



**MELBOURNE KNIGHTS**  
**FOOTBALL CLUB**  
**ESTABLISHED 1953**

A COMMENTARY ON:

# **WHITE PAPER**

**A Plan for a National Second  
Division in Australia**



# MELBOURNE KNIGHTS FOOTBALL CLUB

Established 1953

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## WHITE PAPER

### A PLAN FOR A NATIONAL SECOND DIVISION IN AUSTRALIA

This submission follows the whitepaper in its format (which can be found here).

The Melbourne Knights Football Club welcomes the recently published White Paper 'A Plan for a National Second Division in Australia' by Football Federation Australia, prepared in consultation with the National Second Division Working Group.

The Melbourne Knights Football Club is keenly interested in participating in a National Second Division which would allow the club the opportunity to grow and meet its potential.

It is therefore imperative for clubs that are interested in participating in such a competition put forward their own proposals with the aim of contributing to the public debate and to help shape the future competition's framework.

The Melbourne Knights Football Club would like to submit the following commentary as a part of this public debate.

### Background and Purpose

Reading the published whitepaper in its entirety, it is evident that there are some competing interests within the document itself pertaining to some of the key principles that should guide the establishment of a National Second Division (NSD).

The intention of this submission is to provide a balanced view of what a NSD in Australia could look like.

### 1.3 Aspirations for the future

The Melbourne Knights Football Club wholeheartedly agrees with the contents contained therein. It is these basic principles that should guide the formulation of the competition framework.

## 2. Objectives of the National Second Division

The crux of this section of the document is quite simple and are based upon the

principles set out in the Background and Purpose which would be agreeable to most Australian football clubs, players and fans alike.

### **3. Summary of the current Australian football ecosystem**

We are of the strong opinion that the governing body of the sport has no place in deciding where A-league teams should come from in a strategic manner moving forward. That is to say that football competitions need to be guided by the principle of the free market in which the market finds its own equilibrium in where teams come from and how they operate.

That may sound overly philosophical and principled, however if we want to succeed as a footballing nation the sport must reflect global footballing systems and structures, rather than trying to be an exceptional structure which inevitably leads to outcomes that aren't ideal.

Simply put, if governing bodies begin to impose certain protections in order to maintain certain teams in certain areas, the breaking of the games principles seeps into other areas and the game - the one true global game - becomes unrecognisable over time. People tend to become aware of this occurrence on a conscious and subconscious level and lose interest in the sport.

In its current form, the lofty goal of

Australian domestic football being one of the top global leagues is unlikely to eventuate. However, collectively we can make it the best possible version of itself – a sport which is relevant in this country and which people happily to attend, play, contribute to and in one way or another “be a part of”.

### **Playing Pathways**

The issue around of the amount of opportunities for Australian players is a concerning one. As part of the “Crawford Report” which facilitated the creation of the A-league, one of the key points in relation to players was stopping the ‘player drain’ of young Australian players moving to overseas clubs at a young age.

The advent of the A-league has by and large arrested this trend and in reality, has caused two issues for Australian football. Firstly, we have stopped exporting players into leagues where they have the opportunity to challenge themselves. We cannot expect to produce players of an international standard ‘in-house’. The path to international competitiveness is through having a greater playing pool in international leagues, especially in Europe.

Secondly, with greater money flowing in and out of the game, it has allowed the A-league clubs the opportunity to be in the market for foreigners who aren't necessarily adding value to the game. Naturally, this is not to say that

foreign players haven't contributed the league and player development, but it has shaped the first decade of the league such that teams have become far too reliant on these international players and not enough on domestic talent.

This cycle in which A-league teams rely on foreign talent to be able to be competitive, whilst also shutting out more Australian players is partly to blame for the lack of opportunity. A feasible solution is to limit the number of foreigners eligible to play in Australian professional and semi-professional leagues. This would allow for more opportunities for Australian players whilst also making sure that teams are more diligent in the selection of their visa players. The rules around the number of foreign players in Australian leagues should be consistent across competitions

If our national leagues are to churn out players for the Socceroos with the ultimate goal of international success, we must take a protectionist stand in the short to medium term as a minimum to facilitate the development of domestic talent. Obviously for this to be successful Australian clubs must once again start exporting players in larger numbers.

### **Improving Player Pathways**

The assertion that the talent pool must be grown is a false one. Rather, the existing talent pool spread across 94

clubs in 8 National Premier League divisions across the country must be consolidated into a single National Second Division – the cream of the crop – where the nature of competition pushes clubs to fulfil their potential other to their potential. Having a greater number of players for the sake of it is not a realistic solution.

It is likely that the majority of players that would form the squads of team's competing in the National Second Division sides would be young, ambitious and talented players that have missed out on A-league contracts for whatever reason.

These players are the same ones that in the current environment move between states to seek out further challenges in stronger competitions in order to improve. These players, usually in their early to mid-20's are also more likely to be students or have part time work – sacrificing their mainstream careers to give their football the greatest chance of success.

Once again we must stress that the governing body should not concern themselves with the composition of squads or their average age but rather that squads are comprised of a majority of Australian players. Otherwise, the end result of incubated or managed competitions in such a manner will mean that a NSD will become for the most part a glorified youth league.

The NSD must be a serious competition with clubs afforded the freedom to choose their squads as they see fit. The variety that such freedom affords will ensure that all types of players of all ages will have the opportunity to contribute to a dynamic league.

The goal of the NSD becoming a full time professional league is something that we should be striving towards. Whilst the whitepaper gives examples of non-traditional interpretations of fully professional players, the reality is that many Australian players are better off financially working a job and earning supplementary income through football. Granted the argument would be that some of these players aren't the ones a NSD would be made up of, however clubs shouldn't be required to professionalise their playing roster (in a financial sense) for the sake of it.

Again, the concept that the market will find its equilibrium is essential in understanding this principle. If a NSD is made up of, for example 12 clubs, with three clubs fully professional at inception, then those three clubs are likely to dominate the competition and will in a way force the other nine clubs to professionalise to be competitive.

Furthermore, it will also crystallise where the next A-league teams will come from. On the flipside, having a hybrid competition in such a manner will not create an enormous gap

between the NSD and the current NPL structure. As was indicated in the whitepaper, there is currently a large gap between the A-league and the NPL.

There is no purpose in creating an NSD that will operate at near A-league levels for it to only create another chasm to the tier below it, as by doing so we have only pushed down the existing structural problem by inserting a tier above the NPL and below the A-league. The purpose of the NSD is to bridge the gap and connect the tiers and that can only be done in a free market that allows for flexibility on a club by club basis.

If a guiding principle of the NSD is to bridge the gap and connect the tiers, it has to, at least to begin with operate as a midpoint point between the A-league and current NPL setup.

The path to becoming a professional footballer the world over is not an easy one, and whilst the PFA, FIFPro and other advocative bodies do great work in player welfare, the reality is that the global market determines a player's value – as a player and in his earning capacity.

### **Transfer Fees**

The subject of transfer fees is central to the status of players and the relationship of players and clubs.

A full transfer fee system must be

consistently applied from the top to bottom within Australian football; that is from the A-league, NSD, NPL and to all the tiers below and between each other. A full transfer system means that players within the game will be more likely to be covered by professional contracting regardless of the level of play which brings expectation and responsibility going both ways between clubs and players.

The transfer system would then feed into the top level of the game with a view to increase offshore transfer dollar inflows.

The system must also allow for percentages of future transfers within Australia and overseas on top of training compensation and solidarity payment mechanisms.

The statement that 'in order for Australia to become an exporter of talent it must produce talent' is only half the equation. Once again it needs to reiterated that Australian players need every prospect and protection in order to maximise opportunity.

Player agents also have a role to play here – the destination clubs of young Australian players is very important for their development trajectory. Likewise, these players need a support network in their destination country or at the very least continent provided by the FFA.

## **5. Market Analysis**

Whilst it is partially outside the scope of the whitepaper, the notion that the expansion of the A-league will continue to be a stage-managed process of application and assessment does not have any basis in FIFA's Regulations.

The bottom line is without the principle of sporting merit any league should be considered anti-competitive by nature. That is to say, after the introduction of the NSD and pending the connection of all tiers through promotion and relegation, that 'expansion' through the introduction of new franchises or 'key markets' or any other non-sporting reason would be abolished.

## **Media Landscape**

The whitepaper correctly identifies the challenges and opportunities in relation to the media landscape. It should also be considered as to how the NSD can maximize these opportunities through bundling with the A-league or as a standalone proposition.

## **6. Learning from other leagues**

Whilst it is worthwhile to consider how other countries operate their football leagues, two of the three countries selected in the whitepaper were done so in a strategic manner.

The United States of America along with Australia are the only two relevant international footballing countries to not have a fully connected competitive pyramid, that is to say that the top

division is a closed-shop. It is no secret that the A-league was modelled on America's Major League Soccer and by citing the MLS as an explicit league to learn from is more or less preaching to the choir.

Likewise, the use of the Netherland's Eredivisie league as a European example should be taken with a grain of scepticism, as it is one of the only relevant European second tier leagues to have first division reserve sides within it.

It is obvious that there has been discussion around introducing A-league reserves teams into a NSD – an idea we reject - unless these teams were promoted into the NSD on sporting merit after the competition gets off the ground rather than through franchise nepotism.

The only relevant information presented within the whitepaper regarding foreign leagues is the Japanese example of the J-League. This information bears even greater weight considering that the sporting landscape in Japan is similar to Australia, as football is not the most popular sport. The Japanese example is also worth studying further as it clearly allows for flexibility and growth within and between each tier of the sport.

### **Australia: Rugby, AFL and NRL**

The Melbourne Knights Football Club totally rejects this analysis as nothing

more than cultural cringe emanating from some sections our sport.

## **7. Competition Structure**

It is within this section, that the greatest disagreement and clear opposing viewpoints arise – viewpoints which cannot truly be wedded.

We cannot talk about wanting teams to represent large geographic areas in a theoretical manner unless there is an appetite for these areas to pool their own resources in creating regional teams or entering as standalone premier clubs from their region.

Once again, if there are teams that fulfil the criteria, they will come into being on their own and be assessed on an equal footing with any other applicant.

Regardless, emphasising this point as being a principle by which to constitute the NSD will once again run into the problem of legislating to the degree that the competition ceases to be organic.

Ideally a NSD should be made up of a minimum of 12 teams in year/season one. There must be immediate promotion and relegation with the NPLs around Australia to and from the NSD.

The NSD competition season must coincide with the A-league season calendar to maximise the ability to attract crowds. Not being in competition with clubs' own juniors,,

feeder clubs and the clear calendar in summer are obviously major factors in the ability to draw spectators.

The NSD must be played in summer for the same reasons the A-league is played in summer.

Promotion into the A-league based primarily but not entirely on sporting merit should begin within 5 years of the NSD starting. This would mean by winning the NSD a club would have the right to demonstrate that it is able to meet the reasonably set and published criteria for A-league participation.

Promotion and relegation would begin once the A-league has expanded to 14 teams.

We reject the idea of phased protection with an incubation period and then promotion and relegation.

If clubs are foolish enough to chase glory and crash and burn they are the only ones to blame.

Understandably if there was immediate pressure on clubs and they did crash and burn –it may mean there is some blowback on FFA.

We must also trust that the average football fan is quite intelligent and a club ceasing to exist shouldn't have any adverse effect on how the game is perceived with the people that matter.

## **8. Governance**

All three options in relation to the operation of the league have pros and cons. The only other commentary we would add in regards to the Governance of the NSD is that each club be given some mechanism and stake within the league whilst they are participating in it.

## **9. Club Licencing Framework**

The Club Licencing Framework is a welcome step towards lifting the standard of all clubs beneath the A-league.

We would be supportive of such a framework with a view that the standards, criteria and requirements are reasonable and allow flexibility on a club by club basis.

Obviously there would need to be clear minimum standards for the licensing of clubs in line with AFC statutes. Many NPL Clubs already satisfy the majority of the AFC requirements for the second-tier.

## **10. Financial Sustainability**

We are unsure as to whether the notion of start-up capital is applicable to existing clubs seeking to be a part of the NSD or just to new entities.

In figures presented by the AAFC and PFA within the whitepaper, a large disparity in projected costs is evident. Regardless of this, if clubs are able to meet all criteria, satisfy

all of their obligations and self-fund their operation, then there is no single figure that is a “catch-all” for each club that would be a part of the NSD.

### **11. Commercial Opportunity**

The comments contained within this section are straightforward and expected in line with operating a league with costs such as the proposed NSD.

The only clarification we would seek is in relation to club intellectual property protections and merchandising.

## **Summary of Recommendations and Considerations**

The Melbourne Knights Football Club endorses all of the recommendations put forward by the whitepaper in the summary.

We also support consideration numbers; 4, 5, 8, 9, 10, 12, 13, 14, 15, 16, 17, 20, 22.

### **Final Comments**

We would like to firstly thank the Association of Australian Football Clubs who put in a large amount of effort in lobbying for a National Second Division to become a priority within the sport.

It is also worth recognizing that the new FFA board has worked with AAFC and other stakeholders in presenting

this whitepaper for discussion which has been a long overdue change in policy from the peak body.

We are excited by the possibilities of the national second division and firmly believe that it could be the change and rejuvenation that the sport needs to fulfil its potential.