



COVID-19 AFL Community Club Response tool

Helping you manage your Community Club's finances through the COVID-19 period

Background

We are united across our industry in making hard decisions necessary to protect the health and livelihoods of our football community. Its players, participants, spectators, coaches, umpires and volunteers.

As such, the AFL has made a decision that all AFL and AFL State association managed or operating leagues along with the NAB AFL Auskick Centres programs currently operating or set to begin, will be postponed until 31st May 2020.

The AFL and AFL State and Territory Associations are absolutely committed to supporting community football and Community Clubs during this time.

The foundations of our game are built on community football, with strong and sustainable Community clubs. At a time when community football is facing unrepresented challenges, the AFL and State and Territory Associations have a shared responsibility to prioritise Community Club sustainability.

COVID-19 AFL Community Club Response tool introduction

To assist your Club understand the impact of a competition postponement on Club finances, the AFL has worked with TD Solutions on a 'COVID-19 Community Club Response tool' to help guide Clubs through this process.

Your State / Territory Association or League Manager will endeavour to be available to support your Club, however given the suspension of the AFL elite competition, State Leagues, and Community football due to COVID-19, please note we have a limited workforce available to support you at this time.

Please forward any enquiries to clubhelp@afl.com.au and we will endeavour to get back to you as soon as possible.

Alternatively, further information can be found at TD Solutions <https://tdcommunitysolutions.com.au/>

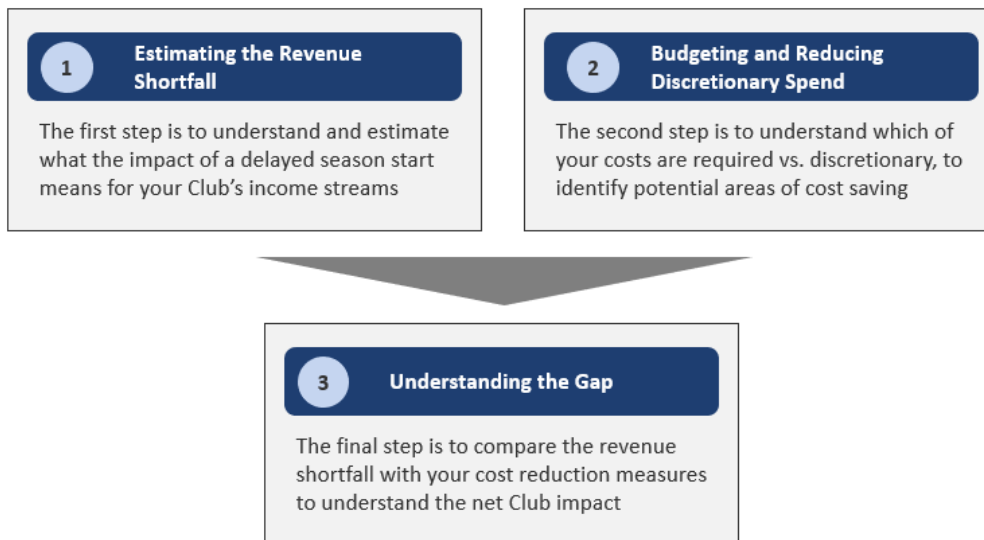
COVID-19 AFL updates

In relation to the emerging situation on COVID-19, further information in relation to the latest COVID-19 Community football FAQs can be found at Play.afl here:

<https://play.afl/covid-19/faqs>

COVID-19 AFL Community Club Response tool

There are three key steps to this package:



STEP 1 - Estimating the revenue shortfall:

- a. The delayed season start date affects many Club income streams, such as player registrations, sponsorship, membership, fundraising and club consumer spend
- b. The first step Clubs should undertake is to understand what the impact may be for your Club's budgeted revenues
- c. To assist, we have created a 'plug and play' template that you can use to determine how your 2020 budget pre-COVID-19 compares to your forecast 2020 budget post-COVID-19
- d. Instructions on how to use this spreadsheet are outlined below

STEP 2 - Budgeting and reducing discretionary spend:

- e. Once you have calculated the potential impact on revenues, your Club should then complete a revised budget of all spend
- f. We have created a 'plug and play' template that you can use to assess the potential changes in Club expenditure
- g. We have also provided some guidance around how Clubs may be able to reduce expenditure at this time, that can help offset some of the impacted revenue

STEP 3 - Understanding the Gap:

- h. Once revenue and cost impacts have been estimated, you should compare your revenue impact with your potential cost reduction measures to understand the net impact on your Club



TD Solutions
Sports Administration

The AFL, and its State/Territory Affiliates understand that this is a trying time for Community Clubs.

By using this 'COVID-19 Community Club Response template' and understanding how your revenues and costs will be impacted by COVID-19, you will ensure that your Club is in the best position to manage through this uncertain period.

Disclaimer

Please note that the COVID-19 Community Club Response template provides estimates based on information inputted by the user. The template does not constitute financial advice, it is for illustrative purposes only and there may be other factors that are not contemplated by it that may be materially relevant to a club's financial situation. Clubs should consider whether reliance on the template is appropriate in all the circumstances and to seeking professional advice from a financial adviser.



STEP 1: Estimating the Revenue Shortfall (Spreadsheet Instructions)

1.1: Assumptions (Must be completed)

The highlighted orange cells are the key assumptions adopted for this revenue model. There are six orange cells to complete as part of the revenue estimation model. Base assumptions have been provided as an example only.

Assumption	Assumption ID	Required Inputs	Projected Decrease (%)
COMPETITION MATCHES (PRE-COVID-19) - How many rounds are in your normal season (excl. Finals)?	(i)	18	
COMPETITION MATCHES (POST-COVID-19) - How many rounds will your season be post-COVID-19 (excl. Finals)? Note: Latest guidance is for 31 May commencement	(ii)	9	
PERCENTAGE COMPETITION WEEKS IN THE 2020 SEASON	(ii) / (i) = (a)	50%	50%
SPONSORSHIP / MEMBERSHIP - What percentage of your sponsorship / membership do you think you will retain in the delayed 2020 season? Please input into Cell D15	(b)	45%	55%
CONSUMER DISPOSABLE INCOME - What percentage of general disposable income will people in your community have post-COVID-19 compared to pre-COVID-19? Please input into Cell D16	(c)	80%	20%
OTHER FACTORS TO BE CONSIDERED - e.g. Season starting in Winter months - Cell E17 represents an additional % drop-off in revenue. Please input into Cell D17	(d)	80%	20%
FUNDRAISING - What percentage of your budgeted fundraising revenue do you think you will obtain in the delayed 2020 season? Please input into Cell D18	(e)	50%	50%

Figure 1.1: Assumptions Cells

1.2: Pre-COVID-19 2020 Budget – Revenue (Must be Completed)

Revenue Item	Assumptions Adopted	Remaining Revenue (%)	Pre-COVID-19 Budget 2020
INCOME BEFORE SPONSORSHIP, MEMBERSHIP AND FUNDRAISING			
Canteen (Nett)	a x c x d	32%	\$ 19,953
Gate	a x c x d	32%	\$ 32,600
Bar (Nett)	a x c x d	32%	\$ 25,347
Meals (Nett)	a x c x d	32%	\$ 5,750
Presentation Night	a x c x d	32%	\$ -
Apparel (Nett)	c x d	64%	\$ 3,000
Grants	c x d	64%	\$ 4,000
Sundry Revenue	a x c x d	32%	\$ 6,000
Total: Income before Sponsorship Membership and Fundraising			\$ 96,650
SPONSORSHIP	b x c x d	29%	\$ 92,290

Figure 1.2. Budget Cells

The cells highlighted in orange must be filled in with your Club's pre-COVID-19 2020 revenue budget. If you don't have a completed budget for 2020, please use your prior year figures. Budget 2020 figures have been provided as an example only. Based on the assumptions provided, the Column F shows what amount of the revenue item is expected in the delayed 2020 season.

Please ensure that revenue items with (nett) in the description are inputted with net revenue figures.



STEP 2: Budgeting and Reducing Discretionary Spend (Spreadsheet Instructions):

2.1: Assumptions (Must be completed)

The highlighted orange cells are the key assumptions adopted for the cost side of this model. There are four orange cells to complete as part of the cost impact model. Base assumptions have been provided as an example only.

Assumption	Assumption ID	Required Inputs	Projected Decrease (%)
FOOTBALL DEPARTMENT EXPENDITURE (EXCL. PLAYER PAYMENTS, COACHES, MEDICAL) - What percentage of your football department expenditure do you expect to incur in the delayed 2020 season?	(f)	65%	35%
PLAYER PAYMENTS - What percentage of your player payments (not adjusting for reduced season length) would you expect to incur in the delayed 2020 season?	(g)	33%	67%
COACHES / MEDICAL / TRAINERS - What percentage of coaches / medical / trainer payments do you expect to incur in the delayed 2020 season?	(h)	33%	67%
LEAGUE AFFILIATION / UMPIRES / INSURANCE - What percentage of this cost do you expect to incur in the delayed 2020 season?	(i)	75%	25%
DISCRETIONARY SPEND - If the expense item is discretionary, it is assumed that the cost will be removed. The percentage remaining in the delayed season will be 0%	(j)	0%	100%
OUT OF CLUB CONTROL - If the expense item is out of club control, it is assumed that the entire cost will remain in the delayed season	(k)	100%	0%

Figure 2.1: Assumptions Cells

2.1: Pre-COVID-19 2020 Budget – Expenses (Must be Completed)

The cells highlighted in orange below must be filled in with your Club’s pre-COVID-19 2020 expense budget. If you don’t have a completed budget for 2020, please use your prior year figures. Budget 2020 figures have been provided as an example only. Based on the assumptions provided, the Column F shows what amount of the expense item is expected in the delayed 2020 season.

For capital expenditure, please place in both your pre-COVID-19 and post-COVID-19 expected capex into cells E53 and F53 respectively.

Expense Item	Assumptions Adopted	Remaining Cost (%)	Pre-COVID-19 Budget 2020
Football Department Expenditure			
Player Payments (Labour Expenditure)	a x g	17%	\$ 110,000.00
Coaches (Labour Expenditure)	h	33%	\$ 25,000.00
Medical / Trainer (Labour Expenditure)	h	33%	\$ 11,000.00
Equipment	f	65%	\$ 5,000.00
Match Day	f	65%	\$ 1,000.00
Medical Supplies	f	65%	\$ 6,000.00
Video Analysis	j	0%	\$ 500.00
Total: Football Department Expenditure			\$ 158,500.00
Non-Football Department Expenditure			
Advertising / Printing / Signage	a	50%	\$ 1,750.00

Figure 2.2. Budget Cells



STEP 3: Understanding the Gap (Spreadsheet Instructions):

Please note that this is an output sheet only.

The table below summarises the net impact of the reduced revenue and costs of your Club due to COVID-19 / the delayed season. Cell F19 shows the expected net cash flow for 2020 assuming the cost reductions have been put in place.

P&L Item	Assumptions Adopted	Remaining (%)	Pre-COVID-19 Budget 2020	Post-COVID-19 Budget 2020
Total Revenue	Various	32%	\$ 249,985.00	\$ 80,497.52
Total Operating Expenditure	Various	37%	\$ 217,700.00	\$ 81,008.33
Operating Profit / (Loss)			\$ 32,285.00	-\$ 510.81
Capital Expenditure	No assumptions	30%	\$ 10,000.00	\$ 3,000.00
Club Cash Flow for the Financial Year			\$ 22,285.00	-\$ 3,510.81

Figure 3.1. Consolidated Model Output

How can Clubs limit or reduce Club spending at this time?

A key way for your Club to commence a return to a positive cashflow is limiting expenditure where possible.

This includes reducing non-essential expenditure and reducing spend in line with a reduction in competition length for the 2020 Season.

Some guidelines as to how Clubs can reduce expenditure has been outlined below:

Cost area	Guidance
Player Payments	<ul style="list-style-type: none"> - At a time when community football is facing unrepresented challenges, and the sustainability of some Community Clubs are under threat, the AFL and State/Territory Affiliates are working to mitigate the impact of a shortened 2020 season on Salary Caps and Player payments - A working party comprising representatives from all State / Territory affiliates, is in the process of finalizing recommendations to reduce League salary caps to provide clubs with much needed financial relief for the 2020 season - Coaches, players, leagues and clubs all have an important role to play in working together to prioritise Club sustainability through reducing the costs for Clubs at this time, including player payments - Further information around reduced salary caps and guidance for player payments for the 2020 season will be provided to Leagues and Clubs shortly
Coaches Payments	<ul style="list-style-type: none"> - The AFL encourages clubs to have conversations with their coaches and negotiate in good faith given the financial impact on clubs whilst club revenue streams are impacted - This may include reducing Coach payment in pro-rata with reduced season length, once ultimately confirmed



Umpire fees	<ul style="list-style-type: none">- Umpire fees will naturally reduce in line with a reduced number of matches / weeks played
Trainer Costs / medical supplies	<ul style="list-style-type: none">- Trainer costs and medical supply expenses will naturally reduce in line with a reduced number of matches / weeks played- Clubs may explore a lower level of Trainer assistance for training, whilst matches aren't being played
Canteen / Bar staff	<ul style="list-style-type: none">- Some Clubs pay people to run their canteen / and or bar- Given the shortened nature of the season, some Clubs may be able to explore the possibility of bringing the canteen operations in-house, noting that Club volunteers may be stretched at this time- Further information in relation to volunteer recruitment can be found at Toyota AFL Club Help- https://www.afl.com.au/clubhelp/
Council Rent or Recreation Reserve fees	<ul style="list-style-type: none">- Given the unprecedented nature of this issue, Clubs should commence conversations with Local Councils / Ground Managers to explore possibility of reducing or waiving ground rental / utilisation fees- AFL State/Territory bodies are exploring this further
Utilities / Cleaning	<ul style="list-style-type: none">- General operating costs such as utilities (lighting, electricity, gas) and any Cleaning costs will naturally reduce in line with no training and a reduced number of matches / weeks played
Filming games	<ul style="list-style-type: none">- Any match filming costs will naturally reduce in line with a reduced number of matches / weeks played
End of season trophies	<ul style="list-style-type: none">- Given the unprecedented nature of this issue, and shortened season, Clubs may decide not to award end of season trophies or substitute with a more cost-effective alternative
League fees	<ul style="list-style-type: none">- AFL State/Territory bodies will be working with all Leagues to work through the financial impacts of this issue- At this stage it is unclear as to how League fees will be impacted (this will differ depending on the League), but the sustainability for Community Clubs will always be at the forefront of decision making
Insurance	<ul style="list-style-type: none">- Whilst Club Liability and Property insurances are required to be maintained, in relation to personal accident insurance costs, the AFL is working with its insurers to reduce premiums for shorter seasons. We expect the reduction in personal accident insurance to be approximately 15%
Government fees / charges	<ul style="list-style-type: none">- Given the unprecedented nature of this issue, we understand that some State Governments are exploring deferral of various Government fees (IE Liquor licensing, food licensing, etc)- The AFL State / Territory bodies are exploring this further on behalf of their many Community Clubs



Other COVID-19 information to support businesses

The Australian Government recently announced a number of new initiatives to address the potential impact on COVID-19, on businesses, with legislative change expected to take effect.

The key elements of the package include:

- Temporary relief for directors from any personal liability for trading while insolvent, for a 6 month period. This is for debts incurred in the ordinary course of the company's business, which is a broad concept that is intended to facilitate businesses to continue to trade;
- A temporary increase in the threshold at which creditors can issue a statutory demand on a company (from \$2,000 to \$20,000) and the time companies have to respond to statutory demands they receive (from 21 days to 6 months);
- A temporary increase in the threshold for a creditor to initiate bankruptcy proceedings (from \$5,000 to \$20,000 for 6 months), an increase in the time period for debtors to respond to a bankruptcy notice (from 21 days to 6 months), and extending the period of protection a debtor receives after making a declaration of intention to present a debtor's petition (from 21 days to 6 months); and
- Providing temporary flexibility under the Corporations Act 2001 for the Treasurer to provide targeted relief (by way of instrument making) for companies from provisions of the Act to deal with unforeseen events that arise as a result of the Coronavirus health crisis. The instrument making power will apply for 6 months.

The media release from the Government with the above detail can be found here -

https://treasury.gov.au/sites/default/files/2020-03/Fact_sheet-Providing_temporary_relief_for_financially_distressed_businesses.pdf.