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The Politics of Hockey: Better Get Good at It

by John Wires

I hate the word "Politics" in hockey. It has such a negative ring to it. It suggests that someone is making excuses for why they didn't make it. It's easy to blame the politics of the game. In some cases maybe's its even justified. The fact is that blaming politics for not making the team or losing ice time doesn't help your chances of getting recruited.

In the New Game, making it means you have to play the politics game smart and when you lose at the politics game you have to make up for lost ground with performance.

It goes without saying that your role as a recruit is to focus on the things you can control; your ability, your effort, your fitness, your character etc. What you might not recognize is that you can also have a say, or get smart and be proactive about the politics of hockey. At a minimum, recruits should educate themselves on how the politics and economics of hockey works.

Like professionals, recruits should not have to manage the politics of the game. In an ideal world, making the team and getting deserved ice time would be based on performance and merit; which is most instances it is.

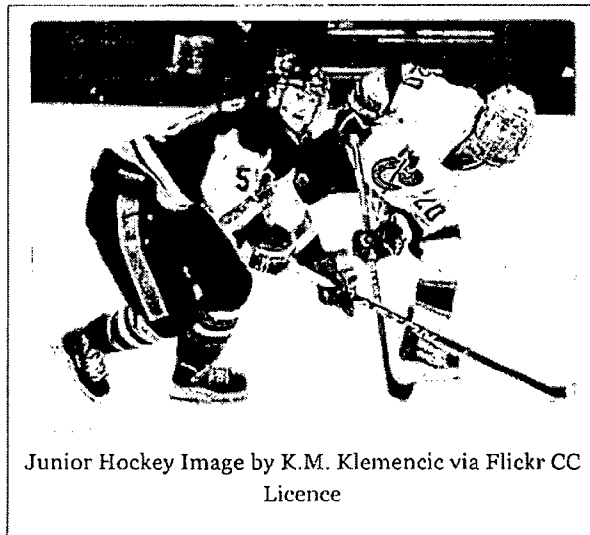
However, the reality is that in the New Game recruits have to put up with:

- Development Fees;
- Parents who own teams;
- Parents who coach teams;
- Sponsorship money;
- Teams not granted player card releases;
- Owners and players getting paid under the table; and
- Contracts stipulating ice-time or more player attention;

Politics is part of the New Game and you better get good at navigating hockey politics or you'll find yourself sitting on the bench. The politics of hockey is a delicate game and its often where agents and advisors can add value to your career.

Development Fees: The Economics of Hockey and the "New Game"

You don't realize it, but you are an asset. You are an un-cashed cheque on the books for your minor or junior



Junior Hockey Image by K.M. Klemencic via Flickr CC Licence

team and your success has financial consequences.

Most junior hockey recruits don't understand the economics of hockey, but it's really quite simple. When NHL players get drafted, a CHL team gets paid a "development fee". In some cases the fee can be substantial. However, just as NHL teams pay development fees, so too do CHL teams. CHL teams pass the buck to minor hockey teams when minor hockey players are drafted.

The development fee is often the reason minor hockey teams are reluctant to release players after they have signed a player card. That is, if a quality player is released from their minor hockey team and later gets drafted to the CHL, a development fee is lost.

John Barnes goes way back to the 1920's to trace how money started to flow in professional and amateur hockey. He wrote:

The coordination between the [Canadian Amateur Hockey Association] CAHA and the NHL included the sponsorship system which had originated in the 1920s through financial support provided to individual amateur players. By the late 1940's this evolved into sponsorship of entire Jr. teams and NHL teams achieved controlling influence and exclusive signing rights for another 20 years.

Then, in a Pro-Am Agreement of 1967 the NHL was to pay development fees to the CAHA for all drafted junior players. These payments were distributed to the junior teams. In effect, instead of having to sponsor entire junior teams, the 1967 agreement allowed the NHL to just pay for the players who made it through the ranks.

Barnes reported that from 1969 to 1973, "under the NHL-CAHA agreement a total of \$7.3 million was paid to the CAHA, approximately \$1.2 million per year". As far back as 1976, Barnes points to a press account reporting that "nine-year-olds were being offered signing bonuses such as bicycles to induce them to play for specific teams in Toronto." By luring the best minor hockey players onto their teams, they stood a better chance at development cash from the big leagues.

Today, the trickle down effect is presumably much larger granted the NHL was not nearly as profitable in 1973 as it is today.

Barnes notes that by the 2007-2008 season the CHL expanded to 60 franchises, including both private companies and community-owned teams. Total regular season attendance was close to 9 million, compared to the 4.7 million fans who attended games of the Canadian NHL teams. 10 CHL teams averaged over 6,000 fans a night. In short, hockey is big business.

According to Barnes, CHL teams have regularly sold for over \$3 Million, a figure which is now out of date when you consider the new corporate sponsorships, larger average fan attendance, higher gate fees and more money for development fees from the NHL.

The Guelph Storm's business arrangements were outlined in an Ontario court decision; Guelph Centre Partners Inc. v. Guelph Storm Ltd. [2005] OJ No. 457. In that case, it comes to light that the City of Guelph guaranteed loans of \$21 million dollars, leased the rink and took a cut of concession revenues and advertising. Meaning that the team owners took on little financial risk and had the opportunity to make some serious money. All while paying the players about \$150 bucks a week.

What the Politics and Economics of Hockey Means for Hockey Recruits

Undoubtedly, the payment of "development" fees to minor hockey teams complicates things. As mentioned, the development fee is generally the reason players have struggled over the years to get a release from their minor hockey programs. It creates the awkward scenario where a player not getting the ice time he wants, can't leave to go play for a team of choice. Owners are hesitant to release a player that might join a competing team who claim his development fee.

When I played pee-wee, I was released from the "AAA" Don Mills Flyers in the GTHL, but only on the pretense that I was returning to play AA. At the time, there was little chance of me making anybody any money. AA

players weren't going to be drafted, and so there was no fee at the end of the tunnel.

Others weren't so fortunate, suffering though playing for coaches and teams they didn't enjoy or riding the pine simply because they couldn't get a release.

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The Economics of Minor Hockey and the New Game



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The Stakes Went Up

I'm an '84 (28 years old). In the course of my minor, junior and college career hockey went from a pastime to a business, from wood sticks to one pieces, from drinking beer in the room to riding stationary bikes before warm up, endless off ice training, a focus on nutrition, supplements and sports psychology. Hockey got serious and it got serious because the stakes went up.

The NHL, NCAA, USHL and CHL have produced amazing numbers in the past two decades in terms of commercializing the game and making hockey a profitable international sport. We call it the "New Game".

According to Forbes, in the 2009-2010 NHL season the league's 30 teams combined for over \$2.9 billion in revenue (although some teams were in the red). As of 2011, the Canadian Hockey League announced corporate partnerships with the Bank of Montreal and Under Armour. It sells TV rights to Rogers SportsNet and other providers. These are but a few indicators of the commercial success.

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Some of the NHL revenue also filters down to junior and minor hockey teams through "development" fees. CHL teams pay minor hockey associations a development fee if they draft a player that is offered a spot on the team. Just as NHL teams pay CHL clubs for players who move onto the NHL.

As the game commercialised and the stakes for "making it" went up, the competition got fiercer. When I arrived in juniors it was the rise of "effy" (ephedrine) and caffeine pills to help get the heart rates pumping (before kids started having heart attacks). Now there are so many pills and supplements nobody knows where to start. Parents are even having genetic testing done to see if their little hockey player is going to make it.

Any little advantage to get ahead, to get recognized, to stand out is one that parents and players are willing to take.

As a result, the New Game also happens to encompass this type of stuff.

The Economics of Hockey and the "New Game"

Author John Barnes covered part of the economics of hockey in his book *The Law of Hockey*. He notes that by the 2007-2008 season the CHL expanded to 60 franchises, including both private companies and community-owned teams. Total regular season attendance was close to 9 million, compared to the 4.7 million fans who attended games of the Canadian NHL teams. 10 CHL teams averaged over 6,000 fans a night.

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But Barnes goes way back to the 1920's to trace how money flows in professional and amateur hockey. He wrote:

The coordination between the [Canadian Amateur Hockey Association] CAHA and the NHL included the sponsorship system which had originated in the 1920s through financial support provided to individual amateur players. By the late 1940's this evolved into sponsorship of entire jr. teams and NHL teams achieved controlling influence and exclusive signing rights for another 20 years.

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Today, the trickle down effect is presumably much larger granted the NHL was not nearly as profitable in 1973 as it is today.

What It All Means for Hockey Recruits

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When I played peewee, I was released from the Don Mills Flyers in the GTHL, but only on the pretence that I was returning to play AA. At the time, there was little chance of me making anybody any money. However, others weren't so fortunate, suffering though playing for coaches and teams they didn't enjoy or riding the pine simply because they couldn't get a release.

Often parents and players are oblivious to the underlying reasons contributing to the politics of hockey, the case of being granted a release just one of them. Players and parents should devote some time to understanding the "big picture"; how the game operates and how a player fits into the puzzle. Unless parents and players take proactive steps, like the ones discussed in *The Ultimate Hockey Recruit: How We Made It*, they put their chances of making it in the hands of a complex system of money and politics that has claimed the dreams of so many.

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THE CHL DEVELOPMENT AGREEMENT WITH THE NHL

Posted by Admin On January 15, 2013 0 Comment

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The CHL Development Agreement With The NHL December 10, 2012 7:51 AM

Hockey is big business, Major Junior Hockey is very big business and the NHL helps fund it

TJHN has reported in the past the the NHL agreement with the CHL for player development had expired in the summer of 2012. That would make complete sense considering the NHL Collective Bargaining Agreement expired in September. We all know how that business is operating at this point

What we didnt know was that the funding provided to the CHL from the NHL through their agreement was extended secretly, or at best without being announced.

TJHN has published the document here: CHL - NHL Agreement Fully Executed

The agreement calls for the CHL to be paid up to nearly TEN MILLION DOLLARS this season. It also spells out the terms in which players could be signed to NHL agreements if the lockout were to end.

Of particular importance in this document is the date in which it is executed, SEPTEMBER 10th, 2012. Five full days before the expiration of the previous NHL Collective Bargaining Agreement.

The date clearly shows that the NHL was preparing for a lockout prior to the expiration of the prior CBA. This agreement shows they had a plan for when it would end, if it should end in the 2012-2013 season

So where does this money go? How is it spent on the players?

More importantly why would the NHL and CHL do this with no announcement?



Understanding every business has its secrets and certain tools they use to promote their business and fund their business, most would agree that keeping those secrets is required for some to survive.

Unfortunately though the CHL touts itself as the most direct path to the NHL and routinely brags about all the players that have made it based on its relationship with the NHL. Why then would the CHL not publicize this great extension and funding package? Why would the NHL not make a release on the package?

Could it be that some of this funding is directly linked to player stipends?

According to a CHLPA representative it is:

"The NHL-CHL Agreement for \$10 Million is an agreement which prevents players from going anywhere other than CHL if they are not playing in the NHL. Once a CHL player that has played in the NHL is sent back down, he can't play in the AHL as he should if trade were not being restricted by collusion. If they play as a professional, then the player is a professional. CHL bylaws state they are and considers itself amateur, therefore the CHL shouldn't allow these players to mix in with the league once they have played in the NHL. This practice only contaminates the league and the players in it. The \$10 million ensures that the players are restricted from playing anywhere else other than CHL for \$50 a week stipends. These are clear antitrust violations as they restrict trade and commerce."

If lines can be drawn that directly connect the player stipend to the NHL money paid to the CHL, both leagues may have a whole new set of issues to deal with.

No matter what the case, there is still the question: why was this agreement kept secret? I guess we are all left to form our own answers to that question.

By Joseph Kolodziej

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