

Illawarra Division Rugby League Player Payments Cap Framework

Introduction

Illawarra Division Rugby League Inc. (IDRL) has endeavoured to limit the continuing upward spiral of player payments across IDRL senior open grade competitions.

The significant movement of players between local clubs, which contributes to the current inflationary nature of player payments across the IDRL competition, has been identified as a key issue affecting the ability to maintain an environment where all clubs are competitive in the player market.

During recent consultation with clubs, a commitment was made by IDRL management to take action. Concerns were aired that the burden currently being placed on clubs and volunteers to raise money to pay players in order to be competitive within the competition was unreasonable, and was negatively affecting the long term sustainability of local clubs and significantly contributing to difficulties faced by clubs to attract and retain volunteers.

The Player Payments Cap (PPC) is designed to narrow the gap over time, between high spending clubs and low spending clubs, by limiting growth at the top end. Further, it is expected that the implementation of the PPC will provide Clubs with “tools” to “not be allowed” to meet player demands.

The implementation of the PPC has been designed to not be overly onerous on club volunteers to administer, and is expected to place a ceiling on player payments.

Guiding Principles

The guiding principles of the IDRL PPC are as follows:

- ☐ Retain sustainable clubs
- ☐ Implement a simple solution that will avoid an additional burden on volunteers
- ☐ Focus on demographics /circumstances in providing solutions
- ☐ Governing bodies and clubs need to be part of the solution
- ☐ A focus on the promotion of player loyalty and the retention of players
- ☐ Address the mindset that all players are entitled to demand excessive match payments
- ☐ Focus on player development within the club including junior structures for a club and developing a suitable pathway from juniors to seniors
- ☐ Working toward ensuring an evenness of competitions – allowing clubs to continue to play and thrive at a level they can compete
- ☐ Providing a flexible framework that may evolve as required and potentially lead to a regional approach to addressing this issue, and open up potential integration of regional competitions when this issue is seen to be addressed

Player Payments Cap Rules:

1. The maximum expenditure (Payments Cap) by any club in respect of payment of salary, expenses or benefits to its registered players for the following calendar year beginning on the 1st January 2019 shall be as follows:

- **\$150,000.00** (inclusive of all payments to players in senior grades ie 1st and 2nd grades)

2. Framework:

(i) The salary cap would apply to all player payments, incentives and awards provided to 1st and 2nd grade players selected to take the field throughout each season.

(ii) Payment of salary, expenses or benefits shall include gross payments in cash or kind whether directly or indirectly to the player or to an associate of the player. This shall include payments made or benefits given by any person or organization within or outside the club to induce the player to play or given in consideration of the playing of football for the club.

Note 1: Payments made by either the club or a third party to a player based upon their participation that is not contained within the player's contract is illegal.

Note 2: For the purposes of clarity, an "associate" shall include relatives or partners of the player, trusts for the players benefit or his relatives benefit and companies in which the player or his relative or partners hold shares.

(iii) Coaches / Coaching Staff:

Payments made to a non-playing Coach / Coaching staff is not required to be included in a Clubs PPC.

In relation to **captain/coaches**, the coaching element of their remuneration must be specifically identified in their contract. This coaching element amount must not exceed 50% of their total remuneration, to a maximum of \$20,000 with the remaining remuneration to be included within the club's salary cap. ie. If a playing coach is paid \$30,000, then \$15,000 would be included in the cap, if paid \$50,000, then \$30,000 would be included.

Note: Only one (1) 1st grade playing coach (captain/coach) is allowed to have a component of their payment sit outside the cap in any club per season. All other playing or assistant coaches who play, will have their full payments included in the cap.

(iv) Employment

Clubs are able to assist with employment opportunities for a player, provided the terms and conditions are **consistent with current commercial practices**. Employment cannot be linked to the operations of the club e.g. grounds keeper etc.

(v) Awards / Incentives

Player incentives / match awards are to be included in the overall club's PPC. This includes Weekly Awards, or incentive / bonus payments made to a Player for awards that include (but is not limited to) junior incentive scheme payments and like performance awards.

Non-cash benefits in the form of an award provided by a Club to Players (eg voucher) are not included in the calculation of the Club's Player Payments

Note: Clubs will need to provide a breakdown of payments and incentive 'pool' via a document to also be lodged with the players contract.

(vi) Affiliation / Player Registration Fee's / Insurance

Any health and / or income insurance paid by a Club or an Associate of a Club for and on behalf of an individual Player shall be a Player Payment which is included in the calculation of the Club's Player Payments. Any Club Membership Fee payments, CRL insurance, or player affiliation fees which the Club has agreed to pay under their arrangements (and will deduct from payments owed to the player) shall not be a Player Payment and is not included in the calculation of the Club's Player Payments.

Any such payment (as referred to above) made by a club on behalf of a player, where the club elects not to deduct this from payments owed to the player, shall be regarded as a Player Payment under PPC.

Where a club demands payment by players in advance for any compulsory expenses (eg CRL player insurance) the club must issue a receipt to the player for monies received, in order to provide evidence that the club did not pay these expenses on behalf of the player, which would then result in them being considered a Player Payment under the PPC.

(vii) Sign On Fee's

"Sign On Payments" – including 'reward or incentive' payments to a Player for signing a Registration Form and / or Club Contract are prohibited. This includes a "Sign On payment" made directly or indirectly to the player or to an associate of the player or applied for the benefit of the player or associate of the player.

For clarity, "Sign On Payments" are illegal and where such payments are made it will be considered a breach of the PPC.

(viii) Injury Payments

No payments are allowed to be paid to players whilst injured under the principle "no play, no pay".

(ix) Finals Appearances

Payments to Players for finals appearances are to be included in the calculation of the clubs Player Payments.

3. IDRL Standard Player Contract:

IDRL will provide a standard playing contract template for use by all IDRL clubs to use when contracting players. These contracts will include consistent terms and conditions, and spell out the terms and conditions of payments and incentives that will be included to a player. A copy of all Club Playing Contracts must be lodged with IDRL by **31 March** of each season. Players signed after this date must have a copy of their Contract lodged with IDRL within 7 days of the contract being signed

4. Reporting:

(i) Each club shall lodge with IDRL by the **31 March** a statement setting out the names of players, details of all payments, expenses and benefits to be paid to its players for the ensuing season (ie Player Payments Budget).

Each statement shall be verified and signed by the President and any one (1) of the following, Secretary, Treasurer or Football Manager of the club.

(ii) Each club shall lodge with IDRL by **30 September** benefits including club awards that have been made for the season just concluded and any further payment of salary, expenses or benefits (ie Player Payments Final Declaration) to be made for the remainder of the season (ending 31 October).

Each statement shall be verified and signed by the President and any one (1) of the following, Secretary, Treasurer or Football Manager of the club.

*IDRL at any time, other than those listed, may request an up to date statement to be submitted.

5. Annual Report:

Each club shall provide the IDRL with a copy of the club's Annual Report as required to be lodged as part of the clubs "Application to Enter Teams in Competitions", complete with financial statements (Profit and Loss Statement & Balance Sheet) as outlined, by **15th November** each year.

The Profit and Loss Statement provided must specifically refer to "Player Payments" as a line item of expenditure as a gross total of any amounts paid to players.

Note: Any payment linked to the club will fall under the PPC.

Any IDRL affiliated clubs which do not operate under an incorporated structure, and whose financial transactions form part of those of a larger group/company (eg a licensed club group), are required to provide a Profit and Loss Sheet and a Balance Sheet which relate specifically (and only) to functions of the football club and its operation.

6. Application to Compete

IDRL clubs are reminded that it is a condition of the "Application to Enter Teams to Compete" with IDRL that they will comply in full with the Club Sustainability Program key components, being the IDRL ***Player Points System (PPS)*** and the IDRL ***Player Payments Cap (PPC)***.

It is further understood that the Club Sustainability Program includes the following:

- i) The PPS policy document relates specifically to the 'Player Points System' (PPS) implemented for the 2019 season
- ii) The IDRL PPC document implemented for the 2019 season.

7. Lodgement of PPC Documents:

IDRL clubs will be provided access to password protected secure on-line portals for uploading of required documents in PDF format, by the deadlines specified. Full audit tracking of access to records will ensure confidentiality of all details provided by clubs and players.

8. PPC Compliance Audit:

The Integrity Officer appointed by the IDRL will carry out an annual compliance audit of up to 50% of affiliated clubs in the first grade competition, relative to PPC documents provided,



financial reports provided as part of the “Application to Enter Teams in Competitions”, and any further club records considered appropriate.

The IDRL may also direct the Integrity Officer to conduct an audit at any other time in relation to the PPC compliance of any IDRL club.