

## THE MEMBER FEDERATION PROFESSIONAL LEAGUES PRINCIPLES

### Executive Summary

This document (The Member Federation Professional Leagues Principles) seeks to summarise and share the consolidated principles of the nine Member Federations to assist the New Leagues Working Group (NLWG) achieve its stated objectives pursuant to the resolution of the Football Federation Australia (FFA) Congress in October 2018.

The Member Federations recognise and acknowledge the diverse nature of football's domestic environment and stakeholders, particularly within the broader global environment that stimulates the prosperity and growth of football throughout the world.

The Member Federations are therefore united by a deeply held fundamental ethos to serve the **"Good of the Australian Game"**.

Consequently, the Member Federations are obliged and compelled to be faithful and accountable to a NLWG decision-making process that will always focus on outcomes for the professional leagues that also support the interests of Australian Football.

The following immutable pillars have been established to aid the Member Federations and Australian football stakeholders to collaborate in pursuit of consensus and outcomes that contemplate the complexities of the challenge.

#### 1. Stakeholder Roles

The NLWG provides an opportunity to both clarify and improve the efficiency and effectiveness of the roles and responsibilities of FFA; professional leagues, clubs and players; Member Federations and the amateur game for both men and women. In so doing, the core functions and interdependency of the stakeholders can be reset and reenergised with active and focussed purpose.

#### 2. Football Development

The game is not achieving its football potential. The Congress Review Working Group (CRWG) and NLWG have provided a moment of reflection for stakeholders to recalibrate and emphasise football as the absolute priority. The game is paramount and that is our purpose. The Member Federations have tremendous aspiration for the game and its role in and for Australia.

#### 3. Market Development

The game is not achieving its economic potential. The NLWG process provides an opportunity to analyse and stimulate the Australian football economy, including driving out inefficiency, unlocking capital and investment and promoting opportunity and innovation.

#### 4. Risk Management

The NLWG and FFA Congress are responsible for the welfare of the game in Australia and future generations. The Member Federations acknowledge that change and reform are required to achieve the shared benefits of a healthy, growing and prosperous sport led by a strong and aspirational FFA. This means that decisions and strategies must establish mechanisms to both support market opportunities and mitigate downside risks.

The Member Federations are deeply committed to collaborating with our colleagues and fellow stakeholders to serve our vision of the **Good of the Australian Game**, including:

- The Socceroos and Matildas winning and being heroes to Australia and the world
- More people playing, participating and enjoying football
- Focus on fans and entrenching football as the number 1 sporting experience
- Integrated pathways that produce amazing footballers, coaches, officials and administrators
- More professional clubs and opportunities for Australians with expanded professional leagues connected though to state football competitions (the NPL)
- The Australian football economy growing and attracting investment
- The professional leagues and professional clubs' IP increasing in value
- Increased market growth, distributions and investment in the game, and
- More dedicated football facilities and infrastructure for both community and professional football.

Significantly, the Member Federations do acknowledge the benefits of an entity dedicated solely to the governance, operation and commercialisation of the professional leagues, so long as that entity is wholly integrated, duty-bound and equally committed with all stakeholders to developing Australian football as its core purpose and objective.

Following are the Member Federation Professional Leagues Principles, identified through the pillars, and which seek to protect and serve Australian football through a definitive set of attributes that should be enshrined into any entity established and dedicated to govern, operate and commercialise Australian Professional Leagues on behalf of the stakeholders of Australian football.

## **THE MEMBER FEDERATION PROFESSIONAL LEAGUES PRINCIPLES**

### **'LEAGUE Co' STRUCTURE**

The 'League Co' entity should be structured to protect financial resources and ensure they are re-invested to the stakeholders with optimal efficiency, e.g. a not-for-profit entity.

### **'LEAGUE Co' OBJECTS**

The 'League Co' entity should:

- be an independent, autonomous, self-governing and sustainable organisation whose business is the promotion, conduct, administer and commercialise the Professional Leagues; and
- include material requirements and obligations for the good of the Australian game in its decision making.

### **'LEAGUE Co' (AND CLUB) CAPITALISATION**

At establishment, the 'League Co' entity must be capitalised (working capital) adequately to advance the interests of the League and satisfy the level funding required to implement the League strategy.

The Clubs participating in the League should provide, to the stakeholders, an indication of the incremental investment each will make into their Clubs under 'League Co'.

### **FOOTBALL FEDERATION AUSTRALIA (FFA) 'STAKE' IN 'LEAGUE Co'**

FFA to be a stakeholder in the 'League Co', with an entitlement to share in any proceeds from the sale, transfer or commercial exploitation of any assets of the entity.

FFA to hold a separate class of membership / share with the rights attached to that class being defined in a special share termed as 'The Good of the Australian Game Share'.

The majority membership in the 'League Co' shall always be held by Members of FFA.

### **'LEAGUE Co' GOVERNANCE**

'League Co' to be governed by a Board which shall include:

- One (1) FFA Board appointee; and
- One (1) FFA Nominated appointee
- An Independent Chair:
  - Elected by the Club shareholders / members; and
  - Approved through the rights attached to the 'The Good of the Australian Game Share' holder.

FFA to have representation on 'League Co' Committees/Working Groups:

- Nominations Panel (or similar);
- Compliance Committee (or similar);
- Audit & Risk Committee (or similar);
- Competitions Committee (or similar);
- Marketing/Business Development Committee (or similar); and
- Community Engagement Committee (or similar).

## **REGULATING RELATIONSHIP (E.G. THE SPECIAL SHARE 'THE GOOD OF THE AUSTRALIAN GAME SHARE')**

The 'Good of the Australian Game Share' holder shall retain sole authority of approval for:

- Change in definition of 'Special Share Shareholder' (i.e. the 'Good of the Australian Game Share' holder).";
- Changes to the following items of the 'League Co' constitution:
  - the objects;
  - criteria for membership; and
  - number of directors, and criteria and process for appointments and re-appointments
- Compliance obligations to other leagues in Australia and adherence to FFA rules;
- Change of 'League Co' Company Name;
- Coordination and enforcement of international match dates;
- Ensuring obligation of each Club to enter the FFA Cup;
- Annual Leagues fixture and match schedule;
- Multiple club investments except where 'League Co' holds a surrendered licence;
- Changes to any rights attaching to any shares in 'League Co';
- The criteria for promotion to and relegation from the Leagues;
- Contraction of the Leagues;
- Expansion of the Leagues, including process, timing and geography;
- Ratification of the independent chair of 'League Co';
- Ratification of the 'League Co' CEO;
- Definition of:
  - 'Leagues Revenue';
  - 'distributions' relating to Leagues Revenue, including the criteria, methodology and the components thereof;
  - 'Commercial Revenue';
  - 'Club Distributions';
  - 'Club Licence Fee';
  - 'Player Transfer';
  - 'International Player Transfer';
  - 'Club Licence Sale or Transfer';
  - 'Super profit' related to Club Licence sale / transfer; and
  - 'Club Licence Value' (market and agreed)
- Relocation of any existing clubs (whether within Australia or otherwise);
- Changes to 'League Co' 'Fit and Proper Person Test';
- Any sale, transfer, securitisation or investment of all or substantially all the assets of 'League Co' or the business of 'League Co';
- The winding up of 'League Co';
- Ensuring adherence to any Statutes, Regulations or policies of FFA;
- The making and adoption of or any amendment to removal of or waiver of any of the provisions of rules (agreed or ratified as at the establishment of 'League Co') which relate to:
  - the name of any of the Leagues administered by 'League Co';
  - the commitment to support the FFA in relation to international matches;
  - the commitment to support the Member Federations with domestic competitions;
  - any rules related to the conduct of the Leagues administered by 'League Co';
  - Foreign and Visa Players Regulations; and
  - Club Participation Agreement/Licence to participate in the A-League and W-League.

## **LICENCE AGREEMENT**

League IP should be granted to 'League Co' for exclusive exploitation of commercial rights, where FFA and 'League Co' agree that 'League Co' shall conduct, organise and commercialise the Leagues and FFA will recognise 'League Co' accordingly in accordance to Article 2.2 of the FFA Constitution and Article 20(1) of the FIFA Statutes on the terms and conditions set out in a Licence Agreement.

The Licence granted shall be non-transferrable.

The Licence granted shall be effective on ongoing satisfaction of 'Performance Conditions' to be agreed by the parties, primarily related to:

- 'Distributions to Football';
- 'Football Principles' (i.e. Game Development and Elite Pathways); and
- Compliance with 'The Good of the Australian Game Share' obligations.

All other terms of Licence shall be agreed between the FFA and 'League Co'.

### FIFA and AFC Club Competitions

FFA shall retain all domestic commercial rights for FIFA and Asian Football Confederation (AFC) competitions (including FIFA and AFC Club Competitions) and FFA shall retain solely the relationship with FIFA and AFC.

### Conduct of the Leagues

'League Co' to:

- conduct, organise and commercialise the Leagues;
- respect the Laws of the Game and principles of "integrity, sportsmanship and fair play";
- be responsible for the Leagues' rules and regulations. FFA and 'League Co' to agree the process for FFA to provide approval to ensure compliance with FIFA Statutes, FFA Statutes as well as the 'The Good of the Australian Game Share' matters;
- determine the fixture for each season of the Leagues in consultation FFA and in conjunction with its broadcasters. 'League Co' to acknowledge that FFA will retain the overall responsibility for the Australian Calendar (i.e. A-League vs FFA Cup; national teams, other leagues etc.); and
- maintain the professional standards of the Leagues, including in relation to play, match presentation, behaviour and broadcast.

### FIFA, AFC and FFA Statutes

'League Co' and each member of 'League Co' shall comply with the FIFA, AFC Statutes and FFA Statutes.

### Collective Bargaining Agreement

'League Co' to be responsible to negotiate Collective Bargaining Agreements for the Leagues with the Professional Footballers Australia (PFA).

### National Teams

'League Co' and each Club participating in the League to acknowledge the requirement to release players to participate in National Teams in accordance with the FIFA Statutes.

'League Co' and each Club participating in the League to acknowledge their duty to release players selected to participate in Australian Youth National Team activities, especially for qualification and finals related to FIFA and AFC tournaments.

FFA and 'League Co' to work together in good faith in respect of international matches, tournaments, and camps, including outside FIFA windows.

#### Referees and Match Officials

'League Co' to only engage FFA accredited referees and match officials for the Leagues.

#### Sports Integrity

'League Co' and each of its participants, including players and coaches, to be bound and comply with FFA's integrity policies.

#### Anti-Doping

'League Co' to enforce the FFA Anti-Doping Policy and implement a reasonable Anti-Doping testing and education regime to be agreed with FFA.

#### Reporting and Review

'League Co' to comply with IFRS for Financial Reporting for reporting to FFA and Members.

'League Co' to provide FFA with a copy of its annual business plan for the Leagues, including relevant marketing information.

'League Co' to conduct an annual review of the Leagues and provide FFA with a copy of that review, including financial information.

#### Club licensing (AFC)

FFA is primarily responsible for regulating Club Licensing for AFC competitions. The AFC Club Licensing Regulations also apply to FFA as a member association of the AFC and in relation to club's eligibility to be licensed to participate in the AFC Champions League. In accordance with the AFC Club Licensing Regulations, FFA may delegate certain functions in the club licensing system to the league, which must receive AFC approval prior to implementation, but FFA will remain responsible for the proper implementation of the club licensing system. Therefore, it will be a matter for FFA and the League to agree the extent of any such delegation.

#### Disciplinary and Tribunals

To comply with the FIFA Statutes, FFA continue to set the disciplinary regulations for the Leagues (typically on-field matters) and the Code of Conduct (typically off-field matters) and continue to administer those regulations, including via FFA's judicial bodies where applicable.

#### Engagement with FIFA, AFC and WLF

FFA to recognise 'League Co' as the exclusive Australian member of the World Leagues Forum.

FFA to positively promote and support the Leagues in relation to its interactions with FIFA and AFC.

FFA and 'League Co' to communicate openly and in coordinated way in respect of communications to FIFA and AFC that relate to the Leagues.

'League Co' not to communicate with FIFA, AFC or any other FIFA member without advising FFA and providing FFA with a copy of all communications made if requested.

Before formalisation of the Licence Agreement with 'League Co', due consideration must be given to:

- Licence Agreement: Conditions precedent and subsequent
- Licence Agreement: Deliverables
- Licence Agreement: Warranties
- Licence Agreement: Indemnities
- Licence Agreement: Compliance and consequence of breach
- Licence Agreement: Third party consents (FIFA/AFC / commercial / government)
- Licence Agreement: Assumption of risk and insurance

### **INTELLECTUAL PROPERTY (IP)**

League IP to be Licensed to 'League Co' as part of Licence Agreement.

Any new IP created and developed by the 'League Co' shall entitle the FFA to joint ownership, including any commercialisation thereof.

Clubs IP to be transferred to clubs on agreed/market value, to be paid to FFA at time of any future sale or transfer of that Club's IP and Licence.

All residual IP shall be retained by FFA, including digital 'data' and assets related to non-A-League football participation and activities retained by FFA.

FFA to be granted free licence to use Club IP and Player Images for game development purposes.

### **DISTRIBUTIONS (ANNUAL) TO FOOTBALL**

The fees attached to the granting of licence to 'League Co' shall incorporate:

#### Annual Licence Fee to FFA

Being the greater of:

- TBA (*to be agreed*) % of total commercial revenue; or
- Multiplier of x.TBA of the highest Club Distribution made.

#### Player Transfers

- TBA% of International Transfer Fees of Australian Players; and
- TBA% of International Transfer Fees for International Players (excluding Visa Players in the A-League), subject to age cap (23 years - TBC) and length of time in the A-League.

#### Club Licences (New)

- TBA% of total of any new Club Licence payment.

#### Club Licences (Sale / 'super profit')

- TBA% of total of 'super profit' of any sale / transfer of Club Licence fee.

### **COMMERCIAL BENEFITS**

Revenue attribution between FFA and League/'League Co' to be maintained at current (FY19) revenue attribution levels.

FFA to receive commercial benefits to League Regular Season (Pre-Season, Finals and FFA endorsed International Friendly) Games:

- Tickets
- Hospitality
- Match Day Inventory – subject to sponsor conflict

‘League Co’ to receive commercial benefits at National Team matches.

For the avoidance of doubt, FFA is to retain all commercial rights to any FFA controlled competition, including FFA Cup, E-League, Second Division, Futsal, Beach Soccer, etc.

### AFC Club Competitions

If FFA:

- Obtain the media rights to AFC properties (including AFC Club Competitions in which ‘League Co’ members participate) from the AFC or otherwise, FFA to use a part of those media rights fees to assist Clubs with the cost of meeting minimum participation requirements as required by the AFC, where the AFC participation cost subsidy does not cover such costs; and
- Receive any participation cost subsidies from AFC on behalf of participating Clubs in the Asian Champions League, such participation cost subsidies shall be passed onto participating A-League Clubs in full.

## **FOOTBALL PURPOSES**

### Strategy

In advance of any establishment of the ‘League Co’, there must be a:

- Definitive strategy for next 10 years A-League expansion, development and investment
- Definitive strategy for next 10 years W-League development and investment (including consideration and fidelity with any National Women’s Football development strategy and plan)
- Definitive strategy for next 10 years Y-League development and investment

### 2nd Division

That the recommendations of the FFA 2<sup>nd</sup> Division Working Group are considered and incorporated into strategies and policies that serve to integrate the A-League to the state based professional leagues (e.g. NPL).

### History and Records

That FFA and ‘League Co’ shall recognise and incorporate all national league records in any publication of club, player, coach and match records etc. (e.g. from 1977).

### Cooperation Agreement

Embedding the responsibility of Football Development Programs into the stakeholders’ (FFA, ‘League Co’, and Clubs) relationships through a formal Cooperation Agreement, which focuses on:

- Game Development;
- Talented Player Development; and
- Alignment and compliance of all stakeholders.

### Player Compensation and Transfer Fees

FFA shall revoke limit on player compensation and transfer fees, including between non-A-League clubs and A-League clubs, and replace with a fair and equitable player transfer and compensation system.

### **GOVERNMENT GRANTS 'COOPERATION'**

Any government (Federal and State) grants co-signed (by 'League Co', Clubs) with FFA or state Member Federations (MF) for facilities primarily utilised by 'League Co' Clubs to be recognised as facilities and infrastructure shared between the 'League Co' Club and state MF (for and on behalf of Australian football and FFA).

### **FFA GOVERNANCE**

In advance of the establishment of any 'League Co', consideration and agreement to be reached on the change in stakeholder representation at FFA for:

- MFs;
- Clubs;
- PFA; and
- Special Interest Groups (SIGs)

### **INTEGRATION WITH MEMBER FEDERATIONS**

The 'League Co' Clubs participating in the Member Federation competitions shall:

- Comply with Member Federation competition rules;
- Deliver 'Fee Free' participation for their Academy teams; and
- Pay an annual Participation Fee as set by the MF.

### **SEPARATION COSTS (FFA AND 'LEAGUE Co')**

Any costs resulting from the establishment of the 'League Co' and associated separation (or 'stranded') costs shall be borne wholly by 'League Co'.