

THE  
SPORTS  
ADMINISTRATION  
NEWSLETTER

EDITOR: RAY RIORDAN

A NEWSLETTER FOR SPORTS ADMINISTRATORS

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CONTENTS

1. FUNDRAISING - SPORTS POSTERS
2. INVESTMENT - SHEEP AND BEEF
3. INCOME TAX ASPECTS IN RELATION TO PAID SPORTSMEN - RAY RIORDAN.

Dear Sports Administrator,

Please find enclosed the 2nd edition of the Sports Administration Newsletter. In this edition we will look at Sports Posters as our fundraising tip of the month. The final section will look briefly at Income Tax aspects for Professional Sportsmen. A Professional Sportsman is one who is paid money for his services. I have received many enquiries from sportsmen over the last two months as to what means are available to reduce tax burdens. These few lines are meant simply to provide guidelines. If you feel you want to proceed further then don't hesitate to phone or write to me.

HINT: Medicine links the lack of fibre in the diet to coronary disease, gallstones, varicose veins, bowel cancers and obesity. Dr. Peter Fuller, a Sports Medicine Specialist recommends the following if you want to improve your health and hence your efficiency as an administrator -

1. cut your sugar intake.
2. Use only wholemeal breads.
3. Bran should be your major cereal along with dried fruits.
4. Fresh fruits and nuts should also supplement your diet.

Cheers

Ray Riordan

## POSTER SALES.

This scheme involves the production and sale of posters for profit. It is an excellent way to generate an immediate cash flow situation as all order forms must be accompanied by a money order or a cheque.

Briefly the scheme requires a club to have 500-1000 posters printed with various sports represented. They then sell them to any interested person. To purchase a poster the supporter must fill in a coupon which also asks for the following information - club supported

- club colours
- name required on poster
- name, address etc.

The cost to have the posters made up will depend upon the quantity ordered. If your order exceeds 500, then they should cost around 50c to \$1.00 each. These costs can be further reduced if your club is able to organise a company or business interested in using the posters for advertising. They might accept the production costs in return for their being able to add their name.

Posters of this type and size (28" x 18") usually retail for around \$5.00 each. Your club can sell them from about \$2.00 to \$5.00 depending on production costs. Ensure that mailing charges are separate and borne by the purchaser.

When you have the posters printed ensure that you have a number of sports represented. For example don't just have posters made up with footballers on them. Have them made up with squash players, racing cars, horses, bowls, croquet and beautiful women. The greater the range of sports represented, then naturally the greater will be your market.

Any club can make this type of scheme work. If your club sells the posters at \$4.00 each and it costs them 50c per poster, then your profit per poster is \$3.50. If you sell 500 of these posters then your club makes \$1750. If you sell 1000 posters then your club will make \$3500 and if your club sells 2000 posters then you'll make \$7000.

Any club or association who is prepared to market aggressively will certainly make big money.

When each order is received the club then must print the name of the purchaser or the stipulated name, on the poster. This is done simply by using a manually operated "Leteron" sign making machine. These cost approximately \$500 and if leased would simply cost the club about \$15.00 per month over four years. These are simply approximate figures. When one looks at the returns then the costs are very small indeed.

The next question which comes to mind involves the marketing of the posters.

a) Ensure that your order form is very informative about what prospective buyers must do if they want to purchase a poster. The enclosed order form example will give you some idea as to what I mean.

Ensure that enough order forms are printed to prevent any short-fall. This will be based on the size of your prospective market. The market will be as big as you want it to be. Aggressive marketing executives never fail to find new markets.

b) Large clubs with large followings naturally will have a marketing advantage. For example the Collingwood Football Club with a membership in excess of 15,000 will easily sell 5000 posters. Associations with memberships exceeding 10,000 should also make considerable profit. Often one member might want to purchase multiple copies for use as gifts. Set targets for clubs and members affiliated with your association. Any association with a membership of 10,000 has only to sell one poster to each member and they have raised \$35,000. Even with all the initial mailing costs, the profits will still be enormous. If possible build all mailing costs into your price.

Encourage all members to distribute order forms. If each member can sell (5) five posters for the association then the money made will be astronomical.

c) Display your order forms on the notice boards of hotels, clubs, local business houses, shops and any place where customer traffic is high.

NOTE : The situation just exemplified is only hypothetical. The scheme involves a lot of organization and hard work and any club or association prepared to accept this fact will succeed.

d) Consult your Post Office and arrange for copies of your order form to be placed in the mail boxes at the post office.

e) Phone Marketing is now a proven means of selling products. All you want from people is a yes/no answer as to whether or not they can sell some posters for you.

Develop your addressograph and keep it up to date.

This is simply one of the many selling ideas that clubs and associations can involve themselves with.

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The purchase of beef and sheep can prove to be a very profitable or unprofitable form of Investment. This is especially true today because of the tension existing throughout the world, the current climatic conditions (drought) and the huge availability of substitutes for beef and lamb in Supermarkets and other stores throughout the country.

At the recent Sports Administration Convention, this scheme was discussed by the various groups participating in the fundraising workshop session. Two groups showed some real imagination and introduced many ideas as to how this type of scheme could be very successful. The third group completely ignored the scheme because it was simply too risky. I might add that the group leader criticised every other scheme put forward which was a pity because some members obviously showed signs of real imagination and creativity. Any successful fundraiser must be fully endowed with such attributes.

My ideas on this scheme are as follows -

Although I refer to it as an Investment scheme, it does not involve the club outlaying money. It simply involves club administrators seeking farmers to donate one or two head of beef cattle or sheep and to keep them on agistment for a period of time. Club administrators should draw up a comprehensive list of all prospective beef and sheep farmers within a fifty mile radius. Divide this list amongst those on the committee who have excellent public relations and leadership qualities. This is important. No farmer will donate to someone who is arrogant and blunt. These people should then canvas all people allocated to their list. If you canvas a total of 200 farmers, I'm sure the response will be excellent. Use a professional approach. This could involve a preliminary letter explaining the aims and objectives of the club; what the current scheme is all about and finally what benefits are available to those farmers who donate an animal. e.g. club membership; admission to a special club association with benefits above those of ordinary membership etc. The club can also offer to provide people for a working-bee on the donor's property. When a football or cricket club provide four hours of work, its incredible just what can be performed. Assuming twenty people perform four hours work. In money value it could equal around \$500. Good value. This form of benefit could only be offered on a very limited basis.

NOTE: The arrangement includes the farmer holding the animal/s for a specified period of time (agistment). This alleviates the club from any financial outlay.

This preliminary letter should then be followed by a personal visit. The personal touch is always 50% more successful than a simple letter. If the club obtains

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a donation, then ensure the matter isn't left at that. Follow up the situation and ensure the donor receives all the club promised and that he/she is really made feel part of the club. This will ensure future donations.

If a farmer isn't interested in donating stock, but is prepared to provide free agistment, then negotiate the cheapest price possible and take them back to your committee for discussion. It still might be a proposition to buy if the price is low enough. Do not buy if prices quoted are high. Even with the benefit of free agistment, the fluctuations which occur in beef and lamb prices can be extreme.

I've decided to introduce this scheme now because in many areas of Australia, a drought has been prevalent for some time. Farmers in these areas will certainly be more inclined to donate stock in return for some club benefits. On the other hand, many areas have received good rainfall. The optimism now experienced by these farmers, might prompt them to be more generous also.

When selling the animals ensure you obtain the best price possible. Currently prices are high. The Australian economy operates roughly on a five year cycle, so on this assumption, one can expect a down-turn in prices over the next 12-18 months. Many other factors can also effect the price. Overseas demand is important. The loss of one overseas customer can result in a decline in demand and hence a glut on the domestic market. This will result in a decrease in prices. Domestic seasonal conditions must also be accounted for. Droughts result in stock losses and supply problems. Prices will rise when the effects feed through the economy over a period of months. When prices rise you should sell.

Any sporting club can make very good money using this scheme. Like all aspects of fund-raising it involves hard work. I do not recommend that you buy animals unless the prices are extremely low. Only the club concerned can determine this situation. I've seen the price of good looking animals (fully grown heifers) drop to as low as \$50.00. The price you pay must be 15% less than the return you expect. If it's not then you will be better off putting your money into a Building Society or Bank.

A legal problem could arise if your club is a corporate body. Ensure that your activities are consistent with the memorandum and articles of association.

In closing I will mention briefly an extension of the above concept which was mentioned by a representative from New Zealand at the Sports Administration Convention. In spring they conduct a sheep drive along a 50 miles of road. They call into every farm seeking donations of sheep. Their last effort yielded over 600 head of sheep. Not bad for five days work. On current Australian prices that would yield about \$12,000.

~~CONFIDENTIAL TO THE SPORTSMAN~~

During the course of my involvement with sportsmen and other high income earning professionals it has become evident that recommended tax planning needs to be considered in the light of the following objectives:

- a) the minimisation of existing income tax liabilities
- b) the assurance that any arrangements would be operative within the legal framework
- c) satisfaction of both employer (club) and employee (sportsman) that existing relationships would continue uninterrupted.

Of the myriad means available to avoid tax, remembering that avoidance of tax is every individual's right whilst evasion of tax is fraud, the most often used and least understood vehicle is the trust.

For the purposes of this article, we will not go into the various intricacies of setting up and operating a trust, but I can provide full details if required.

Once a trust has been created the sportsman's relationship with his employer (say club) can be re-negotiated. For Example the X Y Z Football Club could enter into a contract with A B C Nominees Pty. Ltd. as trustee of the A B C Family Trust to provide the services of player A B C (of course careful legal documentation is required here).

Of the amount paid by the club to the trust for the provision of the player's services and sporting expertise, a certain proportion should be paid to him as a salary. The remainder would be available to meet the expenses of providing the player's services (e.g. travel, entertainment, motor vehicle expenses, and many other allowable tax deductions). Any surplus would be "spread" for taxing purposes between the player's spouse, children and, if the trust deed is properly drawn up, any blood relative. The salary paid to the player would enable the trust to superannuate him within the provision of the Income Tax Assessment Act, resulting in further tax savings and liquidity advantages.

This form of tax vehicle is obviously the most beneficial to persons receiving quite high income from their sporting careers.

Naturally not all paid sportsmen are in the category where the trust is of benefit, as the annual cost of operating the trust could exceed the taxation savings and the annual costs.

regardless of whether the player operates through a trust, or in his own name, there are quite a few deductions that can be claimed which will reduce the gross sporting income quite rapidly, and, in certain cases, could even result in a loss being incurred from this activity.

The type of expenses that could be claimed and therefore offset against any income the player receives will naturally vary depending on the individual circumstances, but as a general rule, it can be said that deductible items are those expenses incurred in the gaining of the gross sporting income.

A list of the types of expenses that could be claimed is as follows:-

- Clothing/boots/shoes/jumpers/ etc.
- Cleaning of clothing
- Carrying bag
- Drugs, dressings, linaments etc.
- Equipment - purchase and/or replacements
- Insurance against sporting injury
- Laundry of all items
- Magazines and journals related to the sport
- Medical expenses - all types
- Postage and stationary where applicable
- Entertaining i.e. at meetings
- Subscriptions - players unions
- Tax Agents fees
- Telephone expenses relating to the occupation
- Training equipment
- Travel between jobs in certain circumstances

Any further enquiries can be directed to the Editor.