

# Australian cricket pay dispute escalates

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An ongoing pay dispute between Australia's professional cricketers and the sport's administrators has escalated, with bitter recriminations traded between senior players and cricketing authorities.

Last week, Australia A, the second-line national team, boycotted a scheduled tour of South Africa, in a move labelled the first players' strike in modern Australian cricket history. A deadline for new player contracts ended on June 30, leaving over 200 of the sport's top professionals effectively unemployed.

The standoff has prompted nervous speculation that it could jeopardise the Australian cricket summer, including a tour in October by the Indian national team and the Ashes, a lucrative and prestigious test series between Australia and England.

In a sign that substantial financial interests are at stake, Prime Minister Malcolm Turnbull this week called for a compromise deal, while commentators warned that sponsorships worth tens of millions of dollars are up in the air.

The Australian Cricketers Association (ACA), the players' representative body, this week established a business to market and manage "intellectual property," threatening the control of Cricket Australia (CA), the sport's governing authority, over sponsorships and advertisements.

Leading players, including well-known fast bowler Mitchell Starc, have already defied warnings from CA against signing individual sponsorship contracts.

Much of the media commentary has asserted that the players are "overpaid" and their intransigence is a result of "greed." It is true that the top players are handsomely remunerated, with the 20 most prominent cricketers receiving average annual salaries of over a million dollars.

In reality, the conflict is the product of long-standing moves by CA to ensure greater control over the large flows of money that cricket is attracting. It wants to cut

spending on less profitable domestic forms of the sport and entrench a two-tier pay system.

The dispute began in March, when CA presented the players with a four-year Memorandum of Understanding that proposed to do away with the pay model used for two decades.

While containing pay rises for all the cricketers covered, the deal proposed to abolish revenue-sharing, by which elite players receive a guaranteed 25 percent of gross revenues on top of their base salaries. Instead, a \$20 million surplus revenue pool was to be divided between the top 20 male and female players.

The widespread hostility to the attempt to overturn revenue-sharing in part reflects the origins of the model. Introduced in 1998, it was included in every subsequent contract, including the last in 2012.

The 1998 agreement was wrought through a protracted struggle by players, which included threats of strike action targeting the 1997 Ashes tour of England, and the formation of the players' association by Steve Waugh and other international representatives.

Among their complaints were the low wages and uncertain conditions facing players in the domestic competition, who were paid as little as \$24,000 a year. With no framework for collective bargaining, players were forced to sign individual contracts. If they did not agree to the onerous terms, they risked not being selected to play. Tim May, the first head of the players' association noted in 1997: "As an individual the players are at the board's mercy for selection and progression."

Wages for domestic cricketers have increased substantially since the 1998 deal. CA claimed last year that the average retainer for a player in the state Sheffield Shield competition was \$99,000 per year, a figure it says will rise to over \$200,000 under the current offer. The minimum retainer, however, is currently a modest \$61,800.

Even if they do receive greater pay than before, the

state and second-tier players are still burdened with uncertainty, including the prospect of losing their income if they experience a poor run of form and are left out of a side. As in many elite sports, players dedicate years of their life to a career that may last a decade or substantially less, and that does not provide transferable employment skills.

The risk of life-changing injuries is also ever present. That was underscored in 2013, when Nathan Bracken, a former fast bowler, initiated legal action against CA, claiming he was not compensated for irreparable knee damage sustained during his career, which left him with a permanent limp. An out-of-court settlement was reached in 2015.

Stuart MacGill, another former international player, also launched legal action against CA, alleging it reneged on hundreds of thousands of dollars in payments for a two-year period beginning in 2008, during which he was unable to play due to injury.

CA's rationale for its exclusion of domestic cricketers from any profit-sharing scheme pointed to its financial calculations. The governing body claimed that Sheffield Shield matches, which are poorly attended, were not attracting any revenue.

Players, including Australian captain Stephen Smith, have argued that the domestic competition, featuring four-day matches, is the essential training ground for international test cricket, the game's traditional five-day format. The longer version of the domestic game nurtures skills, including batting for extended periods, that are absent from shorter versions, including T20 cricket, a three-hour format modelled on baseball.

T20 cricket has attracted lucrative broadcasting and sponsorship deals, but is widely regarded as lowering the standards of the game, with an emphasis on immediate risk, and big-hitting, over the many other skills featured in longer formats.

CA submitted another proposal last month, involving a limited capped profit-sharing scheme that would extend to domestic players, but rejected any continuation of guaranteed revenue sharing. The players' association turned down the offer and denounced attempts by CA to circumvent a collective agreement by offering contracts to individual top-line players.

The dispute's origins lie in a 2012 review into Australian sport governance, which was followed by

the restructuring of CA's board, reducing the influence of state-based associations and installing three "independent" directors.

There are parallels between the moves to abolish revenue-sharing and the broader cost-cutting agenda of the corporate elite, aimed at maximising profits.

CA's chairman, David Peever, is a former director of the multinational mining giant Rio Tinto. In that role, he oversaw restructures, the slashing of wages and conditions and actively pushed to abolish any form of collective bargaining. The other two "independent" directors are former Westfarmers chairman Bob Every and Qantas director Jacquie Hay.

Peever has high-level connections. Prime Minister Turnbull is consulting the cricketing boss over the appointment of the next head of the Defence Department. In 2014, Peever oversaw a review into the department, and then chaired the oversight committee implementing its recommendations.

CA's public affairs boss, Mark O'Neill is another former Rio Tinto executive. He was an advisor to Labor Prime Minister Paul Keating, whose government oversaw the pro-business deregulation of the economy and the abolition of thousands of manufacturing jobs in the early 1990s.

An *Australian Financial Review* report on July 7 said "insiders" confirmed the board was "determined to assert control over the game" and "the dispute is all about revenue, the future of the game and the way the public consumes it." CA's in-house broadcasting business could deliver up to \$2.64 billion over the next five years, as a result of online streaming and the growing popularity of T20 cricket.

The ACA alleges that CA's financial operations are increasingly opaque. The *Australian* reported that CA chief executive James Sutherland is estimated to have an annual salary of around \$2 million. Administrative costs stood at \$32.2 million in 2015–16, while total operational expenses doubled over three years to \$56.7 million last year.



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