teams, followed by promotion and relegation with NPL each season.
8. NPL clubs are relieved of many 'second-tier' related obligations, enabling them to find their level, be adaptable and focused on meeting the football needs of their community.
9. Football competitions from community level through NPL to the NSD are linked, generating unity.



## 2.1.2 Establishment (2025 )

Within a few years, the NSD will have been established as an integral part of our football environment. During these initial years, this new competition, sitting above the State and regional NPLs, and having brought together the best of the NPL into a peak competition, will have started to grow and develop towards its potential. Elite players developing together in a high-profile national competition, with more money, better facilities, and top coaching in a well-supported, professionally governed, super-competitive league. More top football enhancing and complementing a growing A-League. Football coverage in mainstream and social media surges.

A view of the **Established** NSD a few years in:

1. The competition is well established, popular, and connected with the reformed, regional NPL competitions.
2. The participating clubs have had successful initial seasons with good crowds and growing interest from the football community.
3. The competition grows to 16 teams. Promotion/relegation with NPL captivates interest from fans of NPL and NSD clubs, as competitive tension grips.
4. The Women's NSD kicks off in 2025.
5. Several NSD players have been traded to the A-League, and internationally, for substantial transfer fees. The money helps fund development of bespoke facilities and the growth of clubs, as they move towards full professionalism.
6. Revenue from broadcast/streaming, match-day, sponsorship, and membership grows.
7. State and federal governments commit funding to upgrade multiple club facilities as the game is unified, popularity grows and developing young male and female players enhance our prospects of winning Olympic medals.
8. The new pathway for clubs empowers aspiring NPL clubs to grow and develop. There are now more than 20 clubs nationally which meet the standards necessary to participate in the NSD.
9. Fewer young, elite footballers are migrating to the major east coast clubs as they now have a viable pathway to play elite football in their home state. Retention of players increases.
10. NSD clubs, and those aspiring to be promoted to NSD, are increasingly being accredited as 2-Star Academies with active youth development programs from U9s upwards for both boys and girls.
11. NSD clubs are all accredited under the Football Australia National Club Development Programme.
12. Collaboration is maturing between Football Australia, AAFC, and clubs which underpins the Active Governance model. It comprises a supervisory Board and committees – Women's, Youth & Coach Development, Marketing and Standards.

### 2.1.3 Maturity (2028 )

The NSD will have fulfilled its promise and sit at the top of a large pyramid of competitions and clubs that form the restructured 3<sup>rd</sup> tier of football in Australia. Forming a true second tier, it will comprise the best teams outside the A-League. The chasm between the A-League and the State-based NPL competitions will have been bridged by a financially strong and sustainable national league. High quality in all its facets, it will offer the necessary link to the A-League to create a truly unified game across Australia. The era of the silo will have ended, ushering in the era of merit-based aspiration, while also offering strong clubs able to meet commercial and licensing-based entry into international competitions.

1. The competition is entrenched in the psyche of the football public.
2. There are 16 NSD clubs from across Australia and many more which have played in it, now back in the NPL, building for promotion, with many others getting ready for their first attempt at promotion. Unity and opportunity abound.
3. There has been great celebration around the success of the Women's National Second Division (WNSD). This now means that there is a fully structured 1st and 2nd tier for women's football including NPL, WNSD and W-League.
4. Interest has spilled over into the A League/W League, which has grown in popularity with the growth of the game's footprint and many players moving between A League teams and NSD clubs.
5. The league has had a number of excellent seasons. Clubs are growing organically. More than 25 clubs have played in the NSD. There are now more than 40 clubs Australia-wide which meet the standards to participate in the NSD.
6. Clubs continue to upgrade their facilities assisted by government grants and their growing revenue streams. Most clubs now play out of boutique stadiums, some with 12,000-15,000 ground capacity. Many are used for community and commercial events, helping raise revenue and enhance grassroots connection.
7. Player transfers to top overseas clubs are now commonplace. 25 young Australian players transferred from both the NSD and A-League to international clubs in the past 12 months. A majority of the Australian national men's and women's squads have played in the NSD.
8. NSD clubs routinely bring through numerous elite young local players, generating great excitement among fans and the wider sporting community. Many are household names as they rise to the top of the game. Kids wear shirts of local clubs with Australian player names.
9. Youth and coach development programmes are continuously being enhanced.
10. The streaming service is now generating more revenue as interest in the whole of Australian football grows. It now covers administration and travel costs.
11. The NPL has been streamlined to reflect the establishment and growth of the NSD leading to the cost of football for most young players being greatly reduced.
12. A NSD club has won FFA Cup and qualified for the Asian Champions League.
13. The A-League and Football Australia have developed a system of promotion and relegation between NSD and A-League. The football pyramid is complete. The game is united and prosperous.

## 3 NSD Contribution to XI Principles

The *XI Principles for the future of Australian Football* released by Football Australia in October 2020 responded to what it considered an “overwhelming acknowledgment of the need for transformation in Australian Football”.

In the “Where to Next” section of the Executive Summary to the *XI Principles*, Football Australia proposes to begin their implementation in consultation and collaboration with the game’s stakeholders. Measures are proposed in connection with *Principle IV*, which directly relate to the reform of the game’s second tier and the development of the proposed NSD.

AAFC considers that our working model will make a meaningful and important contribution to the achievement of each of the *XI Principles* in this way:

Principle	The NSD Contribution
<b>I</b> <i>Build a consistent and strong identity for Australian football which inspires all Australians</i>	Football Australia identifies the role of multiculturalism, migrants, volunteers, indigenous and other communities to the development of our game to what it is and what it can become. It also recognises the crucial role and contribution of women’s football to our game’s overall identity and it inspires all Australians. Enabling all Australians, and all their clubs, to aspire to be the best they can be will be aided by a robust and connected national second tier, which connects our football pyramid. A strong, flexible, evolving and connected true national second tier will help unite the Australian football community and help develop a clear understanding of what success looks like, as Principle I envisages.
<b>II</b> <i>Develop a new narrative for football which signifies a fresh start for the game in Australia, successfully ties together all new initiatives and distinguishes it from other sporting codes in the country</i>	This Principle is aligned with a fresh new national second tier. It directly speaks to the proposed measures to implement this Principle, including resetting football’s narrative based upon ‘values’, among which AAFC would include inclusion, opportunity and aspiration as unarguably central. Including many existing clubs formed by our migrants and within our multicultural communities, the NSD will directly assist the proposed measure for Principle II to “ <i>Create a narrative which is contemporary, genuine, and acknowledges Australian football’s multicultural origins, its rich history and diverse football community today</i> ”. It must foster unity, be football-focused and capitalise on football’s global nature for the benefit of the Australian game.
<b>III</b> <i>Establish an integrated and thriving football ecosystem driven by a modern domestic transfer system</i>	The model AAFC proposes for a new national second tier will enhance the Australian football ecosystem, by creating more opportunities at the domestic level for transfers and loans providing greater job security and more playing time for players, and financial stability for clubs. It will add a layer of elite competition, creating better players and bridging the tiers of football competition thereby helping “evolve and grow an integrated and thriving football ecosystem driven by a modern domestic transfer system”.
<b>IV</b> <i>Create a dynamic and engaging football product by optimising competition structures to connect Australian football; promote competitive balance and tension; promotes uncertainty of outcome; incentivise sporting achievement; and prioritise the fan experience</i>	This Principle directly contemplates the enhancement of our current second tier of football and the establishment of a true national second division. The NSD is the missing link in the Australian football competition pyramid. The introduction of AAFC’s proposed model will do exactly everything Principle IV says. Nothing better encapsulates it.

Principle	The NSD Contribution
<b>V</b> <i>Create a world class environment for youth development / production by increasing match minutes for youth players and streamlining the player pathway</i>	<p>The sentiment underpinning Principle V is one of the principal drivers for the introduction of a true national second tier. By providing an elite national competition bridging the A-League/W-League and the NPLs across the country, our young player production and development will be enhanced by increasing their elite level, competitive match minutes and streamlining their pathway.</p>
<b>VI</b> <i>Create a strong culture around coach development by emphasising the importance of the role as a skilled position and a vital link in player development</i>	<p>What better way to achieve this aim than to create more high-level, elite national positions and well-governed, professional club environments which are imbued in football history, tradition, and culture. AAFC's model will deliver a culture of opportunity and advancement for the benefit of players, coaches, referees and football administrators alike.</p>
<b>VII</b> <i>Transition towards a modern, fit-for-purpose governance framework for football in Australia in line with global standards and best -practice sports governance in Australia</i>	<p>AAFC considers this a fundamental principle for the improvement of our game. While AAFC intends to play its part in the ongoing reform of the governance of the game and reform of the Congress of Football Australia to reflect this Principle of a modern, fit-for-purpose governance framework, it also points to the immediate tangible benefits to better governance a true national second tier will bring. Well-governed clubs, to recognised high-level sports governance standards, will spawn our next young football administrators to maintain the momentum of reform and improvement of the game while taking governance of our second-tier clubs to the next level.</p>
<b>VIII</b> <i>Create an operating and governance model for the A-League, W-League and Y-League which is for the current circumstances</i>	<p>This Principle is not directly relevant to our proposed new competition but the increased popularity and national footprint of football which will follow the introduction of a true national second tier, and the unification of the game it will bring, will enhance the value and popularity of the A-League and W-League.</p>
<b>IX</b> <i>Ensure that football becomes more open and accessible to the Australian community and that cost does not remain a barrier to participation</i>	<p>The aim underpinning this Principle was a key reason AAFC was formed by our member NPL clubs. By introducing the true national second tier we propose, NPL clubs which are not truly second tier but are burdened by the compliance cost and obligations associated with adhering to 'second-tier' licensing requirements will be freed to better meet the needs of their local communities and provide high-level football opportunities at a much-reduced cost thereby removing barriers to participation and also burdens upon volunteers, who help keep costs down, so they are not lost to the game.</p>
<b>X</b> <i>Continue the growth of the game by driving participation of women and girls by enhancing existing competition structures to promote player development</i>	<p>AAFC proposes a national second division be introduced for women as a matter of priority. AAFC considers this will significantly contribute to the development and retention of women and girls. The NSD will unblock the pathway for talented young female footballers, providing them with ongoing high-level opportunities to reach their potential. By comprising a key segment of each club in a true national second tier, investment by clubs in the women's game will be encouraged.</p>
<b>XI</b> <i>Position the Matildas and the Socceroos as the unifying symbols of the game and heroes who epitomise the Australian football identity to inspire every young Australian regardless of their ability or background</i>	<p>This Principle speaks to the pinnacle of the game and unification. A true national second tier will complement this aim by completing the pyramid, at the apex of which sit our Matildas and Socceroos. An ordered, balanced pyramid below, completed by a true national second division, reflecting global best practice, will distinguish our game in the Australian sporting landscape by highlighting its global reach and the connection of all levels of the game to the world, like no other sport can do, it will unify our sport, create identity and narrative, as well as growth and success.</p>



A photograph of a soccer match. In the center, a player in a white jersey is being tackled by two players in red and yellow striped jerseys. The player in white is leaning forward, and the two players in striped jerseys are reaching out to tackle him. The background is a blurred green field with some spectators in the distance. A dark green banner with white text is overlaid on the middle of the image.

# Part B – Critical Success Factors

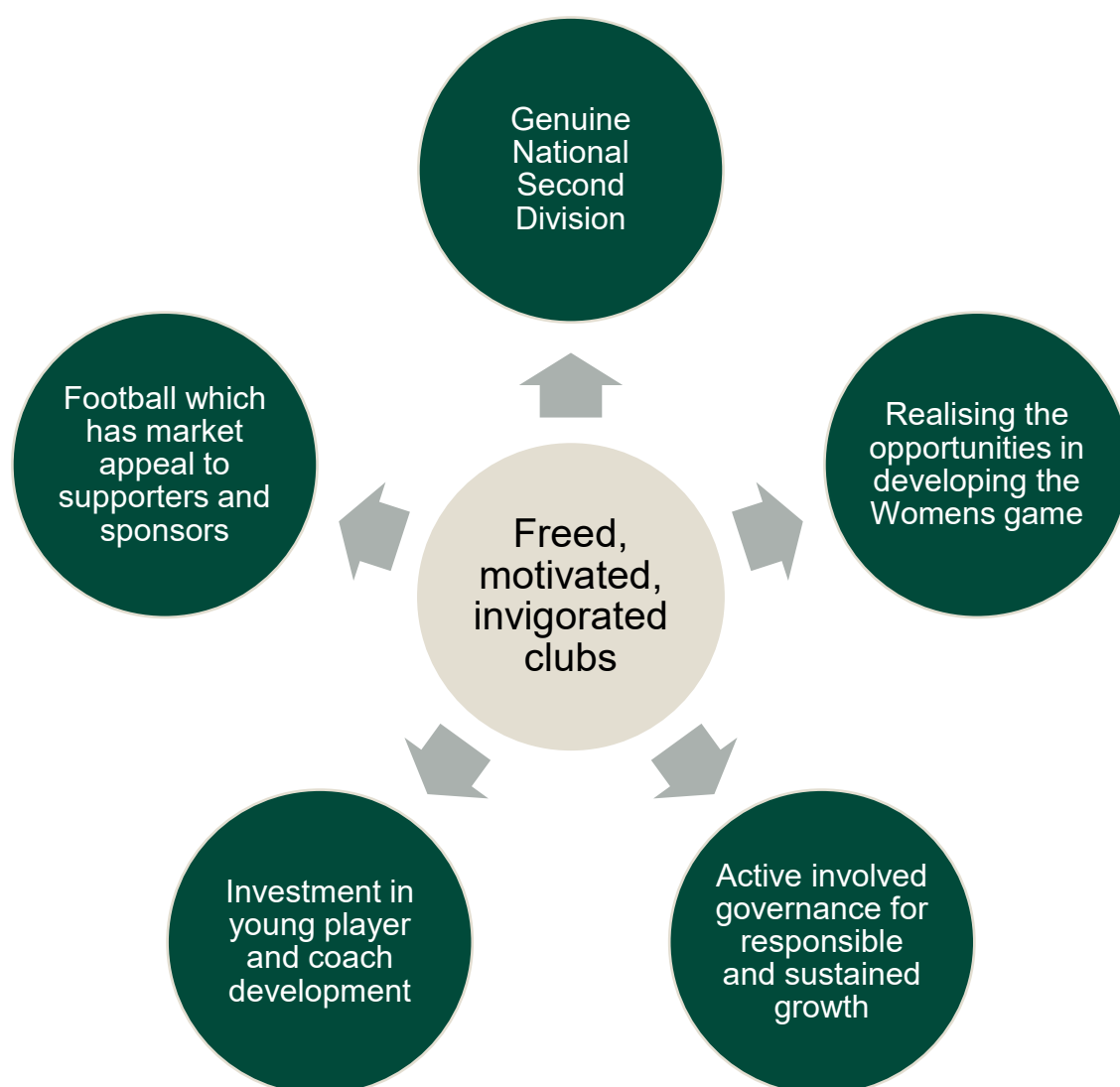
## 4 A Vibrant and Successful Second Tier

Part A of this report outlined a clear Vision for a redefined Second Tier of football in Australia. A Vision which demonstrably contributes to the future of football and the achievement of Football Australia's XI Principles for the Future of Australia Football.

Part B covers the five elements necessary to deliver the Vision and to ensure the success of the redefined second tier.

Crucially though, it centres around a foundation for success – freed, motivated, invigorated clubs. Clubs which will then be able and willing to deliver the five elements for success.

Lastly, as this is a Progress Report, Part B also outlines the further work the Partner Group will undertake to complete its final report in March 2021.





## 5 Foundation for Success - Clubs

The foundation for the success of domestic football in any country is made up of **motivated, invigorated, aspirational clubs**. As many as possible.

Any league is defined by and is only as good as its clubs. What is the EPL without clubs like Liverpool, Manchester United, Arsenal and so many more? Serie A without Juventus, AC Milan, Inter Milan, Roma, Napoli and so many more? La Liga without Real Madrid, Barcelona, Atletico Madrid and so many more? It is great clubs which come to mind; always. These and other great clubs around the world have developed over time. They all started small. They built upwards, from their local communities, before they became what we see today. They were not constrained, consigned or conscripted to a purpose.

In Australia we have numerous strong, locally grown clubs. They include AAFC's member clubs which were built and sustained by volunteers. Most such volunteers were newly arrived migrants, beginning with the British factory workers and coalminers in the 1880s and continuing with people who arrived from all parts of the world, who have all culturally enriched our country.

As well as being a 'home' for the supporters who built them, they have provided opportunities for their local boys – and increasingly now, local girls, to reach their football potential and endless entertainment, as well as solace and support, for their communities.

In his introduction to the *XI Principles for Australian Football*, Football Australia CEO James Johnson reflected on his own junior club in Rockhampton, which is emblematic of most clubs in that they became pillars of their communities - a shared Australian experience and identity. In short, these clubs were and remain, cultural institutions.

AAFC's guiding principle is that the central building block of the game is the club. From strong, vibrant, inclusive clubs emerge players of all abilities and achievement. From Matildas and Socceroos to committed club footballers - all with an abiding and enduring love for the game. It is from such clubs that supporters are nurtured and inculcated for life, and then the lives of their children. Embedded generational support is the result. That is the

*"What you need to build is club loyalty. Homegrown is still the most exciting thing ... the holy grail is the local boy made good because they are your best asset."*

*Richard Scudamore, former EPL Executive Chairman (quoted in the Sydney Morning Herald, 15 November 2019)*

hallmark of the strongest clubs around the world, whatever the football code or sport.

We therefore need as many strong clubs as we can accommodate. Lots of them is the defining feature of strong football nations. They provide competitive tension and homes for football people wherever they may be. We should not be afraid of their development, nor inhibit it. Let sporting merit decide their place in our linked hierarchy. Let it be fluid. Let it reward ambition, aspiration, merit. Let as many clubs rise to the highest level they can to raise and broaden the level of interest in the game across Australia. A rising tide lifts all ships

So, the continuation of our clubs as strong, vital and ambitious football clubs is critical to the development and organic growth of our game. It is now time to remove all shackles, burdens and restrictions imposed upon these clubs to allow them to reach their potential. They are our game's most precious resource. Freed from their constraints, enabled, and empowered, they can form a true national second tier. Something which football people instinctively understand as a national second division.

AAFC therefore seeks the introduction of a genuine national second tier, to be drawn from NPL clubs.

A further benefit of reforming the national second tier in this way is that the rest of the NPL clubs will be simultaneously freed from carrying unnecessary burdens so they can retain their hard-working volunteers and better serve their local communities. It will also ensure the reduction in the cost of participation for our young players and lay the foundation for the long-awaited and necessary linking of our game, from top to bottom.

## 6 A Genuine National Second Tier

### 6.1 Men's and Women's

The AAFC *Preferred Model for a National Second Division* (October 2017) sought the establishment of both a Women's and Men's NSD.

In consultations with Football Australia, PFA, and some Member Federations since 2017, a number have expressed concerns about the viability of a Women's NSD at this time. Similarly, Football Australia's *White Paper* (June 2019) included it amongst its factors for consideration. Notwithstanding, AAFC remains committed to the establishment of a Women's NSD – a topic expanded upon later in this report.

In the meantime, the discussion below focuses on a NSD for Men.

### 6.2 Singular NSD

In developing its preferred position regarding the format for a NSD competition, the Partner Group has assessed and evaluated the Australian and international markets, options for competition structures and the location and geographic spread of teams.

#### 6.2.1 Current Second Tier in Australia – the 8 NPLs

Currently, this is deemed to be the National Premier Leagues (NPLs) which comprise 8 separately administered state and regional competitions which have grown to over 250 clubs across Australia.

Significantly, these clubs are far from a homogeneous group. Their facilities, resources, financial budgets, and ambition differ markedly. For instance, there are clubs which play in developed boutique stadiums through to open community parkland.

The Partner Group supports the opinion of the PFA<sup>1</sup>, that:

1. Current NPL model is likely to be characterised as a “Third Tier competition;
2. State based second division is regional and therefore does not allow for top teams and talent to compete regularly;
3. NPL performance model is insufficient to achieve the objective of a proper [NSD].

<sup>1</sup> PFA, Club business plan for second tier competition, 2018 (quoted in FFA White Paper, 2019)





### 6.2.1.1 State and Regional NPLs

The NPLs were formed as a result of the National Competitions Review (NCR) which was completed in 2012. One of the key objectives for the NPLs was to strengthen elite player development. The fundamental model was the “Player Pathway” where “the Elite” players would be developed for national teams though “the Best” players participating in the NPLs, leading to “the Best of the Best” in A-League/W-League and other academies.

Critically, a 2018 study by AAFC found that many of the objectives for the NPLs have not been met, and that there is a significant disconnect between the objectives of Football Australia, Member Federations, and the clubs. The objective of the NPLs being “the Best” has been significantly diluted by the large number of clubs and academies involved with the NPLs and equivalent premier leagues in each State/Region. In 2018, there were 172 clubs. In 2021, this will be over 250 clubs involving approximately 28,000 players from the ages of 13 and up.

	MENS/BOYS							WOMENS/GIRLS			
	Total <sup>[1]</sup>	NPL1	NPL2 <sup>[3]</sup>	NPL3 <sup>[3]</sup>	NPL4	Youth <sup>[2]</sup>		Total <sup>[1]</sup>	NPL1 <sup>[3]</sup>	NPL2	Youth <sup>[2]</sup>
Queensland	34	13	11	8	-	26	17	15	-	17	
Northern NSW	24	10	11	-	-	24	8	8	-	8	
New South Wales	48	12	12	12	12	48	24	12	11	24	
Capital (ACT)	20	8	8	-	-	15	9	8	-	8	
Victoria	52	14	12	12	-	47	10	10	-	10	
South Australia	24	12	12	-	-	24	8	8	-	8	
Tasmania	8	8	-	-	-	-	7	7	-	-	
Western Australia	23	12	-	-	-	22	8	8	-	-	
<b>Total Clubs and Academies</b>	<b>233</b>	<b>89</b>	<b>66</b>	<b>32</b>	<b>12</b>	<b>206</b>	<b>91</b>	<b>76</b>	<b>11</b>	<b>75</b>	
A/W-League Academies	10	4	2	3	1	9	3	2	1	3	
Other Academies	1	-	-	-	-	1	5	5	-	3	
<b>Total Clubs</b>	<b>222</b>	<b>85</b>	<b>64</b>	<b>29</b>	<b>11</b>	<b>196</b>	<b>83</b>	<b>69</b>	<b>10</b>	<b>69</b>	
<b>Estimated players</b>	<b>23,068</b>	<b>3,060</b>	<b>2,376</b>	<b>1,152</b>	<b>432</b>	<b>16,048</b>	<b>5,760</b>	<b>1,972</b>	<b>396</b>	<b>3,392</b>	

Notes:

1. Totals across each State/Region do not necessarily equal the sum of each division as some clubs are only involved with Youth and others are only involved with Senior teams.
2. Youth includes U13s to U18s age groups.
3. Includes clubs involved with state and regional premier leagues where participation criteria are largely equivalent to NPL and/or there is promotion and relegation to/from NPL.

## 6.2.2 Comparison with Major International Leagues

Below is a comparison of the top tier and second tier competitions and formats across 11 major leagues around the world. Key findings:

- A men's second tier segmented into 8 separately administered competitions with over 250 clubs has no near comparison elsewhere in the world.
- 9 of the 11 nations studied have a single national second tier competition for men's football.
- 10 of the 11 nations have promotion and relegation across the top three tiers of men's football.
- 8 of the 11 nations studied currently have a Women's second tier.

COUNTRY	MENS							WOMENS				
	1 <sup>st</sup> tier	# clubs	2 <sup>nd</sup> tier	# clubs	2 <sup>nd</sup> tier format	Pro/Rel 1 <sup>st</sup> -2 <sup>nd</sup> tier	Pro/Rel 2 <sup>nd</sup> -3 <sup>rd</sup> tier	1 <sup>st</sup> tier	# clubs	2 <sup>nd</sup> tier	# clubs	Pro/Rel 1 <sup>st</sup> -2 <sup>nd</sup> tier
Argentina	Primera Division	24	Primera B Nacional	32	2 x 16 team zones	Yes	Yes	Primera A	17	Primera B	10	Yes
Brazil	Serie A	20	Serie B	20	National	Yes	Yes	Feminino A1	16	Feminino A2	36	Yes
Chile	Primera Division	18	Primera B	15	National	Yes	No	Primera Division	18	_[3]	_[3]	_[3]
China	Super League	16	League One	18	National	Yes	Yes	Super League Women	10	_[3]	_[3]	_[3]
England	Premier League	20	Championship	24	National	Yes	Yes	Women's Super League	12	FA Women's Championship	11	Yes
France	Ligue 1	20	Ligue 2	20	National	Yes	Yes	Division 1 Feminine	12	Division 2 Feminine	24	Yes
Germany	Bundesliga	18	2. Bundesliga	18	National	Yes	Yes	Frauen Bundesliga	12	2. Frauen Bundesliga	9	Yes
Italy	Serie A	20	Serie B	20	National	Yes	Yes	Femminile Serie A	12	Femminile Serie B	12	Yes
Japan	J1 League	18	J2 League	22	National	Yes	Yes	Nadeshiko League 1	10	Nadeshiko League 2	10	Yes
South Korea	K League 1	12	K League 2	10	National	Yes	No	WK League	8	_[3]	_[3]	_[3]
USA	Major League Soccer	26	USL Championship	35	2 x 17/18 team conferences	No	No	National Women's Soccer League	10	Women's Premier Soccer League United Women's Soccer	150+	No
Australia	A League	12	National Premier Leagues	233 <sup>[1]</sup>	8 x regional leagues	No	Some <sup>[2]</sup>	W League	9	8 x regional leagues	91 <sup>[1]</sup>	No

Notes:

1. Includes clubs in all NPL and equivalent Member Federation premier competitions which require clubs to substantially meet NPL club criteria.
2. NPLs are separately administered by separate state or regional Member Federations which set their own competition rules. In some regions there exists pro/rel within NPL and premier league competitions.
3. Research did not discover the existence of second tier competitions for women in these nations.

### 6.2.3 Preferred Competition Model

On the following page there is a comparative analysis of three potential models for a NSD in Australia:

- a. Singular NSD comprising 12-16 teams.
- b. NSD with 2 x 8 team conferences – Northern and Southern.
- c. Existing state and regional NPLs with extended NPL Finals Series.

The conclusion by the Partner Group is for a singular, national competition. Beyond the benefits identified in the comparative analysis, the overarching benefits are:

- a. a competition with genuine meaning, allowing the teams to play home and away against the best second tier teams in the country.
- b. providing a professional, elite environment for coaches and semi-professional, predominantly young Australian players to develop.
- c. greater commercial and other benefits outweighing the additional cost and burden of home and away travel.



### 6.2.3.1 Comparative Analysis of Potential Competition Models

National Competition 12-16 teams	2 Conferences 8 teams each (3 rounds)	Existing NPLs Extended NPL Finals Series
<b>Full home and away season and finals.</b>	<b>Northern Conference</b> – Sydney, Wollongong, Newcastle, South East Qld <b>Southern Conference</b> – Melbourne, Canberra, Perth, Adelaide, Hobart  Full home and away season for each and combined finals	<b>8 State/Regional NPLs</b> administered separately by MFs with an extended NPL Finals Series
The best against the best – a focused group commencing with 12 clubs and expanding to 16.	More clubs involved at commencement. Potential for more teams to be promoted each year. Greater risk of dilution of talent.	8 separately administered NPLs is far from 'best against the best'. No real change. Remains, as PFA found, a "Third Tier" competition. A NPL Finals Series provides little excitement.
Invigoration and motivation of volunteers, members, players and coaches in being part of a genuine national competition	Excitement remains in being part of a national competition. Somewhat tempered by lack of exposure to teams in alternate conference.	No added excitement or invigoration for clubs in state or regional competitions.
Take a financially responsible approach in rate and extent of expansion of the league	Diminished flexibility and scalability as would need a higher minimum number of clubs.	Lower financial risk – even lower return. Cheaper than a genuine NSD, but costs will still increase for those in expended finals series with little or no revenue return. Overall, a conclusion that it has a negative financial impact on clubs.
Travel costs managed by commencing with 12 teams.	Limited reduction in travel costs as distances remain between teams, especially in Southern Conference. Any cost saving is offset by lower revenue expectations.	Much lower travel costs. However, additional costs in player payments, coach payments, incentives and associated football operations costs.
Greater commercial benefits for clubs in attracting sponsors, subscribers and members.	Somewhat lower commercial benefits as clubs are not participating in a truly national competition.	Additional football operating costs for teams in NPL Finals Series with limited scope for any added commercial benefits.
Improved youth pathway with youth development on a national rather than a state only basis.	Improved youth pathway with youth development on a national rather than a state only basis.	No change to youth development pathway. Clubs remain in State or Regional competitions.
Alignment with the majority of the world in having a singular national competition.	Misalignment with majority of world leagues	Out of step with major world leagues.
Ability to build stronger rivalries, particularly between the larger NSW and Victorian clubs.	Separates teams from Sydney and Melbourne who have the largest supporter bases.	Only local rivalries to the extent they currently exist within State or Regional boundaries.
A more even competition, rather than a number of strong teams dominating each conference	Major imbalance in travel burden between Northern and Southern conferences.	Young players in smaller centres continuing to relocate to Sydney or Melbourne for perceived greater opportunities.
Teams will play each other less often, reducing the risk of fan fatigue	Inherent competition unevenness in hosting home matches with a 3 <sup>rd</sup> round.	Player fatigue though having to play additional matches beyond a full home and away season and finals series in their respective State or Regional NPLs.



## 6.2.4 Number and location of NSD teams

Overriding most other considerations in the design of a new NSD is the imperative to do so in a financially responsible and sustainable manner. This principle is discussed in more detail in Part C.

With that principle in mind and with consideration for other factors mentioned in this report, the Partner Group preference at this stage is for:

- a. Commencement of the NSD with 12 teams in a national men's competition.
- b. Expansion to follow with one team added per year to reach 16 teams.
- c. Seek as wide a geographic spread of team locations in capital cities and larger regional cities as is feasible.
- d. Teams to be selected on the basis of:
  - i. meeting the criteria for pre-qualification for promotion/initial selection (more detail in Part C), and
  - ii. qualification through a promotion/selection process involving competitive football matches.

A consideration which has been regularly raised is the need to ensure a geographic spread of clubs around most or all the capital cities and regional cities around Australia. Going further, the *White Paper* suggested a NSD "...could feasibly capture smaller cities that are not currently represented [in the A-League]."

While this consideration is superficially attractive, there is a reality to the geographic spread of the population (and strong clubs) in Australia. The table below illustrates this point and further analysis reveals the following facts related to the population of Australia in the larger Significant Urban Areas (SUA):

- a. 39% in Sydney and Melbourne.
- b. 64% across all capital cities.
- c. 24% in the Newcastle, Central Coast, Sydney, Wollongong region.
- d. 20% in the Melbourne, Geelong region.

Financial viability dictates A-League teams are understandably in cities representing approximately 67% of the population. The same imperative would apply to NSD clubs.



## 6.2.4.1 Geographic Spread of Australian Population and Clubs

	Significant Urban Areas <sup>[1]</sup> (SUA)	Est. pop'n (June 2019)	%	NPL1 Mens (excl. A-League)	Football Teams		
					A-League	WNPL1 (excl. W-League)	W-League
1	Sydney	4,933,898	19.35%	8	4	10	2
2	Melbourne	4,893,870	19.19%	14	3	8	2
3	Brisbane	2,430,180	9.53%	9	1	13	1
4	Perth	2,045,479	8.02%	11	1	8	1
5	Adelaide	1,340,794	5.26%	11	1	8	1
6	Gold Coast–Tweed Heads	693,671	2.72%	2	-	1	-
7	Newcastle–Maitland	491,474	1.93%	10	1	7 <sup>[3]</sup>	1
8	Canberra–Queanbeyan	462,136	1.81%	6	-	6 <sup>[2]</sup>	1
9	Sunshine Coast	341,069	1.34%	1	-	1	-
10	Central Coast	335,470	1.32%	-	1	-	-
11	Wollongong	306,034	1.20%	1	-	1	-
12	Geelong	275,794	1.08%	1	-	-	-
13	Hobart	216,682	0.85%	6 <sup>[4]</sup>	-	5	-
14	Townsville	181,668	0.71%	-	-	-	-
15	Cairns	153,951	0.60%	-	-	-	-
16	Toowoomba	138,223	0.54%	-	-	1	-
17	Darwin	133,331	0.52%	-	-	-	-
18	Ballarat	107,652	0.42%	-	-	-	-
19	Bendigo	100,991	0.40%	-	-	-	-
20	Albury-Wodonga	94,837	0.37%	-	-	-	-
	Other SUAs			2 <sup>[4]</sup>	-	4 <sup>[2,3,4]</sup>	-

Notes:

1. Source: "Population estimates by Significant Urban Area, 2009-2019". [www.abs.gov.au](http://www.abs.gov.au).
2. Teams in Northern NSW WPL excluding Mid Coast Football
3. Teams in Capital Football WNPL excluding Wagga City Wanderers
4. Teams in Tasmanian NPL or WPL excluding teams from Devonport and Launceston

## 6.3 Promotion & Relegation

The Partner Group is supportive of promotion and relegation as this creates deeper interest and emotional connections from fans at all levels of the game, enables clubs to aspire to play at a higher or lower level appropriate to their circumstances, and ensures the best teams are playing in the highest quality leagues.

Promotion from the 8 NPLs to NSD from the outset until the competition has 16 teams, followed by promotion and relegation with those NPLs each season.

Promotion and relegation with the A-League is not a feature of the competition. The NSD will hopefully provide the opportunity for Football Australia to introduce it in the medium to longer term.

- b. maximising the performance and position of the club in the NSD competition table to avoid relegation.
- c. development of, and opportunities for, younger Australian players,
- d. learning from and aligning with other world leagues.
- e. ensuring all players are on registered contracts with clear terms and expectations by both players and their club employer for the benefit of both.

## 6.4 Playing squads

In determining the composition and any potential requirements or limitations for playing squads has a number of considerations which need to be balanced. These include:

- a. financial considerations in terms of:
  - i. maximising club revenues from the best 'product' they can deliver.
  - ii. player remuneration in a semi-professional league.
  - iii. capitalising on the planned domestic transfer system

### Next Steps:

1. Consult with Football Australia, and other stakeholders to discuss our preferred position and implications for all in the game.
2. Develop a model for promotion and relegation to and from the 8 state and regional NPLs.
3. Design a process for selection of teams into the inaugural NSD season in Summer 2022 or Winter 2023 and expansion of the NSD.
4. Further consultation and research to determine any specific requirements or constraints relating to playing squads.





## 7 Developing Women's Football

AAFC supports Football Australia's XI Principles. Specifically, Principle X - *Australia Becoming the Centre of Women's Football in the Asia-Pacific Region*.

The establishment of a Women's NSD, together with other avenues of involvement by NSD and NPL clubs in the development of the women's game will make an important contribution to the delivery of the above Principle X.

This will include seeking to align with the 10-year business case which Football Australia and its Women's Football Council have developed.

### 7.1 Impetus from 2023 FIFA Women's World Cup™

As is stated in the abovementioned *Principle X*, the awarding of co-hosting rights between Australia and New Zealand for the 2023 FIFA Women's World Cup™ provides additional impetus for the development of women's football in Australia.

This event will drive unprecedented demand for participation in women's football and the NSD and its clubs will be strategically and actively committing to ensuring the opportunity is not missed.

This commitment by AAFC and the Partner Group is discussed in this section of the report.

### 7.2 Plan to develop a Women's NSD

As mentioned earlier in this report, the AAFC's 2017 *Preferred Model for a National Second Division* had as a fundamental principle, the establishment of both a Women's and Men's NSD. This remains the position of the Partner Group.

AAFC is committed to the establishment of a Women's NSD. Indeed, it is critical to the long-term success of the second tier of football in Australia as a WNSD will deliver new fans, sponsors, and participants to the game.

However, in past consultations with Football Australia, PFA, and some Member Federations since 2017, concern has been expressed that the development of player depth and the quality of players required for a WNSD is not yet available at an elite level for a WNSD to be added to the existing W-League and state and regional Women's NPLs.





This was confirmed in Football Australia's *White Paper* (June 2019) which stated a NSD "...for the women's game to not be a viable economic proposition in the short to medium term."

## 7.3 Women's Football Committee

Importantly, the White Paper also "strongly recommended that...the issue of the timing for a [NSD] for women's football be a standing/policy agenda item for periodic review in the first three years of the [NSD's] life".

We propose more definitive action. In the first instance, that a Women's Football Committee be an integral part of the overall governance model for the NSD. AAFC will consult with Football Australia on seeking to bring together a range of stakeholders – Women's Football Council, PFA, Member Federations - to be members of the Committee who will have as one of its key objectives the establishment of a Women's NSD by 2025.

The Partner Group is encouraged in this aspiration by some important statistics, such as:

1. Over 80% of Partner Group clubs have a women's programme ranging from younger girls involved in SAP, NPL Youth and NPL Seniors.
2. More broadly across the 8 State/Regional NPLs, the involvement in the women's game includes:
  - 83 clubs with a Women's NPL programme
  - over 3,300 girls (from 13 and 18 years) in NPL alone. Many more in SAP and community Minirooms
  - over 2,000 women in NPL senior teams.
3. Eight of the eleven major world leagues researched already have a NSD for women.

## 7.4 Build the Foundations

We note that FIFA's Women's Strategy has three overarching objectives:

1. *Grow Participation*
2. *Enhance the Commercial Value*
3. *Build the Foundations*

While much of the focus in women's football has been on the Matildas, our clubs operate at the 'coalface'. And that is where clubs can make a difference – in building the foundations.



While much of the focus in women's football has been on the Matildas, our clubs operate at the 'coalface'. And that is where clubs can make a difference – in building the foundations.

So, while plans are being developed for a Women's NSD, NPL clubs, including the members of the Partner Group, will continue their increasing commitment to Women's football.

In the first instance, it is proposed that it will be a requirement for any club seeking entry into the men's NSD to have a comprehensive women's programme – even before a WNSD is in place.

This commitment will build on the decades' long history of clubs in youth development. Clubs have always been involved in 'building the foundation' of Australian players and coaches. This will continue and evolve with the NSD to also include ways in which we can extend the retention of women and girls in football.

This will include girl's youth development being one of the terms of reference for the proposed Women's Football and Player & Coach Development Committees (refer to commentary later in this report).

## 7.5 Additional Initiatives

In addition to the abovementioned measures, it is considered there are further ways in which women's football can be developed in Australia.

These are intended to be part of the terms of reference for the proposed Women's Football Steering Committee and include:

- a. Increasing the involvement of women in governance roles in clubs.
- b. Improving its facilities to ensure they are more female friendly and improve the experience of women footballers.
- c. Establishment of the Women's FFA Cup.
- d. Commencement of a Women's NPL finals series.

### Next Steps:

1. Consult with Football Australia, and other stakeholders to discuss our preferred position and implications for all in the game.
2. Engage in further research as to the extent of involvement of women and girls in football as players, coaches, and administrators.
3. Further researching existing Women's NSD competitions in other parts of the world, seeking to learn lessons relevant for Australia.
4. Further develop terms of reference for the proposed Women's Football Committee.



## 8 Market Appeal

### 8.1 Marketing Steering Committee

Critical to the success of a NSD is market appeal. Being attractive to the football market will make or break any new competition.

An inherent advantage for the NSD will be the involvement of existing clubs with existing market appeal, which markedly reduces the risk of failure.

Nevertheless, the marketing of the NSD – in all its respects – is going to need effective and ongoing collaboration amongst each of the NSD clubs, Football Australia and other key partners.

Accordingly, this report is proposing that a Marketing Steering Committee be an integral part of the governance model for the NSD.

The primary objective will be to generate revenue growth so that the NSD can responsibly transition through the three phases of growth and development outlined in Part A of this report.

### 8.2 A Story

The average age of the clubs in the Partner Group is 58 years. A maturity which is indicative of clubs in the state and regional NPLs around Australia.

From the 1880s, they were, and continue to be borne from a need for a focal point and a source of positive contribution to their local communities. This includes:

- British factory workers and coal miners in the Sydney, Hunter and Illawarra regions in the early expansion of the sport in the 1880s and 1890s
- Clubs formed by post WWII migrants to Australia from the late 1940s and through into the 50s and 60s
- University and school-based clubs
- Regional/district zones seeking to create a positive environment for local youth e.g. Western Pride FC based in the Ipswich area of Queensland.

In all, there is a story – and one with meaning – behind every club. And the older the club, the more the story has transformed into a tradition – a culture for that club which reflects the values of their local community.

Communicating this story – these many stories – will be a key element of the marketing mix for the NSD. For every club has such a rich story.

### 8.3 Invigorated Supporters

Supporters, members, subscribers and sponsors already exist and in many cases are ‘rusted on’, passionate supporters of clubs.

Clubs need supporters for crowds, for atmosphere, for passion, for income and inspiration. The existing NPL clubs that may enter a NSD have long histories of loyal and passionate supporters.

As an illustration of existing social media presence below are the number of followers from amongst the 32 Partner Group clubs alone:

#### Social Media Followers 32 NSD Partner Group Clubs (2020)

Facebook	276,517
Twitter	82,850
Instagram	83,185
<b>Total</b>	<b>442,552</b>

These fans are existing and engaged with the social media figures of the Partner Group survey indicating that a typical club has approximately 8,000 views on Facebook, 2,400 views on Instagram, 2,300 posts on Twitter and 1,700 views of YouTube. Average website traffic over a 12-month period was 42,000 views (ranging from 2,000 to 140,000).

There is a reasonable expectation that these numbers will significantly increase when their clubs are involved in a genuine NSD rather than merely a State/Regional competition.



## 8.4 Members and Volunteers

Members and volunteers are a critical subgroup of supporters but with the important distinction that they are prepared to pay to belong. Members will invest time, skills and money in their club as it is part of their chosen leisure activities.

Existing NPL clubs have existing membership bases, with many having a licensed club or premises designed to support or underpin the football club and the Partner Group survey found that 55% of clubs had an affiliated club whose main purpose was to support the football club. A further 23% were affiliated with a licenced club whose main purpose was other than to support the football club.

## 8.5 Sponsors

The economic impacts of COVID-19 will be felt for some time. This has already resulted in some loss of sponsorship across most sports, not just football.

From a club perspective, sponsors are a critical source of income for clubs and for the League. Existing NPL clubs have readymade sponsorship arrangements and good market knowledge of the value or their commercial properties. It is expected that clubs in the NSD will be able to build their sponsorship base when their marketing offer is for exposure in a genuine national competition – with commensurate added exposure though streaming and broadcasting as well as social and mainstream media.

In addition, the establishment of a genuine NSD – with its corresponding national exposures – is an attractive offer to a potential naming sponsor for the NSD as a league.

## 8.6 Capitalising on Emerging Technologies

There are rapid and ever emerging technologies for the broadcasting of sports. Preliminary research was conducted by AAFC in 2017 which has been updated more recently by the Partner Group. This has principally revolved around the emerging capability of OTT platforms to develop and deliver broadcasting of matches and related programmes that deliver revenue and supports the ability to commercialise rights.

Ongoing investigation of this area includes:

- Multi-Platform delivery to OTT platform including pre- and post-game shows & interviews.
- Automated advertising and sponsor integrations able to be readily customised.
- Automated graphics & match statistics.
- Centralised coaching analysis.

It is expected that streaming and subscriptions will be a vital component of the modern football market. Subscribers, like members, are willing to invest time and money to watch their team. Over time the streaming and subscription market will become a vital source of income for every club.





## 8.7 Broadcasters

Broadcasters and broadcast rights deals have been a key source of income for all professional sports leagues. It is projected that in the Commencement phase, broadcast/streaming revenue will be modest.

## 8.8 Facilities

Clubs have a decades long track record in the development of their facilities. Developments which have been funded by:

- Members funds - as clubs are mostly not for profit organisations, they principally invest their surpluses into facilities – even when they may be Council owned.
- Volunteers and supporters – who support funding through both monetary and in-kind contributions.
- Government – grants offered by all 3 levels for facilities improvement which are available to not-for-profit sporting and community organisations.

The establishment of a NSD provides an added impetus to secure government support – Federal, State and Local – for the development of facilities.

A survey of Partner Group clubs revealed a range of data which is considered to be representative of many NPL clubs:

- Most either own or have a long-term lease on their home grounds and training facilities.
- Match day playing facilities are all year-round football dedicated facilities.
- Almost 90% have a home ground capacity in excess of 3,000 with 40% having a ground capacity in excess of 6,000.
- Over 80% have some form of corporate hospitality facilities with capacity ranging from 35 – 300 persons.
- Over 50% have made, or are at an advanced stage in the approval process for further facilities developments.

It is therefore proposed that the starting point for the facilities element of the NSD participation criteria for clubs be based upon facilities requirements which already exist for FFA Cup matches – especially those for broadcast matches – and in the 8 state and regional NPLs.



## 8.9 Playing Season

In the 2017 Preferred Model for a National Second Division, the AAFC proposed the NSD be held over the summer months rather than the traditional winter season. This was principally to align with the A-League and W-League seasons.

More recently, Football Australia has stated its preference for a unified football calendar, including the possibility the A-League and W-League changing their playing season to winter.

The Partner Group has undertaken a comparative analysis of both options as a starting point for further consultation with Football Australia.

In summary, there are benefits of playing in either the winter or summer season. However, alignment with a Whole of Football Calendar should be the driving consideration for the playing calendar. The Partner Group expectation is that this would mean a winter competition is preferred by Football Australia to align A-League, NSD and NPL competitions.

The season alignment with the A-League will ensure scheduling and player mobility is optimised, creating greater football following across multiple levels of football.

For the purposes of this report, the benefits of summer and winter are as follows:

Benefits of a Summer Competition	Benefits of a Winter Competition
Will not compete with other major codes such as the AFL and NRL which may allow for clearer air and greater commercial opportunities (although has not been the case for A-League)	Aligned with the 8 NPLs and potentially to align with A-League/W-League. The benefits of this alignment include allowing for promotion & relegation and an efficient domestic transfer system
Potentially attract additional supporters to NSD drawn from local clubs in their off season.	Will not compete with other competitions such as the Big Bash League or the summer holiday season.
Potential for higher operating costs for clubs operating for a full year, with effectively no off-season.	Clubs are already in football mode and therefore operating an additional team within their football calendar will allow for more efficiencies at club level.

Managing the challenges of playing in the relative extremes of the summer heat or winter cold, including the impact on the quality of football and attraction for supporters. This recognises the fact that clubs are located in an many different locations and therefore the extent of the impact of weather will differ.

### Next Steps:

1. Consult with Football Australia, and other stakeholders to discuss our preferred position and implications for all in the game.
2. Continue more detailed examination of emerging technologies for streaming and broadcasting, including more detailed cost and benefit analysis of different platforms and ownership models.
3. Learn from other parts of the football world, and even other sports, about more relevant and effective marketing and engagement approaches – including ‘millennials’.
4. Further develop terms of reference for the proposed Marketing Committee.

## 9 Player & Coach Development

### 9.1 Opportunity for Players

Above all else, a 12 to 16 team NSD will create 280 to 350 new football semi-professional positions which will be mostly attractive to younger players.

Initially, players will be “the Best of the Best” of the over 3,000 senior players in the NPLs. In addition, the NSD will also open additional opportunities for young Australian players at NPL1 level to fill the ‘gap’ created by those moving up the NSD.

The opportunity will be for these players to train, develop and play at a higher standard than the current state and regional NPLs.

In all it is considered that both impacts will increase the number of minutes of football for those with the potential to play in the A-League or other professional leagues.

### 9.2 Opportunity for Football

As mentioned earlier in this report, one of the key objectives for the NPLs was to strengthen elite player development. However, the sprawl of the state and regional NPLs has diluted the capacity of the NPLs to be “the Best”. In 2021, there will be over 220 clubs involved with NPL Youth (boys and

girls) seeking to develop approximately 19,000 youth players from the ages of 13 to 18. There are thousands more involved in the state and regional Skill Acquisition Programmes for the ages of 9 through to 12.

We believe clubs who enter NSD, and those aspiring to do so, can provide the resources and commitment to developing “the Best of the Best”.

### 9.3 Decades of Commitment

Providing opportunities for young players is nothing new for clubs.

Clubs in the Partner Group, as well as the over 240 NPL clubs across Australia, have amongst them a rich history in the development of youth players. Frankly, it is core to what clubs have done for the better part of the past 130 years.





This has included the development of dozens of international players and players who have had successful professional careers. The PFA's Player Pathways Study lists the top 50 Australian players based on the strength of their career. Nearly all the top 50 commenced their career in clubs – a number of whom are in the Partner Group.

This commitment continues.

In short, the clubs have demonstrably proven their commitment to developing, and providing a pathway for young talented footballers – boys and increasingly now, girls.

Clubs in the NSD will not only continue to do so, they will also be expected to further enhance the quality of their youth and coach development programmes.

## 9.4 Governance of Youth & Coach Development

Such is the importance of player development it is proposed to establish a Youth & Coach Development Committee as an integral part of the overall governance structure for the NSD. Further details are contained later in this report.

In overall terms, this Committee will seek to build upon the existing and extensive youth and coach development programmes which clubs already have in place through shared learning and collaboration.

This committee will likely have as members the Football Australia and NSD club Technical Directors.

## 9.5 Coaches as enablers

The term “youth development” is used widely in football. This report has deliberately added the word “coach” to that phrase to recognise the critical role coaches play as enablers for youth development.

The intention is to ensure that an appropriate level of focus is placed upon coach licencing, and that continuing coach education will be a key part of the work of the Steering Committee.





## 9.6 Elite youth academies

It is proposed that a key element of the criteria for clubs to enter the NSD is to continue to have a comprehensive youth and coach development programme for both boys and girls.

It is further proposed that clubs participating in the NSD will undertake the development process to attain the status of a 2-star accredited youth academy. This is important for underpinning player development and ensuring there is a stream of well trained and talented players coming through the player pathways.

## 9.7 Transfer fees & training compensation

As discussed in Part A of this report, the NSD will be a key link in the pathway between the current NPLs and the top tier. It will support the missing step from youth to semi-professional to fully professional to international professional.

The current lack of a domestic transfer system means the whole game is missing out on important injections of capital and reduces the incentive for clubs to focus on youth and maximising the development pathways.

The introduction of a domestic transfer system and training compensation scheme will incentivise NSD clubs to continue to invest and improve their promotion and development of young players.

## 9.8 Playing/training facilities

The establishment of the NSD will provide minimum requirements for playing and training facilities.

Existing clubs generally have high quality playing and training requirements but with minimum standards mandated, the NSD will be a catalyst for upgrades to many club's facilities.

### Next Steps:

1. Consult with Football Australia, and other stakeholders to discuss our preferred position and implications for all in the game.
2. Engage with Football Australia Technical Director and the national head coach in further developing the proposals for youth and coach development.
3. Seek guidance from other parts of the world about the role, purpose and requirements for success in the implementation of the proposed Youth & Coach Development Committee.
4. Develop terms of reference for the proposed committee.







# Part C – Governance & Commercial Considerations





# 10 Introduction

## 10.1 About Part C

This section sets out the current position of the Partner Group related to club capability requirements and commercial aspects for the Commencement phase of the NSD.

These are based on:

- the capability and resources of the Partner Group in the recognition that these clubs are representative of the majority of clubs who may seek to compete in the NSD.
- the working of the Partner Group in examining the capability and commercial aspects of the NSD and the clubs which participate in it.
- Lessons learned within the sport including the former NSL, A-League, and NPLs.
- external research and analysis seeking best practices which are relevant for the NSD.

It must be borne in mind that the proposed model is not finalised. Any changes in the NSD design and/or changes in the criteria for NSD clubs will naturally impact upon the commercial factors for both the NSD as a league and participating clubs.



## 10.2 Guiding Fundamentals

The phased approach to reaching its optimal level ensures the sustainability of the NSD - for the long term benefit of all who participate in it – clubs, players, coaches, supporters, sponsors, match officials and administrators.

In doing so, a number of fundamental factors have informed the Partner Group:

### 1. Commercially Sustainable

The three phases of growth outlined in Part A describe a progression which will ensure growth and development in a controlled and financially responsible manner

### 2. Risk burden

In establishing the NSD, it will be the clubs which will carry the majority of the commercial and reputational risks.

### 3. Not for Profit Organisations

The majority of clubs are not for profit organisations and have a broad membership base involving a range of stakeholders in their organisations.

This places a significant responsibility upon Directors who have a stewardship role in their management of members' funds.

### 4. Standards driven

It is intended that the proposed criteria and features of the new competition will result in a higher level from the NPLs.

However, they describe the optimal outcomes rather than prescribe how these outcomes are to be delivered. Two different clubs may demonstrate compliance with the criteria in very different ways.

### 5. XI Principles

Demonstrably contribute to the achievement of the Vision for Australian Football.

# 11 Active Governance

## 11.1 Rationale

Critical to the success of the NSD will be having robust governance structures. Governance of the league and clubs must be held to high standards so as to seek:

- to meet the principles outlined in this part of the report.
- controlled progress in the growth and development of NSD through the three phases described in Part A of this report.
- provide continued focus on the critical success factors discussed in Part B of this report.
- assurance that the league and clubs are meeting standards;
- continuous improvement.
- long term sustainability of the league and participating clubs.

## 11.2 League Governance

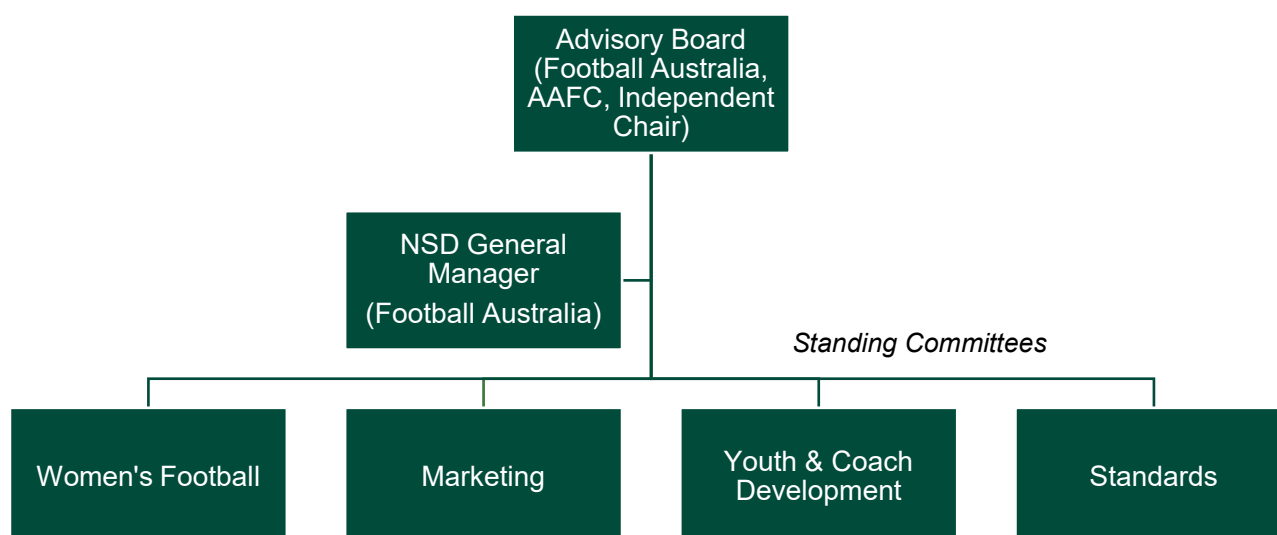
As will be described in this section, it is considered optimal to have a structured governance structure which drives collaboration amongst Football Australia, AAFC, NSD clubs and other stakeholders.

Below is an outline of a proposed model.

An advisory board will oversee the NSD, consisting of members from Football Australia, AAFC, Clubs and potentially an independent Chair.

Governance should also include the creation of standing committees from the associated stakeholders with responsibility for critical elements such as marketing, player/coach and youth development, women's football and standards.

This allows the clubs and subject matter experts to be involved in key decisions regarding the second tier which will ensure better outcomes for the league, clubs and Football Australia. It will also enhance the professionalism of the clubs, further improving the standard of the organisations involved.





## 11.3 League Administration

It is considered that Football Australia should have the overarching stewardship of the NSD.

In keeping with the overall objectives of simplicity and financial responsibility in the Commencement and Expansion Phases, league administration needs to be lean and optimal. Recognising that in these phases of the development of the NSD that this is a semi-professional league, involving, in the first instance one division of 12 teams – fewer than 200 matches in a season.

Given this, an option which was first suggested in the 2017 AAFC *Preferred Model for a National Second Division Competition*, could be for a Member Federation to leverage their existing resources in competition administration to undertake that day-to-day role on a fee for service basis. They would be responsible to Football Australia for service delivery.

The NSD brand, league marketing, commercial would be managed centrally by Football Australia.

## 11.4 Club Governance

### 11.4.1 Demonstrable track record

The Partner Group clubs have been established for an average of 58 years. They all have a range of commercial and administrative arrangements in place to manage a range of club operating functions.

In that time, they demonstrated their capability to effectively govern and administer their clubs through a number of phases which have involved significant change – from initial start-up as community clubs; development into top tier clubs in their respective states; some went into and out of the former NSL; transition to the NPLs; and most recently COVID-19. Some older clubs have even survived two world wars, the 1919 influenza pandemic, and the Great Depression.

With each challenge they have demonstrated a capability to adapt and respond to the changed circumstances and have survived.

### 11.4.2 Club Governance Standards

Notwithstanding the track record of clubs to adapt and respond so as to achieve sustainability, they, like all organisations can improve the effectiveness of corporate governance.

In doing so, it is proposed that NSD clubs should seek to adopt governance standards such as those set out in the *Australian Institute of Company Directors Not-for-Profit Governance Principles*. This may also include education for Club Directors and administrators.

*These principles include:*

1. **Purpose and strategy** - The club has a clear purpose and a strategy which aligns its activities to its purpose.
2. **Roles and responsibilities** - There is clarity about the roles, responsibilities and relationships of the board.
3. **Board composition** - The board's structure and composition enable it to fulfil its role effectively.
4. **Board effectiveness** - The board is run effectively, and its performance is periodically evaluated.
5. **Risk management** - Board decision making is informed by an understanding of risk and how it is managed.
6. **Performance** - The club uses its resources appropriately and evaluates its performance.
7. **Accountability and transparency** - The board demonstrates accountability by providing information to stakeholders about the organisation and its performance.
8. **Stakeholder engagement** - There is meaningful engagement of stakeholders and their interests are understood and considered by the board.
9. **Conduct and compliance** - The expectations of behaviour for the people involved in the organisation are clear and understood.
10. **Culture** - The board models and works to instil a culture that supports the organisation's purpose and strategy.

### Next Steps:

1. Engage with Football Australia to explore this proposed Active Governance model – merits and issues
2. Further define the terms of reference for the Board and Committees.

# 12 Club Selection Criteria & Capability

A key element in the progress towards commencing the NSD is to define the benchmark for entry to and ongoing participation in the NSD.

## 12.1 Participation Criteria

Given the continuing connection NSD clubs will have with the NPLs – including relegation - it is proposed the most appropriate framework for the participation criteria be the 10-element model currently in use for licensing clubs into the state and regional NPLs. (refer next page)

Utilising that framework, the specific criteria will be developed for each element. This criterion will reflect the preferred positions contained in this report and any further developed considerations.

As an indication, below is a summary of key criteria at the Commencement phase of the NSD.

As the NSD expands and develops, there should be an expectation that participation requirements may be increased over time as revenue increases.



Track record of success 'on the park'	Youth Development Programme moving towards 2-Star Academy status - for both boys and girls	Accredited at 3 star or above in the National Club Development Programme
Strong membership and supporter base with active social media presence	Continue to field teams in SAP and NPLs	Womens football programme with emphasis on youth development
Solid base of sponsors, benefactors or licensed club financial support	Pro or A-license coaches and Technical Director	Commitment by the Board to lift standards across the whole club
Established connections with local communities	Playing, training and spectator facilities generally meeting FFA Cup hosting requirements	Drive, ambition and resources to compete at a higher level

## 12.2 Criteria Framework

Included within the guiding fundamentals for the governance of the NSD, is that it will be Standards Driven. As mentioned earlier in this part of the report, the criteria for clubs to be involved in the NSD will seek to a demonstrable uplift to the current NPLs and the NSD progresses through its development phases described in Part A of this report.

They will be outcomes focussed rather than prescriptive and will be subject to assurance checks by the Standards Committee referred to in the Active Governance Model for the league.

It is proposed the framework for the criteria be the ten elements which is used in the NPLs:

- 1 Teams
- 2 Youth Development
- 3 Coaching
- 4 Governance
- 5 Finance
- 6 Facilities
- 7 Organisational Structure
- 8 Membership Protection
- 9 Medical
- 10 Reporting

The specific criteria across each of the ten elements of the framework have outlined on the previous page and many are discussed in detail throughout Part B of this report.

They will be further defined in the next phase of the Partner Group's work referred in Part D of this report.

### Next Steps:

1. Engage with Football Australia to discuss the proposed participation criteria framework.
2. Once the key design elements of the NSD have been further developed, commence to specify the criteria for each of the ten elements of the participation criteria.



# 13 Financial Modelling

## 13.1 Overview

Building upon, and recalibrating the detailed financial modelling first undertaken by AAFC in 2017, the Partner Group has identified and sought to reasonably estimate key revenue and cost considerations for both the league and for participating clubs for the Commencement phase of the NSD.

Outlined below is the identification of the key commercial elements for both Clubs and Football Australia, as administrators of the league. Further details of these commercial elements are discussed in the ensuing sections of this report.

	Clubs	Football Australia
Revenue	Gate, merchandise, membership, local club and jersey sponsorship, social media platforms and revenue generated through the domestic transfer system.	Club participation fee, league sponsorship and any revenue that could be acquired via broadcast or streaming.
Expenses	Football operations, marketing, facilities, administration, NSD participation fee, youth and coach development.	Travel, administration, marketing, commercial and broadcast (streaming).
Capital	Playing, training and spectator facilities, operating infrastructure, existing operations, personnel and goodwill in the form of brand recognition, members, supporters, community connection, track record, football knowledge.	Leveraging existing knowledge, capability and resources (including those within MFs) to establish, operate and grow the NSD – both men's and women's.

## 13.2 Travel Costs

Clearly the most significant cost for a national football competition in a nation as geographically vast as Australia relates to travel. Tempering that to a degree is the fact that almost two-thirds of the Australian population resides in the so-called “boomerang coast” area from Brisbane to Adelaide.

The Partner Group have consulted with Corporate Travel Management to assist with the initial travel cost estimates. Based on estimated charges sourced from travel providers, comparative models across a number of different potential competition models were considered.

The model considers each travelling team has a party of 23 people and the geographic spread of the competition. Some matches will involve coach transport for local intra state matches, some will involve day trip air travel, and others will involve overnight travel inclusive of 1-nights’ accommodation. The modelling also considers the finals series and preseason matches.



### 13.2.1 Indicative Travel Projections by Competition Scenario

	16 Team National	14 Team National	12 Team National	2 x 8 Team Conferences
Number of Rounds	30 + finals / preseason	26 + finals / preseason	22 + finals / preseason	21 + finals / preseason
Estimated total matches	310	243	184	240
Team locations	An objective for the NSD is to have as wide a geographic spread of clubs from as many capital and regional cities as is feasible. For modelling purposes, this included Sydney, Melbourne, Brisbane, Perth, Adelaide, Hobart, Canberra, Gold Coast, Newcastle, Sunshine Coast, and Wollongong.			
Total Flights	208	151	117	132
Total flight seats	4,784	3,473	2,691	3,036
Coach trips	21	23	9	13
Accommodation nights				
- due to distance (required)	86	48	42	44
- additional night matches (discretionary)	20	16	12	20
Total Accommodation nights	106	64	54	64
Total bed-night rooms	1,272	768	648	1,472
<b>Total Estimated Cost</b>	<b>\$2,626,026</b>	<b>\$1,846,510</b>	<b>\$1,456,021</b>	<b>\$1,551,951</b>
Estimated matches with air/coach travel	229	174	126	143
Average cost/match involving air/coach travel	\$11,467	\$10,612	\$11,556	\$10,853
<b>Est. Average cost/club</b>	<b>\$164,127</b>	<b>\$131,894</b>	<b>\$121,335</b>	<b>\$96,997</b>

Consistent with the comparative analysis of different models in Part B, a NSD competition model based around two conferences is the cheapest from a travel cost perspective. However, as disclosed by the analysis, any savings in travel costs are more than off-set by the expected reduced revenue from such a model.

Further, the wider benefits a truly national second division will bring to the game will not be achieved by a localised conference model.

## 13.3 League Costs

Early financial modelling suggests that NSD may cost \$2.5m to \$3.3m to run each year. This covers administration costs including additional Football Australia staff (or the cost of existing MF staff) travel, broadcast and marketing.

League Commercial Model 12 teams – National Competition (000s)	
Estimated Costs:	\$000
Administration	700-900
Travel	1,300-1,600
Streaming	300-500
Marketing	200-300
<b>Total Costs</b>	<b>2,500-3,300</b>

Considerations in the cost estimates for the league in the commencement phase include:

- small number of additional staff
- costs for judiciary, and match officials
- player, and other insurances
- allowance for limited office space
- marketing costs which complement marketing activity by clubs
- production of product for streaming
- centralised control of travel for the 12 teams in the NSD

Taking a conservative stance, this modelling has been prepared on the assumption that there may not be any net income from streaming or broadcasting in the commencement phase.

## 13.4 League Revenue

Revenue is expected to be generated through centralised assets (sponsorship and broadcast) as well as the club participation fee.

League Commercial Model 12 teams – National Competition	
Estimated Revenue	\$000
Participation Fees	2,000-2,400
Streaming	300-500
Sponsorship	200-400
<b>Estimated total</b>	<b>2,500-3,300</b>

Considerations in the revenue estimates for the league in the commencement phase include:

- no forecast expectation of net income from streaming or broadcasting;
- league sponsorship in the range of \$200,000 to \$400,000
- participation fees from the initial cohort of 12 clubs to fund lean administration costs.

Not included at this stage in the potential revenue for the league are:

- sale of data
- investment by Football Australia

### Next Steps:

- Consult with Football Australia and its commercial department to understand the realities of the likely potential sponsorship that could be achieved.
- Further develop commercial models for the league and clubs to 'stress test' the assumptions and cost and revenue estimates.

## 13.5 Club Commercial Model

Outlined on the following page is a potential cost model for a NPL club seeking to enter the NSD.

Factors to consider in the model and the cost impact upon clubs:

1. Clubs operate in different markets which have quite varied cost implications.
2. Clubs already have significant football operations with numerous teams in NPLs, WNPLs, SAP, and community football.
3. Clubs already have a range of revenue sources, including:
  - Sponsors.
  - Fundraising.
  - Licensed Club grants.
  - Merchandising.
  - Match Day.
  - Membership.
  - Player registration fees.
4. Clubs have expressed confidence they can generate additional revenue, especially for the Commencement and Establishment phases. Principally, this is from being able to offer to sponsors, supporters, and members a new, more exciting product – a true NSD.
5. The model does not factor in potential revenue from Broadcasting / Streaming or domestic transfer fees in the Commencement phase.
6. As outlined earlier in this report, much of the capital required is already in place. The extent of new capital injection is minimised by not commencing with a NSD model which creates operating losses for clubs.
7. The participation fee includes contribution to the centrally controlled travel costs for the league.
8. A key principle in the governance of the league will be that the expected standards are outcomes driven. How clubs deliver on these standards is for clubs to determine.

### Potential additional club expenses

	Current Operations	Potential additional costs related to NSD	Total potential costs for NPL Clubs in NSD
Expenses	\$000	\$000	\$000
Football Operations	300-550	150-250	450-800
Marketing	20-40	80-140	100-180
Match Day	10-30	30-60	40-90
Administration	30-120	60-120	90-240
Participation Fees (incl. travel)	50-60	160-200	210-260
Facilities	60-100	20-30	80-130
Other Expenses	30-50	50	80-100
<b>Total Potential Expenses</b>	<b>500-950</b>	<b>550-850</b>	<b>1,050-1,800</b>

Clubs will not be directly judged on how much they spend. They will simply be judged on two factors:

1. meeting and maintaining compliance with the expectations in the Participation Criteria; and
2. performance 'on the park' through promotion and relegation.



## Part D – Partner Group Moving forward



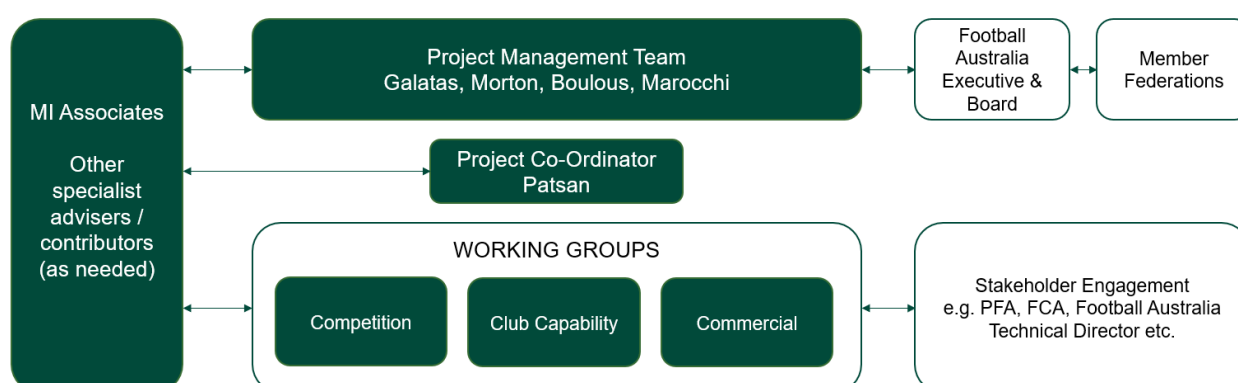
# 14 The Partner Group

## 14.1 Terms of Reference

<b>Objectives</b>	<p>The National Second Division Partner Group (the Partner Group), guide and contribute to the design and model for the establishment of an NSD which:</p> <ul style="list-style-type: none"> <li>aligns with, and contributes to, the Vision outlined in the FFA's XI Principles for the Future of Australian Football;</li> <li>is financially viable;</li> <li>provides an environment for clubs, their members, and supporters to achieve their aspirations in football;</li> <li>contributes to the development of young footballers – women and men;</li> <li>generally, contributes to the betterment of the football in Australia</li> </ul>
<b>Deliverables</b>	<p>Report(s), studies and supporting documentation which identify and describe a NSD model which responds to and reflects the characteristics and strengths of the Partner Group (and any other viable participant identified by the Partner Group), is financially viable and best aligns with the Vision identified in the XI Principles. It will incorporate provision for the ongoing ability of the NSD to adapt to the changing characteristics of football in Australia (the Model).</p> <p>The overarching purpose is to present a compelling case for Football Australia to resolve to adopt the Model for the commencement of the NSD.</p>
<b>Timing</b>	September 2020 to March 2021

## 14.2 Project Structure

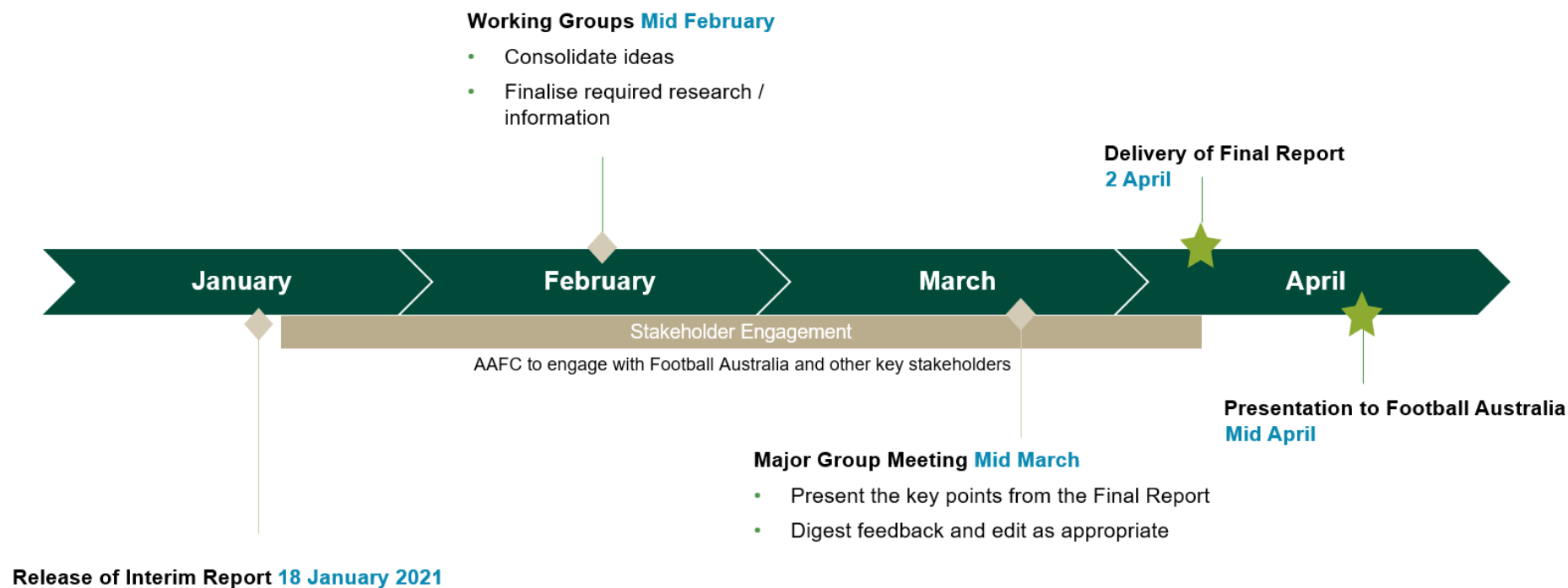
The project structure and organisation is illustrated below.



## 14.3 Actions to Project Completion

Section	Action
<b>Section 6 – A Genuine National Second Tier</b>	
1	Consult with Football Australia, and other stakeholders to discuss our preferred position and implications for all in the game.
2	Develop a model for promotion and relegation to and from the 8 state and regional NPLs.
3	Design process for selection of teams into the inaugural NSD season and expansion of the NSD.
4	Further consultation/research to determine specific requirements or constraints relating to playing squads.
<b>Section 7 - Developing Women's Football</b>	
1	Consult with Football Australia, and other stakeholders to discuss our preferred position.
2	Engage in further research as to the extent of involvement of women and girls in football as players, coaches, and administrators.
3	Seek learnings from other parts of the world in the development of women's football.
4	Further develop terms of reference for the proposed Women's Football Steering Committee.
<b>Section 8 – Market Appeal</b>	
1	Consult with Football Australia, and other stakeholders to discuss our preferred position.
2	Continue more detailed examination of emerging technologies for streaming and broadcasting, including more detailed cost and benefit analysis of different platforms and ownership models.
3	Seek learnings from other parts of the football world, and even other sports, in more relevant and effective marketing and engagement approaches – especially to 'millennials'.
4	Further develop terms of reference for the proposed Marketing Steering Committee.
<b>Section 9 – Player &amp; Coach Development</b>	
1	Consult with Football Australia, and other stakeholders to discuss our preferred position.
2	Engage with Football Australia Technical Director and the national head coach in further developing the proposals for youth and coach development.
3	Seek learnings from other parts of the world in the role, purpose and requirements for success in the formation and functioning of the proposed Youth & Coach Development Steering Committee.
4	Further develop a terms of reference for the proposed committee.
<b>Section 11 – Active Governance</b>	
1	Engage with Football Australia to explore this proposed Active Governance model – merits and issues.
2	Further define the terms of reference for the Board and Steering Committees.
<b>Section 12 – Club Selection Criteria &amp; Capability</b>	
1	Engage with Football Australia to discuss the proposed participation criteria framework.
2	Once the key design elements of the NSD have been further developed, commence to specify the criteria for each of the ten elements of the participation criteria.
<b>Section 13 – Financial Modelling</b>	
1	Consult with Football Australia and its commercial department to understand the realities of the likely potential sponsorship that could be achieved.
2	Further develop commercial models for the league/clubs to 'stress test' assumptions and estimates.













## 14.4 Project Timetable













## 14.5 AAFC Partner Group Club Profiles

ADELAIDE CITY	ALTONA MAGIC	APIA LEICHHARDT	AVONDALE	BAYSWATER CITY	BENTLEIGH GREENS
					
1946	1968	1954	1984	1961	1986
SA	VIC	NSW	VIC	WA	VIC
Home ground: Adelaide City Park, Oaken	Home ground: Paisley Park Soccer Complex, Altona North	Home ground: Lambert Park, Leichhardt	Home ground: Avenger Park, Parkville	Home ground: Frank Drago Reserve, Bayswater	Home ground: Kingston Heath Regional Soccer Complex
Teams: NPL Mens, Res + U18, NPL Women's and Res Junior boys/girls-U6-U17	Teams: NPL 1 Mens State League Women's JBNPL (Boys Youth) Miniroos - boys and girls	Teams: NPL 1 Men, Women, Boys + Girls SAP Boys and Girls. Soccer Sixes	Teams: NPL Mens + Boys 13-20 Women State League 3 Miniroos Boys and Girls Community leagues	Teams: NPL Men's + Boy's 13-20 Miniroos Boys/Girls 6-12; Masters 45's	Teams: NPL Men and Boys, Community Girls, Mini Roos
BULLEEN LIONS	CAMPBELLTOWN CITY	CANBERRA CROATIA	CAROLINE SPRINGS GEORGE CROSS	EDGEWORTH EAGLES	GOLD COAST UNITED
					
1974	1963	1958	1947	1892	1966
VIC	SA	ACT	VIC	NORTHERN NSW	QLD
Home ground: David Barro Stadium, Veneto Club, Bulleen	Home ground: Steve Woodcock Sports Centre, Newton	Home ground: Deakin Stadium	Home ground: City Vista Sports Pavilion and Sports Field	Home ground: Jack McLaughlan Oval, Edgeworth	Home ground: Coplicks Family Sports Park, Tallebudgera
Teams: NPL2 Mens, NPLW Women's Community Leagues Miniroos (Girls & Boys)	Teams: NPL + NPLW – Seniors Junior Boys Community leagues	Teams: NPL + NPLW–Seniors + Youth Community leagues- Miniroos to over 45s	Teams: Men State League 1, Women's State League, NPL-Junior boys + girls; Community-Girls + Boys Mens Metro	Teams: NPL Mens + Youth SAP - boys	Teams: NPL Men's + Women's NPL Youth – Boys + Girls SAP - Boys + Girls

GUNGAHLIN UNITED	HEIDELBERG UNITED	HUME CITY	MARCONI STALLIONS	MELBOURNE KNIGHTS	NORTH EASTERN METROSTARS
					
1997 ACT	1958 VIC	1979 VIC	1958 NSW	1953 VIC	1994 SA
Home ground: Gungahlin Enclosed Oval & Harrison Playing Fields	Home ground: Olympic Park, Heidelberg West	Home ground: ABD Stadium	Home ground: Marconi Stadium, Bossley Park	Home ground: Knights Stadium, Sunshine North	Home ground: TK Shutter Reserve, Klemzig
Teams: NPL 1 Men, NPL Women's + Youth, Minirooms + ACT Junior League, SSL, Masters Men + Women	Teams: NPL Men's + Women's NPL Youth – Boys + Girls Minirooms	Teams: NPL - Men's + Boys, SL2 – Women's Metro - Girls	Teams: NPL Mens + Boys Youth NPL Women's + Girls Youth SAP – Boys + Girls Community Minirooms	Teams: NPL Mens + Boys State League 2 – Women's	Teams: NPL Mens, Res + U18, NPL Women's and Res Community junior boys + girls U7 to U17; Futsal
OAKLEIGH CANNONS	PENINSULA POWER	PERTH SC	PRESTON LIONS	ROCKDALE ILINDEN	SOUTH HOBART
					
1972 VIC	1948 QLD	1948 WA	1947 VIC	1969 NSW	1910 TAS
Home ground: Jack Edwards Reserve, Oakleigh	Home ground: A.J. Kelly Park Redcliffe Dolphin Oval.	Home ground: Dorrien Gardens West Perth	Home ground: Genis Steel Stadium @ BT Connor Reserve, Reservoir	Home ground: Ilinden Sports centre Rockdale	Home ground: South Hobart Sports Ground
Teams: NPL Mens + Boys NPL Minirooms	Teams: NPL – Men + Boys Women-Brisbane PL SAP - Boys + Girls Minirooms, Over 45s Masters Walking Football	Teams: NPL Men's & Women's NPL Juniors 13-16's Community Juniors 13- 16's SAP + Minirooms-boys Community girl's teams	Teams: NPL3 - Men's + Women's VIC Women's Prem League Community football - youth	Teams: Mens NPL 1 Youth NPL 1 SAP Community football	Teams: NPL Men's; Women's Super League; Champ Men's; Champ One Men's + Women's; Youth – boys + girls; SAP; Community Minirooms

SOUTH MELBOURNE	SUNSHINE COAST	SYDNEY OLYMPIC	SYDNEY UNITED 58	WEST ADELAIDE	WEST TORRENS BIRKALLA
					
1959	2007	1957	1958	1962	1923
VIC	QLD	NSW	NSW	SA	SA
Home ground: Lakeside Stadium, Albert Park, Melbourne	Home ground: Sunshine Coast Stadium, Bokarina	Home ground: Belmore Sports Ground, Belmore	Home ground: Sydney United Sports Centre, Edensor Park	Home ground: Kilburn Sportsplex	Home ground: Camden Sports Complex, Novar Gardens
Teams: NPL Men & Women NPL Juniors (boys + girls) Miniroos Community teams Powerchair team	Teams: FQPL Mens NPL Academy League – Boys SAP Silver League	Teams: Men's and Women's Senior and Youth NPL 1 and Boys and Girls SAP – all competitions	Teams: NPL 1 Mens + Boys SAP U9-U12 Community teams - U6 to O35s	Teams: NPL Men's + Women's Junior boys & girls, Amateur League Men	Teams: State League 1 - Mens Junior Boys + Girls Miniroos
WOLLONGONG WOLVES	WYNNUM WOLVES				
					
1980	1921				
NSW	QLD				
Home ground: Win Stadium / Albert Butler Oval	Home ground: Carmichael Park, Tingalpa				
Teams: NPL Mens + Youth SAP	Teams: QPL Men's + boys, SAP Community football				



