

Country Football Remuneration Discussion Paper



“I think some people just look at remuneration & team success in recent years, but I think a good club atmosphere & a good core group of league players with good juniors pushing the older guys for a spot is a step down the right path”

Quote from an anonymous current player

“When we decided to invest in this league, we chose to do so because we wanted to invest in our local community. We would be disappointed if we knew that our sponsorship money was going towards travelling player payments.”

Quote from an anonymous current sponsor

Author *Joe Georgiades*

WACFL Operations Manager

September 2011

Introduction

This report will aim to identify current practices taking place and implement a system that is transparent and fair and will insure the sustainability of the State's Country Football Leagues and the longevity of the teams within them.

Paying travelling footballers to play in the country is a facet of country football that has been taking place for generations. Attracting these footballers to the club not only adds to the team's chances of success, it can also be used as an important marketing tool to attract people to the games where by club revenues can be extracted in the form of entry fees and food and beverage etc. These players (often from metropolitan Perth) can play an important role in helping promote the club and thus lifting the spirits of the town and improving the standard of football in the league.

As winning Football Premierships is often considered the 'Holy Grail' in regional communities where competitiveness between teams is at a high, we have often seen situations whereby it seems that the stronger teams continue to import a stream of talented players to help add another trophy to the cabinet, whereby the teams at the bottom of the ladder that are less financial, struggle to compete and thus it can be hard for them to see the light at the end of the tunnel. Sides being on the losing end of consistent large losses can have a devastating effect on Football Clubs, the motivation of their volunteers and players, as well as seeing a drop off in interest levels from the local communities. Ideally, systems would be in place to ensure a competitive competition whereby many teams can challenge for a premiership provided they are a well managed and coached side.

Recent alterations in country population trends have affected some regional communities' ability to field a side with shortages of players in the age bracket required to play competitive football. The Central Wheat belt Football League is one such league with each team needing to recruit between 8-14 players per week to ensure the town can field a side on Saturdays. This practice comes at a substantial cost to the Club which no doubt puts pressure on the Club's Management to consistently find the money to field a side.

In the past year, the Wyalkatchem Football Club folded as they weren't able to either generate the funds or recruit the players to field a side in the Mortlock league. As the WAFC's prime objective is to *Grow the Game* we believe that it is the WACFL's responsibility to ensure that our current clubs are able to become sustainable and financially strong year on year and by doing so can protect against unforeseen risks that may occur from time to time such as drought, loss of players etc. By doing this we hope to insure that country communities will have a football team for generations to come.

Our State

Currently in Western Australia there are 24 Country Football Leagues which includes 150 different Clubs with almost 800 different teams. These teams' possess almost 30,000 registered players over the course of a football season. The vast majority of these players are sourced either from local junior teams, other country teams, metropolitan competitions, the WAFL or interstate.

Over the past decade we have seen numerous trends that contribute to either the strength or weakness of our leagues which have included:-

- Population declines of some regional communities
- Population increases of some regional communities
- Varying employment conditions of communities' population i.e. Fly in Fly out etc.
- Increased travel costs i.e. Petrol Prices

As WA is such a large state with varying economies and trends in each community- it makes it difficult to implement a state-wide approach to the governance of player remuneration. Some leagues for example appear to not need to pay players at all, other leagues recruit players to help make their team competitive and other teams couldn't field a side without an influx of travelling players.

Whilst some regions are flourishing economically with population growth, other regions have encountered economic hardships and seen a decline in their population base. The following graph shows the estimated local population growth/ decline of the local regional community. We can see that 11 of the 23 regional areas experienced a population growth rate below 5% in the past 10 years. 5 of these 11 regions experience a negative growth rate which is an alarming trend for Clubs in that region. It should also be noted that a higher proportion of young people are leaving the communities than the statistics would indicate which will affect the number of players and volunteers that represent the club.

Transfer Numbers- Snapshot

To help guide decision making for this report, a report was generated that lists the number of transfers made from each Country Football Club on the Sportswear database. Whilst the report has limitations in that not all Leagues had migrated to Sportswear for consistent periods, the statistics are able to paint a picture of the transfers taking place in each league, which can help show us the movements of players, their origins and the teams and leagues that are most actively recruiting players etc.

Detailed Spreadsheets can be found in the Appendices. Some results are summarised below:-

- There is over 1,500 country transfers p.a.
- 38% of all country transfers were from another country club
- 28% of all country transfers are from Community football
- 15% of all country transfers are from interstate
- 9% of Country transfers are from the WAFL system
- 6% of Country transfers are from DFDC

- GFL had the highest number of transfers with 161 p.a. 30% of these were from interstate.
- SWFL averaged 150 transfers p.a. 28% of these transfers were from the WAFL system.

Population Growth of Regional Areas

The following table shows the population changes in Local Government Areas in Western Australia between 2001 and 2010 as taken from the ABS website. A Population / Team figure is also provided which divides the population of the region by the number of teams & sides per team in the associated League. There are also instances of teams in strong leagues that struggle to field sides due to isolation and distance from the coast etc.

League	Clubs in League	Local Population Male & Female	10 Year Pop Growth %	Teams per Club. League, Reserves, Colts	JNR Part Grow	Local Pop. / Team	TransF/ Season
Avon	7	25,073	9.4	L,R		1,790	71
Central Mid Coast	5	5,851	3.9	L,R	*-1.26%	585.1	53.7
Central Kimberley	6	8,092	-4.4	L	*20.23%	1,348	0
Central Wheat belt	6	2,302	-9.0	L	*1.15%	384	69
Eastern Districts	8	10,713	-8.0	L,R,C	*1.15%	446	64.7
East Kimberley	10	11,316	3.2	L	*20.23%	1,131	70.5
Esperance	4	14,570	9.4	L,R		1,821	32.5
Fortescue/ Newman	4	14,843	28.3	L		3,710	1
Gascoyne	4	10,016	-3	L,C		1,252	15.5
Goldfields	5	39,449	5.3	L,R,C	9.99%	2,629	161
Great Northern	7	44,260	15.2	L,R,C	13.1%	2,107	68
Great Southern	6	46,492	14.4	L,R,C	4.88%	2,582	94
Hills	7	60,641	21.3	L		8,663	55.5
LSW	7	21,058	1.6	L,R,C		1,002	100
Mortlock	7	11,190	0.1	L,R		799	56.7
N Midland	6	8,178	0.1	L,R	*-1.26%	681	
N Pilbara	6	33,767	21.1	L,R	-7.3	2,813	109
Ongerup	6	4,565	-10	L,R		380	59.3
Peel	8	193,786	41.1	L,R,C		8,074	134
Ravensthorpe	3	2,349	56.2	L		783	
South West	10	144,488	28.9	L,R,C	25.15%	4,816	150
Upper GS	8	22,552	4.2	L,R	*1.15%	1,409	95.3
West Kimberley	8	24,390	12.6	L	*20.23%	3,048	69.3

- Figure shared between regions

1 Developing Regional Centres- Growth Population

Statistics above indicate that 12 of the 23 League regions experienced a 10 year population growth rate of greater than 5%. Fortescue, Hills, North Pilbara, Peel, Ravensthorpe and the South West all experience a 10 year growth rate >20%

Peel and the South West continue to develop as subsidiary metropolitan regions with high growth on a large base experienced. Both regions have a high number of transfers p.a.

Much of the population growth in other regional areas can be put down to development as a result of mining activities. Whilst this growth has helped improve the strength of the majority of these

leagues, continual growth over the following years is not guaranteed as mining projects are dependent on a number of circumstances such as commodity prices etc. The positive impacts of mining for the local communities sporting clubs is not guaranteed as often the large itinerant workforce's rosters and lifestyle may not be accommodating to participating in the Football Club either socially or as a player/ volunteer.

Stagnant & Declining Populations

Statistics above indicate that 11 of the 23 League regions experienced a 10 year population growth rate of less than 5%. Central Kimberley, Central Wheat belt, Eastern Districts, Gascoyne and Ongerup experience negative growth which is of concern to the Club's in those regions. This data doesn't factor in important information such as the population growth rate of males aged between 15-40 who are obviously the most likely to be participating in football matches and club activities.

As the population of these country communities decreases, many football clubs are having to fill the void of players for their teams with 'travelling players' who in most cases come at a cost.

The Following Leagues have experienced both a Negative population growth rate and a catchment population of less than 500 people per side which is of concern:

League	10 Year Pop Growth %	Local Pop. / Team
Central Wheat Belt	-9	384
Eastern Districts	-8.0	446
Ongerup	-10	380

One could expect the pressure on these clubs to continue to pay travelling players to continue to increase in years to come. The WAFC needs to continue to implement strategies to help ensure these leagues have sustainability from year to year.

- Reducing Numbers of Secondary competitions
- Continue to Develop USA and 'Working in the Bush' type recruitment
- Work with clubs to engage any Large local companies

Lower South West FL- 20-a-side

For 3 years the Lower South West Football League has been playing with teams that contain only 20 players a side due to shortages in the number of local players available. (16 on the field and 4 on the bench) This measure seems to have been well received and has helped teams manage player shortages. As populations decline in certain areas- Leagues may be forced to consider playing with reduced numbers to ensure they can continue fielding sides. This option should be considered by clubs that are in areas of population decline particularly if they have a reserves grade side.

By playing two less players a week- this effectively means the clubs will not need to recruit two travelling players which over the course of a 15 game season and assuming each player is on \$250 per game would save the club \$7,500.

Result vs. Process- Railways Football Club

The Goldfields Football League is a league that with easy access to large companies has been able to recruit numerous players that have either relocated from the eastern states or have discontinued their WAFL careers and are prepared to travel to Kalgoorlie to play footy. However, the Railways Football Club managed to win this year's league premiership with 18 of the 22 players coming through their junior systems after the Club made a conscious decision to reduce the number of imports they recruited.

"When I took over as president two years ago, it was difficult to work out what was going where" said Garry Giles. "The Club has always been there abouts having lost 3 of the last four Grand Finals to Mines, but we felt our juniors were the future and we knew that they loved playing for the jumper". Not only did this decision pay dividends on the field this season, it has also helped the Clubs success off it "For us it was about getting back to what we believe our Club stood for, which was the camaraderie on and off the field. We've really tried to develop a strong football club culture and we're hoping that this stance will pay off in the next 5 years."

This is a great example of a Club focusing on its junior talent and ensuring that there is a playing pathway for juniors at the Club. Although some towns or teams are in privileged positions with access to large numbers of juniors and relevant employment, the ability to focus on the processes involved with growing the game rather than the results is a step in the right direction. **For assistance on developing your Club's processes, Clubs' should begin the AFL's Quality Club Accreditation Program.**

For Love or Money- Worksafe VCFL Remuneration Guide

In March 2010 the Worksafe VCFL conducted a survey of 158 clubs, 410 players and 20 leagues in Victoria. Some details related to player payments in Country Football are provided below:-

- Average revenue of a WorkSafe VCFL district league club was \$125,000
- 7% of WorkSafe VCFL clubs turnover more than \$250,000 (over 30 clubs)
- Player remuneration takes on average 34.6% of a club's turnover to meet their obligations.
- The WorkSafe VCFL believes that it is prudent for a club to limit the amount of total revenue it allocates to player payments to less than 30% of total club revenue.
- The top three reasons players give for thinking of changing clubs are relate to employment, football standard and friendship. In terms of employment, it dwarfs any other reason, which indicates that clubs in bigger towns may have a distinct advantage over those that are small and/or rurally isolated. The fourth and fifth most popular reasons given are travel time and money offered.
- Clubs surveyed believed the Best Player in the WorkSafe VCFL was worth \$900- \$700
- Clubs surveyed believed the Best Player in their WorkSafe VCFL League was worth \$650- \$450
- Clubs surveyed believed the Best Player in their WorkSafe VCFL Club was worth \$550 \$400
- Clubs surveyed believed the 5th Best Player in their WorkSafe VCFL Club was worth \$250 \$150

Creating a Fairer competition

The WAFC believes as part of our mantra to *grow the game*, creating even (or as even as possible) competitions are in the best interests of all football participants in country communities. By ensuring games are not lop sided events we believe will help clubs achieve higher gate attendances, more interest from communities, volunteers, local media and players and as a result a positive flow on to other revenue streams, thus ensuring the sustainability of the club.

In the coming years, THE WACFL would like to make available an option for leagues to look at adopting, should the Board of that League see benefits in implementing a system to assist in creating a fairer competition with regards to the ability to recruit quality footballers to clubs. Two systems that have been used in other leagues include a salary cap and a player points system (PPS). Both will be assessed in the following sections.

The WACFL should also consider the distribution of funding as it seems wasteful to be supplementing clubs that continually make excessive payments to players with money that should be utilised in a more productive ways such as securing the futures of fledging clubs and 'growing the game' through initiatives and junior development.

Salary Caps

In an attempt to manage and control player payments throughout regional and rural Victoria the WorkSafe VCFL introduced a Salary Cap in 1994. The "Cap" was essentially introduced:

- To protect the future of clubs
- To provide a budgetary guideline and a form of player payment control.

The player payment limits were set at:

- \$50,000 for a Major League club
- \$30,000 for a District League Club

For the Salary Cap to be effective, it essentially needed to be able to be "policed". A successful Salary Cap needed:

- Honesty, accuracy and transparency
- To be able to capture and manage the level of outside or third party payments
- Salary Cap Officers to have total authority to investigate players' financial status and transactions such as bank accounts, etc.

Due to the proliferation of cash around football clubs, the inability of the system to capture cash payments, in kind payments and payments from third parties, the policing of the Salary Cap was close to impossible, not to mention the resources required to carry out checks and investigations. Hence, between 1994 and 2004, player payments (and related rewarding of players) continued to increase, in spite of the Salary Cap. Following a survey of all WorkSafe VCFL Clubs and Leagues in 2004 and a "Salary Cap Forum" conducted on Sunday May 30th 2004 at the MCG, the Salary Cap was duly removed at the end of that season.

In the WAFL we have also seen them recently move away from a salary cap system that was deemed unsuccessful and moved towards a Player Points System to help even out the competition.

Player Points System (PPS)

In the Victoria Country Football League, Player Points Systems (PPS) are operated in 6 leagues in season 2009, as outlined below:

- Ballarat FL
- Central Murray FL
- Mornington Peninsula Nepean FL
- Sunraysia FL
- West Gippsland Latrobe FL
- Yarra Valley Mountain District FL

Several leagues stated they were considering bringing one into operation in the next season or two.

Player Points Systems have a distinct advantage over salary cap systems in that they are easier to police effectively. A league sets a team maximum point score that each team must not exceed in any league match and mandates the rating of each club's players as they are registered. A PPS aims to reward those clubs that concentrate on developing its own young players to their full potential.

PPS's can also go a step or two further in an effort to equalise a league's teams performance range by taking into account additional factors, such as a club's catchment population or even finishing position from previous season.

Key administration processes set in place by leagues that operate a PPS generally include:

1. A PPS policy is set by league that includes a system that shows the team maximum point score and a player rating system.
2. Clubs rate their list against this system prior to season commencement and lodge with league (E.g. Players fill out player declaration forms regarding their playing history and these are lodged to his club and then club pass on all forms to league). League reviews and confirms rating of each player. Any players registering during season are rated prior to them playing a match.
3. A review process is generally part of a PPS policy, to enable a review panel to adjudicate upon any disputed or unclear player ratings.
4. Team sheets record weekly point scores of teams using ratified individual player ratings. This process can be automated.
5. Breaches of PPS incur penalties set out in League PPS policy and such breaches are often adjudicated upon by a league tribunal or review panel.
6. League reviews PPS policy after each season.

In the WAFL the PPS seems to have been successful in allowing more teams to be in a position to challenge for a premiership. Amendments to the scoring mechanism are voted on by the clubs at the end of each season and changes are introduced at the commencement of the following year. The PPS system in the WAFL is administered by WAFC staff rather than a computer system. Building an information system to automatically calculate score would be an expensive process and the database that the system can draw upon is limited. Therefore, it can be assumed that the introduction of a PPS would add to the work load of WAFC staff and Club volunteers.

A PPS cannot be seen as the be all and end all of evening up competitions with numerous other factors coming into play such as club culture, junior programs, commitment, luck, etc. What they can assist with is ensuring that a team can't go out in a specific year and 'buy' a premiership by recruiting 5-6 above average players.

A Proposed WA System

The WACFL does not have either the Information Technology or the Labour to implement a system to all leagues. Additionally, player payments are not a major issue for many leagues that either aren't required to pay players to fill a side, or do so to a reasonable level. This proposed system should be considered by leagues that feel there is a distinct unevenness in the competition or where player payments have escalated to an unsustainable level for clubs in that league.

A copy of a proposed scoring mechanism is below.

a) Did the player play juniors at the club?	If yes	0 point player
b) Has the player played more than 3 seasons at the Club?	If yes	0 point player
If the player answers 'No' to questions a) and b) his minimum score is 1 point		1 point player
c) Has the player played an official AFL match?	If yes	6 point player
d) Has the player played an official WAFL League match?	If yes	4 point player
e) Has the player played an official WAFL Reserves or Colts match?	If yes	2 point player
f) Has the player played an official SANFL or VFL League match?	If yes	4 point player
g) Has the player played an official SANFL or VFL Reserves or / TAC U18's match?	If yes	2 point player
h) Has the player played an official State League match in QLD, NSW, NT, TAS?	If yes	3 point player
i) Has the player played junior or senior football for another team in this League last year?	If yes	Add 2 to score

If deemed necessary the above mechanism could be applied to each club in the league and the total allowable score for any game decided in conjunction with league presidents and the WACFL prior to the commencement of the season. We believe the above mechanism is in line with the WAF's mantra to 'Grow the Game' in that it:-

- Rewards clubs with successful junior competitions and player pathways
- Rewards Quality Clubs with strong cultures that are able to retain players for 3 years or more
- Discourages teams poaching players from other teams in that league
- Rewards teams that develop and play local players

By filling in a simple questionnaire at the start of the year or the time of registration, a player would be allocated a score between 0-8. The League in conjunction with the WACFL would set a points ceiling at the start of the year, which would influence how many and the quality of travelling player that could represent the club at any match. This system could be implemented upon request with a relatively small financial outlay.

As with the Worksafe VCFL, special allowances could be made to clubs that have continual poor performances or poor junior systems etc to help even up competitions.

This system, if implemented, should be reviewed and adjusted by the Club presidents as scene fit at the end of each football season.

Determining a Players Worth

“It is getting harder each year to recruit players. They are all asking too much, but we have to pay it or we won’t have a competitive side” quote from an anonymous Club President

Does the amount your club pays in player payments put pressure on your club financially to survive?

Determining a Players worth is a difficult task of club staff with the added pressure that one right or wrong decision could not only impact the club on the field but also financially. Like the price of any commodity supply and demand will determine a players worth but if all clubs had a guide which they stuck to, all clubs would benefit by keeping player prices at a reasonable level.

The practice of players payments can often be a taboo subject with club’s keeping their practices ‘close to their chests’ for numerous reasons. The resistance of parties to communicate with one another on player payments can often have negative implications on teams with players shopping around for a team able to leverage off other teams in a bid to secure the highest possible price for their services. Prices paid for certain players in certain leagues would be considered exorbitant by most and by publishing a discussion paper type guide on player payments; we can give leagues an idea of what the market price of each player is and hopefully limit the number of overpayments made by Clubs to ensure their sustainability.

Although hard to prove, rumours are circulating that players in particular WACFL sides are being paid in excess of \$1,000 per game. We believe these amounts, if true, to be excessive, and it would be disappointing to think that WAFC funds are being distributed to Clubs that obviously don’t require financial assistance. By clubs continually trying to outmatch each other to recruit players, fees paid can ‘snowball’ and seem to currently be inflated in certain leagues which not only impacts the clubs in that league but also influences the ability of other leagues to attract players at a reasonable price.

It is therefore important that the WACFL takes a leadership stance to insure a sensible and sustainable approach is implemented towards remunerating players. It is also recommended that the process of player payments be discussed at board level within leagues to help work together to keep payments under control. It should also be mentioned that Clubs are expected by law to carry out their expectations from a tax perspective with regards to paid employees. For more details read the Player Payments/ Taxation Section below.

The following table is what the WACFL believe are reasonable figures for clubs to use as a guide.

Highest Level Played	Amount Per Game
AFL	\$600
WAFL, SANFL, VFL League	\$400
QLD, NSW, TAS, NT State League	\$300
WAFL Reserves/ Colts, SANFL Reserves/ Colts, VFL Reserves, TAC Cup	\$200
Community Football, Other	\$100

Prices aligned to players highest level of experience is in line with the PPS score they incur (1point=\$100). Whilst these prices are a guide only, other contributing factors for consideration would include:- travel time to games, the physical condition of the player, the standard of the

league, reference checks, time since they last played, position played, player attitudes, other achievements i.e. goal tallies, BNF, State representation etc.

If all clubs kept to these guidelines or set benchmarks for their league lower than above, it would go a long way towards teams with good cultures; good juniors and good coaching being successful. It would also ensure that player payments were kept at a level that was manageable year on year, and that more time and money could be focused on junior development and player welfare rather than recruitment and revenue generation.

Incentive Schemes

Incentivising players can be a good way of ensuring you are rewarding those that are contributing most to the teams' performance. This will ensure that the players helping contribute to team success and growing the club culture are more likely to continue in the following years which will be beneficial under the proposed PPS. Whilst most teams have their own individual means of doing this, revising these programs should be an annual process at the least.

Player Payments/ Taxation (mostly taken from Victorian Study)

Most football clubs, if not all, are Incorporated Associations under the Associations Incorporation Act of 1987. As a result of this incorporation, football clubs are generally exempt from ordinary income tax on all of its income under S. 50-45 of the Income Tax Assessment Act 1997.

Despite a club's incorporation, it must also be noted that in Australia we operate under a Federal Tax System which is administered by the Australian Taxation Office (ATO) on behalf of the Federal Government. In effect most of the legislation we are governed by is covered under the Income Tax Assessment Acts of 1936 and 1997. However considerations must also be given to case law, private rulings, class rulings and other taxation determinations that are made from time to time.

In effect when reviewing the above, when it comes to paying players, coaches or administrators, the treatment shall be no different to that in any other business in Australia where an employer/ employee relationship exists. Effectively this means that clubs will be required to adhere to their legal requirements in relation to Pay As You Go (PAYG) and Superannuation. For a football club this means that when you are paying players and coaches you will be required under law to withhold tax from their payments and also consider the requirement for also paying the superannuation guarantee levy (SGL) which is currently 9%.

A survey done in Victoria mentioned that approximately 80% of payments to players and coaches were made with cash. From the WACFL's point of view, paying players in cash, whether having withheld tax or not is not viewed as the best practice for clubs and we would strongly recommend that payments are made either by cheque or direct deposit where two persons are required to either sign a cheque or sign any electronic direct deposits. Either of these methods creates a proper paper trail for auditing purposes.

Please read on for a greater understanding of your club's legal responsibilities in regards to paying players and coaches. Much of the information provided can be found by visiting the following ATO website at: <http://www.ato.gov.au>

Pay as You Go (PAYG) Withholding System

If your club pays players and coaches (employees), you must withhold amounts from their pay and send the withheld amounts to the ATO. This process is called Withholding and is done through the pay as you go (PAYG) withholding system.

How Much Tax Should the Club Withhold?

The amount to be withheld from an employee's pay depends on the amount they are paid and the information an employee has provided in a 'Tax File Number Declaration' and/or a 'Withholding Declaration'. Additional factors such as whether or not the employee has another job, assistance under a Higher Education Loan Program (HELP) or Student Financial Supplement Scheme (SFSS) will also assist in determining how much tax should be withheld.

Paying and Reporting the Withheld amounts to the ATO

Most football clubs are considered small organisations and as a result will be required to pay the withheld amounts to the ATO either monthly or quarterly when they lodge their clubs activity statements, which are also referred to as Business Activity Statements (BAS). The amount withheld will be reported on your club's BAS along with any GST, PAYG instalments or FBT amounts. Any credits your club is entitled to (such as GST credits) will be offset against any amount of PAYG withholding and other tax liabilities.

In addition, clubs are also required to give each employee an annual payment summary (PAYG Summary) of the amount withheld from them during the financial year no later than 14 days after 30 June. In the past this has been referred to as a group certificate. At the end of the financial year clubs must also submit an annual report to the ATO that reconciles all withholding payments your club has made to the ATO during the financial year.

Are any organisations exempt from PAYG withholding?

Earlier we referred to clubs being exempt from income tax under S. 50-45 of the ITAA1997. Despite this exemption it is important to note that clubs that are exempt from income tax are not exempt from PAYG withholding obligations. Every club (employer) who pays players and coaches (employees) has to withhold from payments subject to PAYG withholding.

Registering for PAYG withholding

If your club pays players or coaches that are subject to PAYG Withholding, your club will need to register for PAYG Withholding with the ATO. Your club can register for PAYG Withholding by either completing a form or by contacting the ATO by phone on 13 28 66. The form can be found on the ATO website using the following link:

<http://www.ato.gov.au/nonprofit/content.asp?doc=/content/13703.htm>

Are there any Tax Deductions Available for Players and Coaches?

As with many occupations, there are some deductions available to the players and coaches (taxpayer) that may be claimed in their individual income tax returns. From this point of view it is critical that players or coaches keep records of all of their expenditure such as apparel and equipment, membership costs, entrance to away games along with records pertaining to travel from another job to training or games as all of these may be examples of allowable deductions in a person's individual income tax return. For further information in regards to this, players and coaches should seek advice from their tax agent or financial advisor.

Superannuation Guarantee

As an employer, you have an obligation to pay super contributions on behalf of all your eligible employees. These contributions are in addition to their salary or wages. This compulsory contribution is called the super guarantee. Under the super guarantee, you have to:

- Pay super for your eligible employees
- Contribute to the correct super funds, and
- Pay contributions by the cut-off date each quarter.

The minimum amount of super you have to pay is 9% of each eligible employee's ordinary time earnings. For example if a player or coach is paid \$600 for a game then \$54 superannuation guarantee is also payable ($\$600 \times 9\% = \54).

Employers

Your club is an employer if you employ players or coaches under a verbal or written employment agreement on a full-time, part-time or casual basis. You may also be considered an employer if you make payments to players or coaches under a contract wholly or principally for their labour or services. All employers have to pay super for their eligible employees.

Employee eligibility

For super guarantee purposes, an employee is generally an individual who receives payment in the form of salary or wages in return for their labour or services. Eligible employees are workers who are entitled to be paid super guarantee contributions by their employer.

Generally, you have to pay super for any employee who:

- Is between 18 and 69 years of age inclusive, and
- You pay \$450 or more (before tax) in salary or wages in a calendar month, and
- Works full-time, part-time or on a casual basis.

You also have to pay super for any employee who:

- Is under 18 years of age and
- You pay \$450 or more (before tax) in salary or wages in a calendar month, and
- Works full-time, part-time or on a casual basis for more than 30 hours in a week.

Who is not eligible for super?

You don't have to pay super contributions for:

- Employees you pay less than \$450 (before tax) in salary or wages in a calendar month
- Employees under 18 years old working not more than 30 hours per week
- Employees 70 years of age and older

Choice of super fund

Recent changes to the superannuation legislation now enable some employees to choose the super fund their employer pays their super into.

Your employees can choose their super fund if they are:

- Under a federal award
- Under a former state award, now known as 'notional agreement preserving state award' (NAPSA)
- Covered by another award or agreement that doesn't require super support, or not employed under any state award or industrial agreement, including contractors paid principally for their labour.

You don't have to allow your employees to choose their super fund if you're paying them under a:

- State industrial award
- Preserved state agreement, or federal industrial agreement such as an Australian workplace agreement (AWA), a pre-reform AWA, a pre-reform certified agreement, a collective agreement, an

old IR agreement, an individual transitional employment condition (ITEA), a workplace determination, or an enterprise agreement (these are defined terms in Federal industrial relations law).

If you have a new employee who is eligible to choose their super fund, you must provide them with a 'Standard choice form' within 28 days of the day they start work with you. Please also note that employers only need to pay into one fund for each employee.

Where and When to make Super Payments

You need to pay contributions on behalf of your employees into a complying super fund.

The super fund where you pay super contributions will either be a fund:

- Nominated by you (also known as your default fund or employer nominated super fund), or
- Chosen by your employee, if they are eligible to make a choice.

You have to pay super for all your eligible employees to the correct super fund by the cut-off dates each quarter.

These dates are listed below.

Quarter Quarterly Payment Cut off Date

Quarter 1 1 July – 30 September 28 October

Quarter 2 1 October – 31 December 28 January

Quarter 3 1 January – 31 March 28 April

Quarter 4 1 April – 30 June 28 July

Other Methods

Certain clubs adopt different methods when considering their taxation obligation in regards to paying players and coaches. One such method involves all paid players and coaches supplying the club with 'Statement by a supplier' form (ATO form) which states that the player or coach is providing his/her services in the pursuit of a recreational activity or hobby. In doing this, the players and coaches are removing the requirement of the club to withhold tax from their payments.

Whilst this method has been successfully applied by some clubs to this point in time, the WAFC strongly encourage all clubs to adhere to the obligations as outlined above as this method **may** fail if tested in the Federal Court of Tax given that it could be difficult to argue a case if a player or a coach is getting paid amounts in the hundreds of dollars on a weekly basis in the pursuit of a recreational activity or hobby.

Taxation Summary

In summarising the above, it is clear that some clubs may find the requirement to adhering to the legal obligations both administratively difficult and time consuming for club volunteers. Others may take the view that it's 'just easier to pay players with cash via skimming the gate, bar, canteen and functions'. Others may argue that 'why should we adhere if the club five minutes up the road isn't', 'You can't recruit players if you take tax out' and so on.

There are many excuses circulated as to why clubs don't adhere and whilst the WAFC sympathise with clubs in cases where the burden is making it harder for volunteers the reality is that the obligations outlined above are legislative requirements under a Federal Tax System. As such the WAFC strongly encourage that all clubs adhere to these requirements as the potential consequences for clubs who deliberately try and avoid these legal obligations could be dire. Clubs wishing to seek clarification in regards to their taxation requirements should seek advice from their local CPA, Chartered Accountant or Registered Tax agent.

Follow up Items/ Recommendations

- The WACFL should also consider the distribution of funding as it seems wasteful to be supplementing clubs that continually make excessive payments to players with money that should be utilised in a more productive ways such as running the club and 'growing the game'. Distributions could be tied into successful junior development programs.
- Investigate programs to assist leagues in areas with declining population growth rates to access players and ensure the continuation of the code.
- Circulate this document to Club Presidents and ensure League Boards discuss the documents and impacts on their league.
- Discuss PPS system with Leagues of interest with the look to trialling in 2012
- Continue to promote the AFL's 'Quality Club' Program to help build appealing and sustainable club cultures.
- Further develop the PPS system including pro formats, spreadsheets and finer details

Appendices

League	Transfers Per Year	Rank	Years on Sportswear
Avon	71.0	9	3
CMC	53.7	17	3
CW	69.0	11	2
ED	64.7	13	3
EK	70.5	8	2
ESP	32.5	19	2
GAS	15.5	20	2
GOLD	161.0	1	1
GN	67.7	12	3
GS	94.0	6	2
HILLS	55.5	16	2
LSW	100.0	4	1
MORT	56.7	15	3
NEW	39.5	18	2
N PILB	109.0	3	2
ONG	59.3	14	3
PEEL	134.0	7	2
SW	150.0	2	3
UGS	95.3	5	3
W KIMB	69.3	10	3

League	Players Per Year Taken From					
	WAFL	Interstate	Amateurs	Other Country	DFDC	Other
Avon	8.3	4.3	29.0	22.3	4.3	2.7
CMC	3.7	6.3	22.3	17.7	3.7	0.0
CW	6.0	2.5	28.0	24.5	7.5	0.5
ED	5.7	2.0	27.0	27.0	2.0	1.0
EK	1.5	32.5	7.5	23.0	4.5	1.5
ESP	0.0	7.0	8.5	12.5	0.0	4.5
GAS	0.0	2.5	7.0	5.5	0.5	0.0
GOLD	7.0	49.0	38.0	33.0	4.0	30.0
GN	3.3	8.3	20.3	33.0	1.3	1.3
GS	3.0	6.0	25.0	48.5	8.0	3.5
HILLS	1.5	10.0	4.0	22.0	17.5	0.5
LSW	16.0	2.0	18.0	63.0	0.0	1.0
MORT	6.7	4.7	23.0	18.0	4.0	0.3
NEW	0.5	6.5	14.0	15.5	0.0	3.0
N PILB	4.5	29.0	27.0	42.5	1.0	5.0
ONG	1.3	5.3	14.0	37.0	0.7	1.0
PEEL	11.7	3.3	20.0	34.7	18.7	1.0
SW	42.3	17.3	39.7	42.7	1.0	7.0
UGS	12.3	7.7	30.3	40.0	3.3	1.7
W KIMB	3.7	18.7	17.0	21.7	4.0	4.3
	139.0	225.0	419.7	584.0	86.0	69.8
	9%	15%	28%	38%	6%	5%