

Preferred Model for a National Second Division Competition

Executive Summary

1. The Vision

Our Vision is for a national second division competition to contribute to the achievement of the Whole of Football Plan, through the continuing growth and success of the game in Australia, by giving more men and women competitive playing opportunities of higher standard.

2. Context

Football in Australia has a long, colourful and proud history. The game has made giant strides in the past 15 years or so, particularly in participation, but there are also many areas that require attention and development.

From a football perspective, key amongst these is the paucity of higher standard competitive playing opportunities for talented young male and female players resulting in fewer elite players. This is demonstrated by the decline in the qualification for international age tournaments for more than a decade, as well as a decline in our relative performances at international level in age tournaments.

Almost to a person anyone who knows and understands what is needed to advance football, and to improve the competitiveness and match-readiness of our players at international levels, is more, higher standard game time.

The current structure of competition within Australia – with a closed nine-team A-League and W-League competitions, state-based premier league competitions and the national youth league – are not delivering what is needed to improve our football quality and competitiveness.

From a global football perspective, and as a member of FIFA and the AFC, another key issue is that Australia fails to meet the statutory membership requirements of both organisations by failing to offer a system of promotion and relegation. An open league system is operating in all major football leagues around the world, other than Australia and the USA.

Finally, from the perspective of the attractiveness and long-term viability of the code, and its interest to fans, sponsors and broadcasters, the code in Australia needs a boost. The business model and sustainability of the A-League clubs is under challenge and has been since its introduction.

We consider that current attendances and broadcast audiences do not fully tap into the popularity of the code, or that the code is keeping pace with, or maximising its potential for, further growth in the game. We believe the game, and all its stakeholders, would be helped by more and better quality football.

It is for all these reasons that AAFC has a vision of new national second division competition for men and women for introduction in 2019, accompanied by staged expansion of the A-League and, eventually, promotion and relegation.

We believe this is necessary for good footballing and commercial reasons; we believe this is necessary to fulfil our obligations to FIFA and the AFC; and we believe this is necessary for the long-term sustainability, attractiveness and competitiveness of the sport.

In short, the time for a national second division has come.

3. Framework for Our Preferred Model

We have been informed by the advice of many individuals and organisations which is valued and appreciated.

In looking at the current shortcomings and the gaps and aspirations that need to be addressed, we are also mindful of lessons learned from previous experiences. In particular, while there were some wonderful features of the former national soccer league (NSL), that served the football community for 27 years, we also note the deficiencies of the NSL identified by the 2003 NSL Taskforce, namely:

- under-capitalisation of the league
- under-capitalisation of the clubs
- reduction in playing standards because of the outflow of players overseas, leading to a perception that the league was sub-standard

- negligible marketing spend by the league and clubs
- lack of central approach to marketing, and
- lack of suitable television coverage.

4. Introducing ‘The Championship’

Our proposal is to introduce a national second tier men’s and women’s competition from 2019 to be known as ‘The Championship’.

We believe this will:

- Add interest to all levels of competition across summer and winter seasons, particularly once promotion and relegation is introduced.
- Be a driver for increased attendance and match-day revenue.
- Provide additional broadcast content.
- Motivate owners and clubs at all levels.
- Improve player development.
- Boost Australia’s credibility as a football nation.
- Contribute to the long term growth and success of the sport.

5. Key Features of The Championship

(a) How will The Championship be structured?

- The Championship will be established as a separate legal entity from FFA, the member federations and the AAFC. This entity will:
 - establish, conduct and administer the competition for men and women
 - hold the rights to all commercial and media properties for the competition
 - comply with FIFA and AFC Statutes, including any rules and regulations.
- The members of The Championship will be:
 - each participating club will share in a total shareholding of 51%, and
 - AAFC which will maintain a shareholding of 49%.
- The AAFC will establish a grant funding program for the development of facilities and related purposes within its NPL member clubs.

- The Board of The Championship will comprise:
 - 3 Directors appointed by the AAFC
 - 1 Director appointed by the A-League
 - 1 Director appointed by the PFA
 - 1 Director appointed by the state federations
 - 1 Director who will also be an independent Chairman.
- The Board will have a minimum representation of three male and three female members.
- These arrangements will be reflected in the Constitution of The Championship, license agreements between the competition and the participating clubs, and shareholders' agreements between The Championship, participating clubs and the AAFC.

(b) How will The Championship be administered?

- The Championship will have a lean, but well-resourced central administration which is able to provide support to clubs across administrative, finance, human resources, marketing, media and public relations functions as and if required.
- Match officials and judiciary will be drawn from State member federations, and coordinated by The Championship.
- The budget for the administration of The Championship, including payments to state federations for referees and judiciary services, will be sourced from sponsorship and license fees without any requirement for funding from FFA, the A-League, state federations or NPL clubs.

(c) How will the competition be structured?

- Subject to clubs' meeting the criteria, The Championship is a 12-16 club competition for both men and women to be aligned with the A-League season, commencing in October 2019.
 - Expansion to 20 teams is envisaged over five seasons by 2024.
- Each season is to include a home-and-away round with the men's and women's games to be held contiguously, at the same ground, on the same day.

- No fixture is to clash with an A-League fixture in the same city.
- The season will conclude with a finals series, starting with four teams (in a 12-16 team competition) in 2019 and moving to six teams (for a 20-team competition) by 2024.
- Clubs may also continue to participate in the winter state-based NPL competitions.
- We will apply to the Asian Football Confederation for the winner of The Championship to be granted a place in the Asian Champions League.

(d) What criteria will participating clubs need to meet?

- Clubs will need to meet the following requirements:
 - boutique stadium with minimum capacity of 3,000
 - capacity to field a men's and women's team
 - head coaches of both the men's and women's teams to hold at least an A-License
 - Board, management and staff structure in place with adequate resources
 - 5-year strategic plan and annual business plan
 - capacity to meet an annual budget of \$2.5 million, including an annual license fee of \$150,000
 - established relationship with NPL feeder clubs.

(e) How will the participating clubs make money?

- The participating clubs' revenue sources will include:
 - individual club sponsors
 - gate takings
 - membership
 - catering
 - a share of funding from The Championship broadcasters and sponsors
 - 100% ownership of their websites, and
 - 90% of merchandise revenue.
- Clubs will also hold the rights to ownership of their logo and playing gear.

(f) What about playing rosters?

- Restrictions on playing rosters to include:
 - salary cap of \$1 million initially across the two squads (men and women)
 - maximum squad size of 20 players for men and women
 - at least 50% of the squad must be 25 years or younger
 - maximum of 2 visa players, drawn only from the AFC or the Oceania Football Confederation with an exception for players who have residency status as a refugee
 - maximum of 3 players who have played A-League or W-League in the previous two seasons
 - incentives to promote the inclusion of youth players contracted to A-League clubs.

(g) What about broadcasters?

- AAFC has commenced discussions with broadcasters and is well-advanced in finalising a new and unique broadcasting model.

(h) What about sponsors?

- AAFC has commenced discussions with potential sponsors.
- The aim of sponsorship of The Championship is to cover the cost of travel and accommodation for the competitions, as well as contribute to additional marketing expenditure.

(i) What is the timetable for promotion and relegation?

We are not proposing an immediate introduction of promotion and relegation. However, for the reasons we outlined in section 2, we believe it is imperative that Australian football moves to a system of promotion and relegation sooner rather than later.

In terms of the A-League, we recognise that the existing nine Australian A-League clubs have commitments to participate in the A-League until 2034. We are also aware that the financial and other benchmarks for participation in the A-League are higher than that proposed for The Championship. We believe there are ways to mitigate the risks for A-League clubs and continue to protect and grow their investment.

Our intention is to discuss this matter further with the A-League clubs and FFA with a view to implementation of full promotion and relegation by 2024.

In terms of the state-based NPL competition, we intend discussing the integration of promotion and relegation from the NPL to The Championship, and subject to meeting the criteria, with the state-based member federations also with a view to implementation by 2024.

6. Selection Criteria for Participating Clubs

Detailed selection criteria for club participation in The Championship will be available in the Bid documentation issued at the end of March 2018. The criteria will be similar to those applied to the NPL clubs and include benchmarks relation to:

- Coaching
- Governance
- Organisational structure
- Financial viability
- Facilities
- Membership protection
- Medical
- Reporting
- Participation in NPL
- Development plans and programs.

7. Implementation

As noted by the title, this paper outlines a preferred model for a national second division competition. Between now and February, AAFC will consult further with its members, the FFA, the state federations, the A-League clubs and the PFA on this preferred model as input to the final Bid documentation to be issued in February. We also welcome comment on the preferred model from all of football's stakeholders directly via email to aafc@australianfootballclubs.org.au or the website www.thechampionship.com.au.

Prior to bid documentation being issued, FFA endorsement will be sought to The Championship.

The bid process will be managed independently of the AAFC Board.

Subject to receipt of a \$10,000 application charge (\$8,000 of which will be refundable), to be held by the AAFC's legal firm, bidders will be forwarded the Bid documentation via Nous Group from 29 March next year.

Bids close two months later on 25 May. The bids will be assessed by Nous Group from June to August 2018, and they will provide a report to the AAFC Board for final approval in September 2018. The successful bidders will be notified in September, with a view to announcement in October 2018.

8. Timeline

November-February	Stakeholder consultation
1 December 2017	AAFC calls for expressions of interest from clubs interested in participating in The Championship
2 February 2018	Expressions of interest close
2 March 2018	FFA endorsement required
29 March 2018	The Championship Bid document made available on payment of \$10,000 fee
25 May 2018	Bids close
June-August 2018	Bids assessed by Nous Group
September 2018	Nous Group report to AAFC Board
September 2018	Successful bidders notified
October 2018	Licenses issued
October 2019	Start of The Championship