



Memorandum

To **AFL Club Presidents/Chairmen**
AFL Club Chief Executive Officers
AFL Club Football Managers
AFL Club Senior Coaches
AFL Club listed players

cc **AFL Commission**

From **Andrew Demetriou**
Chief Executive Officer

Date **June 1, 2010**

Re **Competition expansion**

I wanted to take this opportunity to set out the facts which are contrary to some of the recent commentary concerning our competition expansion plans particularly in relation to the signings of leading Australian Rugby League and Queensland State of Origin representatives Karmichael Hunt and Israel Folau.

Naturally, the recruiting of the two leading Brisbane Broncos players by the Gold Coast Football Club and Team GWS at ages 23 and 21 respectively has generated an enormous amount of media coverage and debate particularly in Queensland and New South Wales.

I would like you to consider the following facts:

Karmichael Hunt and Israel Folau

- While Karmichael Hunt and Israel Folau have achieved just about everything there is to achieve in rugby league, at age 23 and 21 they have not yet reached the peak years of their athletic careers.
- To make a decision to pursue an AFL career is therefore an extremely bold and brave one particularly in the context of their status as elite rugby league players. It would be interesting to hear from AFL players with a similar standing in our game as to if they would consider a similar career move?
- The people involved in assessing their potential as AFL players including Scott Clayton, Mark Browning, Guy McKenna, Jason McCartney, Alan McConnell, Kevin Sheehan, Kevin Sheedy and Graeme Allan are highly respected within the AFL competition. Their prime consideration was to assess Karmichael Hunt and Israel Folau as potential AFL players and how they could develop and adapt to our game in an elite full time professional AFL environment.
- Our development team headed by David Matthews has also judged that both players will be invaluable in promoting our game as a viable career option for first choice athletes in Queensland and New South Wales in particular and to communities which currently do not have a strong connection to our game in both states.

Australian Football League Executive



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- There has been a great deal of ill informed commentary and guess work about the contracts for both players.
- The playing contracts for both players will be within the TPP and be around the average playing contract for an AFL listed player.
- Both have separate marketing and promotional contracts with the AFL to promote our game in Queensland and New South Wales in particular. Their contracts are key components of our marketing investment in these regions and we are extremely comfortable with the cut through they have already provided and will continue to generate a high level of interest as the two clubs develop in the lead up to entering the AFL competition in 2011 and 2012.
- They will also play an important role in the increasing promotion of our game throughout the Pacific Islands which later this year will be represented by an under 16 team for the first time in our NAB AFL under 16 championships.
- We see their contracts with the AFL as based on the same principle as the independent arrangements current AFL players have with third parties to undertake bona fide marketing and promotional activities. In 2009, AFL players received almost \$2 million from these independent arrangements and \$7.69 million in additional service agreements with their clubs.
- From time to time, our organisation has contracted AFL players to undertake bona fide game development, marketing and promotional activities over and above their collective bargaining agreement obligations and therefore the principle of retaining Karmichael Hunt and Israel Folau is no different to current practice.
- We also believe that by assisting us to grow the talent pool and broaden the supporter base for the AFL competition, all clubs will ultimately benefit.
- Our competition expansion plans have been unanimously endorsed by the AFL Clubs and given our overall investment to establish two new AFL clubs and create an additional 90-100 opportunities for AFL players, we think it is not unreasonable to use every possible opportunity to support Gold Coast FC, Team GWS and the overall development of the game.

Players from other codes:

- In recent weeks there has been considerable debate about the merit or otherwise of recruiting players from other codes.
- We have no problem with the debate but the reality is that it has been happening for years as the following list of players recruited from other codes indicates:
 - Jim Stynes, Gaelic football
 - Sean Wight, Gaelic football
 - Tadgh Kennelly, Gaelic football
 - Marty Clarke, Gaelic football

- Other players on current AFL lists from Gaelic football include Brian Donnelly, Pearce Hanley, Niall McKeever, Zach Tuohy, Michael Quinn, Conor Meredith, Jamie O'Reilly, Tommy Walsh and Chris McKaigue
 - Setanta O'hAilpin, hurling
 - Kurt Tippet, basketball
 - Jesse White, basketball
 - Sam Gilbert, rugby league
 - Daniel Merrett, rugby league
 - Mike Pyke, represented Canada in rugby union
 - Tom Williams, rugby union/league
 - Brad Moran – soccer
 - Shaun Hampson, basketball
 - Dean Brogan, recruited from the NBL
 - Seamus McNamara, basketball, recruited from Milwaukee, played college basketball in US
 - Kieran Jack, strong family background in rugby league but played our game as a junior in Sydney
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- Our view is that first choice athletes from other codes should be encouraged to try our game and pursue an AFL career.
 - With two new clubs, growing the talent pool is critical and attracting first choice athletes from other codes is essential in assisting us to grow the overall pool.
 - Another key component in growing the talent pool from Queensland and New South Wales has been the establishment of AFL club based academies in both states with a major focus being on attracting first choice athletes from other sports.
 - Recruiting players particularly internationally does come at an additional cost but we applaud clubs who are prepared to make that investment and then back their capacity to train those athletes to become AFL standard players.
 - For example, if Melbourne FC had taken a narrow view of his potential, the Jim Stynes chapter in the history of our game would never have been written and the game would have been poorer had that been the case.

Contract offers:

- Like everyone, we have read about alleged contract offers from Gold Coast FC and Team GWS to certain players in their first and second year with current AFL clubs.

- Our advice is that no such offers have been made by Gold Coast FC or Team GWS to the players who have been subject to extensive media coverage in recent weeks.

Kind regards

A handwritten signature in black ink, appearing to read 'Andrew', with a long horizontal flourish extending to the right.

Andrew Demetriou
Chief Executive Officer