

Interview of David Branch with Bob McKowen – starts at 22:39

Bob McKowen	It's a subject that we've been discussing actually for many months, even years. The notion that at some point in time somebody may, somebody actually has, tried to form a Union or association for junior hockey players and if that happens, what does it mean in terms of their needs, desires, demands. How will that impact the economics of junior hockey as we know it today? Well, there's been lots of sabre rattling, lots of talk, but now there is fundamental action. A Toronto-based lawyer has filed a \$180 million class action lawsuit seeking minimum wage compensation for CHL players. He wants a judge to rule the teams must start considering its on-ice talent as employees and approach their personal contracts accordingly. David Branch is the President of the Canadian Hockey League and Commissioner of the OHL. Hello David, how are you?
David Branch	Hey Bob. I've had better introductions, but good.
Bob	Ha, ha. It's not in reference to you obviously but, it's not like you didn't see this coming, we didn't see this coming. Steven and I have talked about this for a long period of time. You and I and Steve have talked about it a couple of times over the past, I don't know, I want to say 18 months or so. But here it is. An action has actually been filed. This isn't a threat. This isn't an attempt to organize an association or a Union. This is an actual action. So, give me your general reaction to this, now that you've had a chance to look at it.
David	Well, we just heard about it yesterday. We've not yet been served. I'm certainly aware of some of the details Bob, but to your point, I mean, there's been a lot of sabre rattling, as you say and of course over the last number of years, and I always point to about 10 years ago, our owners, our leagues made a conscious decision to invest in the player experience like no other league does to provide the best player experience, invest in developing the player, not only as a player but as a person. And we've had great success with that because as we all know, there are other options out there and we want to make our option the best, the most attractive for players and their families, quite frankly, and we hope that through this, we can actually tell our story even more to those that really don't understand the extent to which we currently provide support to our players, both on and off the ice and help them develop.
Bob	But Dave, but somebody listening might well say that yeah, if you're talking about the scholarship program which is admirable and everybody agrees with that, but that you were protecting your own interests because you're competing with US college hockey to keep your players.
David	Yeah, we're the only league that does it. I mean and \$6 million plus, Steve, annually is not an insignificant number. But it goes much beyond a scholarship program, you know, I would suggest. I mean we provide \$470 a

	<p>month to each player towards his expenses. We provide billets, both families pay for all their meals and travel. We pay for all their schooling. Books, tuition, room and board of course while they play in our league and we have a 98% graduation rate of high school because we support their academic needs and interests which is about 30 points higher than the provincial average for young people in the same age group. We provide the Hockey Canada National insurance, medical, dental program. We provide every player and his family \$500 annually towards disability insurance premium, we give each player \$1,000 for off-season training towards his off-season training costs, we provide all equipment including sticks and skates which in today's world is astronomical. We've invested in, because we feel it's important, in our drug education and anti-doping program. We've invested in the concussion management program. We've invested in the Canadian mental health program which we announced recently. We have the best in coaching, the best in training and as you've touched on, we feel we have the best scholarship program in not North America, because it's not just for university. It can be applied of course to college, trade schools, EMS training, police academy. You name it, and it's being used and it's a great thing for our players and that's the approach we've taken. Is to provide these programs rather than putting, you know, another \$100, \$200 in the jeans of a player each week or whatever the case may be.</p>
Bob	<p>But again, that stuff seems to me to be the cost of doing business, you know, skates, sticks, insurance. That kind of stuff is the cost of doing business. We had Mark Carter on here tonight Dave, who runs, you know, up until today was running, co-running of a very, very successful operation in London. They sell, what, 8, 9,000 tickets a game and the reason they sell those tickets is because of the talent on the ice, a lot of elite junior players, but they're charging market rates for those tickets and yeah, they get their sticks, and they get their pucks, and they have a scholarship program which is great. And it's great that you guys have cleaned up the educational thing cause it was a scandal in junior hockey for a long time. But \$50 a week for those kids? Like that's the question a lot of people who are listening to this are going to ask. Is that fair compensation given the amount of revenue that they generate?</p>
David	<p>Well if you reside in Owen Sound and Belleville and Kingston, Swift Current, Prince Albert, Bathurst, Rimouski, the list goes on and on and on. Peterborough, you name it, Sarnia, I mean, yes. I mean people judge us by London, which in many ways we understand. And its good because there's no question the Knights are a model franchise. We wish we all had 9,000 seats. We wish we all had markets 350,000 or greater but we don't. That's the real, real issue here. And we blend things together, we do have some revenue sharing programs in place to help subsidize the smaller markets. It's a challenge. But we don't cry poor Steve. Nobody wants to hear that. We get enough of that in our daily lives.</p>

Bob	But Dave it seems, it would seem though, and again, I understand that there's market differentials and I know London's not everywhere right. I understand that. But it's a business. But it would seem that it's a business for everybody except the players.
David	Well, I mean what amateur sport isn't a business today. And that's the problem and challenge here for all of us. I mean ask parents, they're so glad to hand their son over to us after spending, I don't know, \$15,000 to \$20,000 a year to play triple A hockey by way of cost. They recognize and appreciate what we're doing, what we're providing and we do it better and provide more than any other league Steven.
Steven	But no one. Dave, no one's selling tickets to watch - for those kids to play, you know, watch those kids play midget or bantam hockey. This is a different kind of business. Right?
David	Yeah, no, I beg to differ. There's all sorts of leagues that sell tickets.
Steven	Yeah, but.
David	We're not the only ones.
Steven	Ok, but you can't compare the business model of a midget hockey team to a junior, a major junior team can you?
David	Oh I wasn't. Not at all. No, no, not at all. No, I'm talking about other junior leagues that are out there that provide opportunities for players to come and play.
Steven	Sure.
David	That do extremely well and then, I wouldn't bad those in other leagues but no one comes close to what we provide to the player and we would rather give the player this experience and invest in his development for his own benefit as a person than just give him, what, minimum wage? You know, I .
Steven	You could do both. You could do both.
David	Well financially, we know we can't. And I really don't want to get into what programs would you pull back? That isn't what this is all about. We believe we will certainly demonstrate what we provide our players, the benefits they accrue, and hopefully take a stand for any number of other amateur sport leagues.
Bob	I just want to clarify one, probably minute, but I think important point. A Mr. Charney is quoted as talking about paying kids \$50 a week. Steven alluded to that number a minute ago. Is that the right number? Did you not say earlier

	you pay in excess of \$400 a month to kids?
David	Yeah, we, that number is something that was part of our plan several years ago. We switched that and now call it an expense allowance and it's \$470 a month to players 19 and younger and \$900 a month to the 20 year old over-age players that play in our league Bob and it's just a case of trying to provide, you know, a few more dollars for the players and their families, quite frankly.
Bob	So the point is though that the reference to \$50 a week, that \$50 stipend doesn't even exist anymore.
David	That would be correct. Yes, absolutely.
Bob	Ok. Let me get to the other point here and this becomes important because the - and I know you've talked about it a lot, and we understand why. The educational program that you've instituted and operate which allows for a young man who plays in the OHL or played in the OHL, to get an education which is paid for essentially by the league. Again, Mr. Charney cites the case of a fellow by the name of Sam Berg, Bill Berg's son, the former Toronto Maple Leaf, who played 8 games with the Niagara Ice Dogs last year, suffered an injury, the lawsuit claims that Sam was told that if he played even one exhibition game, he'd be entitled to a four year scholarship but when all was said and done, he wound up with 1/2 a year of tuition to represent the amount of time he played. Do you want to address that?
David	Well, let me speak around it. Because I really don't want to get into specific details as it relates to the young guy, Sam Berg, but our scholarship program which is second to none, you can guarantee it, ok for 4 years upon playing 1 game, that's an option that you can negotiate. Now, we define a guaranteed contract by saying even if you're cut by the team, because it's deemed you do not have the necessary ability to play at that level, you're still entitled to your 4 years. We say that even if you're injured and unable to play, you are entitled to your 4 years of education paid. The only thing that will negate your contract then is if you quit the team. And that is what, that's the only other, that's the only element that will cause a contract that's been guaranteed for our team and our league not to respond to.
Steven	But Dave, that contract's negotiable? Right, so it's up to the player to try and get that out of the team?
David	No, the, 97% of our players have agents and representatives and the like and yes, there's a negotiation process that certainly exists Steven. The minimum every player that gets and receives is 1 year tuition and books for every year played. But you can enhance your education scholarship program if the team is willing to do that and the like.

Steven	But, again, I know I'm not supposed to talk about the specifics here, but isn't he saying that he got a ½ year? Got ½ a year.
David	No, actually he's getting a full year. Even though we define a full year as being on the team's roster as of the 10 th of January of that year in which you played. But no. He's getting, the league is responding with 1 year.
Steven	Ok, so again, I, just to understand this, I thought if you played 1 game, you were entitled to this if you presumably negotiated that, what's the January 10 th thing?
David	Well we define a 1 year played as being on the roster as of the 10 th of January, ½ a year if you are on the team's roster, I believe, the middle of October Steven. I'm not absolutely certain. But I mean, in this instance, it was a full year he's getting for the 8 games that he played.
Steven	So nothing is locked in if you play 1 game or 1 exhibition game unless you and your agent manage to get that out of the team.
David	I'm not sure if I understand the question.
Steven	Well,
David	Locked in?
Steven	Well I thought this, again, you can negotiate, if your agent successfully negotiates with a junior team, you can be guaranteed your full scholarship if, even if you only play a game. Correct?
David	Yes.
Steven	But if you don't successfully negotiate that, you have to be on the team until January 10 th in order to have qualified, in order to have played "a year" which gets you what, at minimum? One year?
David	Yes.
Steven	Ok.
David	But Steven there's other levels of negotiations. Like we have a policy in our league, you must provide an educational benefit to a player playing 1 game. That's a rule of our league as well.
Steven	But again, that sounds Dave, forgive me, but that sounds more like a business to me. An entertainment business than it does an amateur sports organization.
David	So what do we do Steven not give them anything? Is that what you're

	suggesting?
Steven	No, I'm saying you should give them more. But I'm just saying that that's, if I'm a player, and part of what I'm negotiating for is this educational benefit, that I thought everybody was entitled to automatically, then that sounds like a business negotiation to me. Doesn't it?
David	Well, I guess that is one way to put it. We put it as trying to protect and serve the best interests of the players.
Steven	If they can get it.
David	Well they're given something Steven. Everybody gets something and no other league gives it so I mean why are we criticized for giving something when no one else does and that's something that I think we try and message out as well that no one does it better.
Steven	Well, if the kid plays in the NCAA he's getting that, isn't' he?
David	Not necessarily, there's no guaranteed scholarships in the NCAA.
Bob	You know, that's a fact. I mean, undisputable.
David	You know what, most of them are grant made. You're not necessarily getting books and tuition. You're not getting necessarily all of your equipment. Like I've had lots of friends whose kids have gone and played in the NCAA and it's cost them a lot more money than they otherwise would have paid if they played in CIS hockey, Canadian university hockey, so our program is far superior. And I'm not knocking NCAA. It's good for many. I played NCAA. I mean it's just a case of responding and investing where we think it's best to help the player progress, develop, not only as a player, but as a person.
Bob	Have you. Let me take a slightly different tact here. If this lawsuit were to be successful, and you were mandated to pay every player \$10 an hour.
David	\$11 an hour.
Bob	Ok. \$11 hour. I was going to do easy math, but ok, complicate my life. \$11 an hour times what, I don't even know how you calculate the work week, but let's say it's, just say it's a 40 hour work week, now you're talking \$440 per player per week times, 23, 24 players and on and on and on.
David	Right.
Bob	What's the impact to the Canadian Hockey League and to its individual franchises?

David	Well, I can be...
Bob	Is it. Does it put you out of business? Is it that bad?
David	It wouldn't put us out of business Bob in my view but what it would do is cause various programs we currently have in place to be altered. And we feel confident that if we would walk into a room of players and parents and say here's option A – minimum wage vs. here's option B – everything that we currently provide, based on feedback and our understanding Option B would be the way people would want to go.
Bob	Have you presented it that way to various parents?
David	You know what, we haven't. But I can tell you Bob, it's a great question. We're going to in fact poll all our parents and players and ask that very question. Because we want to serve the needs and interests and let's make sure we're doing it the right way.
Bob	Could you see CHL franchises going under with the additional burden of a minimum wage program?
David	Over and above our existing programs that we offer I don't believe it's unreasonable for me to state absolutely that there's several of our franchises that could not financially sustain our operations.
Bob	But you would....
David	I mean I don't want to get into that Bob because I mean, that isn't what this was about in our minds. And if we have to readjust our business model, ok, but hopefully we don't and this is something too that we feel we have a responsibility to other amateur sports governed bodies to vigorously defend our position cause it could have a huge impact on any number of other sports as well and certainly if that other national sports governing body contact us and they're very interested in watching us closely and certainly will support us going forward if need be.
Bob	And not to dwell on this but just as a point of clarity here, so that I understand where you're coming from. If this suit was to be successful and you were to have to pay minimum wage to all these kids, it at least probably if not assuredly would force you to cut back on many, some even all, of the additional programs that are currently in place? Is that accurate?
David	Well, you know what Bob, to say it that way, it's almost like I'm threatening, we're threatening, I don't want to do that. That isn't what this is about. But on the other hand, yes we'd have to adjust our business model. We just couldn't afford to provide and do what we're currently doing. We've done a great job and we're going to continue to do and respond to the needs of the

	players to the best possible extent here.
Bob	We'll watch with great interest to see where this story goes. Thank you David as always for your candor.
David	I appreciate it. Thank you Bob, thank you Steven.
Bob	David Branch, President of the CHL, Commissioner of the OHL. Got about 90 seconds.
	Interview ends at 42:16