

# Canadian Women's Hockey League

## Final Public Communication



FOR IMMEDIATE RELEASE, July 2, 2019, Toronto, Canada: OPEN LETTER TO FANS, SPONSORS, DONORS, PARTNERS AND HOCKEY INDUSTRY IN CANADA, THE USA, AND CHINA, PLUS THE CANADIAN GOVERNMENT

The outpouring of conversation since it was announced at the end of March the Canadian Women's Hockey League (CWHL and referred to herein as 'the League') is discontinuing operations has been incredible.

We are proud to have been the home for World Champions, Olympic medalists, National Champions, and professional athletes from Canada, United States, China, Japan, and Finland, to name a few but not limited to these countries.

When we look back, we see that the quality of women's hockey has progressed tremendously over the CWHL's 12 years of operations, and that the League is responsible for foundational development and growth of women's hockey. The talent of the athletes is awe inspiring and competitive, while the play on the ice captivates and inspires the fans. We have achieved this growth because of the many heroes on the ice, in management and Board members who persevered through the early years right up to today. The closure of the CWHL – while significant – will be a small bump in the continued growth of this amazing and competitive global sport.

It is important we recognize the League's founders – *Jennifer Botterill, Lisa Marie Breton, Mandy Cronin, Allyson Fox, Kathleen Kauth, Kim McCullough, Michael Salamon, Sami Jo Small* – for their belief in the game and for taking a risk that paid off for the sport.

This letter will share the sequence of events that led to the difficult decision to winding down operations, plus clarify some misconceptions, and provide insight on what the Board of Directors hopes for the future of women's hockey. There is no one cause to point to, rather, there is a series of business decisions, events, and financial realities that lead to where we are.

- It is our view that it requires a minimum of \$5 million to \$6 million to run the League adequately, and closer to \$10M+ professionally. The CWHL had expenses in 2017-18 of approximately \$4.2 million CDN.
- Corporate sponsors have a finite budget, and while one may question the split between male-female leagues, we all can respect that there is only so much money to go around.

League revenue excluding that from China has been flat while costs are increasing. Add to the mix that some sponsors and partners prefer to donate gifts-in-kind vs. absolute dollars, and the result is that the League is not generating enough revenue to cover expenses.

- A second league was formed in the United States in 2015, which expanded women's hockey, but unfortunately fragmented the potential sponsorship dollars.
- The League chose to partner with KRS in China and add two teams in that country for the 2017-2018 season. A year later when KRS went from two teams to one, revenue from China operations were reduced. We appreciate and value the relationship with China, and also understand a decision like this caused not only prospect but also significant strain on the players and contract staff. This was an opportunity for expansion pressured by competition and need for cash, but also a sacrifice that all involved had to make to expand the game and keep the League operating. KRS and China are great partners, and in hindsight revenue from this partnership likely kept the League from having to cease operations in previous seasons.
- For the 2017-2018 season, the League chose to pay players a modest stipend, adding approximately \$600,000 CDN to expenses.
- As momentum built over the past 18 months in the hockey world to get back to one women's league as opposed to two, some corporations expressly chose to delay investments waiting to see how things played out for what they interpreted and perceived to be a 'one league' solution. This 'one league' concept created confusion and unrealistic expectations in the marketplace.
- The League desired more fans watching games, both on television and in the stands, yet to attract more fans the League needed more broadcast airtime and more advertising and sponsorship dollars to drive marketing. Two of our games drew 60,000 viewers, All-Star Game reportedly drew 30,000 viewers, while the Clarkson Cup had 175,000 (Sportsnet 75,000; TVA 100,000). Based on feedback and reality, these numbers did not suffice to increase airtime and advertising dollars.
- The League announced it was winding down one week after the Clarkson Cup because the League had payments due April 1<sup>st</sup> and was forecasting a significant deficit and believed based on response from the corporate marketplace that revenue would not increase materially in the upcoming 2019-2020 season. The Board also felt it necessary to give players, contractors, general managers and coaches, more time to determine their next steps as soon as we knew the situation vs. waiting for fiscal year-end in July.
- As a Registered Canadian Amateur Athletic Association ("RCAAA"), registered under the Canada Revenue Agency, the CWHL could not merge with a for profit league, nor could it choose to franchise teams or take on a private equity investor. It could also not pay players a professional salary.
- If the CWHL went private, it would lose insurance coverage and other related benefits and services from Hockey Canada, our governing body, a risk too big to take at the time.
- Donations from the public have been very helpful in funding the operating budget. The amount raised this season vs. prior years was not material in the decision to wind-down operations.

- Since announcing discontinuation of operations, the Board received two offers to purchase the League's assets with aggregate value not exceeding twenty dollars (\$20). Neither offer included the assumption of liabilities (i.e. to players, vendors, etc.). The Board declined both offers as they were not in the best interest of players, contractors, and creditors. No other formal offers to capitalize the League were received.
- The League raised approximately \$93,000 CDN from the auction of memorabilia in April and May that has gone to paying players, staff, and creditors. Thank you to the fans and private citizens who helped make this happen.
- As of this writing, 7 of 10 CWHL trophies that were up for auction will be going to the Hockey Hall of Fame. Thank you to the donors and to the Hall of Fame for helping orchestrate this giving.

And now for the acknowledgements and sincere thank yous:

- To the dedicated fans who watch the CWHL games in the stands, on our four broadcasts or via live stream, who purchased CWHL merchandise, and who attended the public events, a huge thank you for your support of the League and for pushing us to improve.
- To the players represented by the CWHLPA and the new PWHPA. You are the best women players in the world, and we thank you immensely for choosing the CWHL as your home to play hockey and for your patience and perseverance during this time.
- To the CWHL staff and management in each market and at the head office for 12 years of blood, sweat and tears to put the best game on the ice. You drove the overall day to day operations, and behind the scene activities that ensured it all came together professionally on game day and in our communities.
- To The Right Honorable Adrienne Clarkson for leaving a legacy known as the Clarkson Cup, the world's most sought-after trophy by women who play hockey.
- To the sponsors, such as Scotiabank, Sportsnet, MNP and more, and donors who invested in women's hockey and who contributed to CWHL to this point. We couldn't have done it without your commitment, your contributions and market activations all which helped grow the game and fanbase.
- To the National Hockey League (NHL) and to our NHL Team partners, the Toronto Maple Leafs, the Montreal Canadiens and the Calgary Flames, your support and belief in women's hockey helped grow the game. And to the National Hockey League Players' Association (NHLPA) for your financial support and advice over the past seasons.
- To the media, for providing coverage and media representation of women's hockey and using your channels as an outlet to tell our stories to grow the game.
- To Hockey Canada, for allowing and providing CWHL players with access to insurance under their umbrella insurance policy and as our governing body.
- To the Ontario Women's Hockey Association for your leadership and advice over the years, and for being trailblazers in and advocating for women in hockey in this country.
- To Jayna Hefford who so boldly took on the Interim-Commissioner role, only months later to face the difficult reality of the business side. Jayna did not create this situation, nor was winding down the League her decision alone to make.

It is time for the business side of the women's game to be elevated and take a new direction. This is where the Board of Directors 100% supports the players in their movement for one truly sustainable league. We believe it is encouraging that 200+ of the world's best women players have formed a new players association, which will help ensure players' needs are met in the future. To the players: we encourage you to be clear about what you need on the topics of compensation, training, insurance, equipment, ice-time, broadcast coverage, corporate endorsements and sponsorship. We support you and will always be grateful for what you have done and continue to do for women's hockey. Don't settle for second best. #FORTHEGAME

Back to why the Board is writing this open letter. Women's professional hockey desperately and diligently needs a public discussion. It needs businesses, associations, government and leagues to step in and fund it to an appropriate level likely multiple times today's budget. It needs greater resource sharing by sponsors, partners and stakeholders. It is not smart for all of us to lament the end of the CWHL, while not changing the behaviours that led to its end.

- We believe that people who approve the allocation of investment and sponsorship dollars must move a significantly larger portion of their spend to the women's game.
- We should also discuss how to begin narrowing the salary gap between women and men players. Today's top female players obtain a modest stipend ranging from \$1,000 to \$10,000 per year compared to the lowest annual salary in the NHL of roughly \$1 million. Successors to the CWHL must find a way for the best women to earn a full salary. We keep hearing it is not about the money, but it is about the money, the revenues, the investments, the profits and so to truly advance this game, settling for a non-living wage to play this game 'professionally' should not be tolerated.
- We believe, at this point in time, there is only room for one women's league in North America. The business community has told us they want to see one professional league, one set of players, one TV rights deal, before they increase their advertising, marketing and sponsorship dollars. The business and hockey community must bring this together with the new PWHPA.
- We urge hockey associations and governments from all countries represented in the next league to consider contributing financially now and in the long run to create lucrative opportunities for the players and women in the business, the front office of the sport and for long term sustainability. These players represent our respective countries at World Championships, Olympics, and Rivalry series, to name a few significant examples, all of which seem to be deriving revenues from these women players. The players are in physical and mental shape and ready to compete at the highest level because they have had the opportunity to participate in a competitive league during the rest of the year. There is a cost to that. We therefore urge all hockey associations and levels of government to allocate dollars directly to the women's game and to ensure that women are at the table when these decisions are made. This is paramount.
- Women's teams would benefit from sharing hockey facilities with men's teams to minimize fixed overhead costs. Think rinks, training facilities, procurement, office space, marketing, sales, human resources, et cetera... all can keep operating costs low and maximize efficiencies as investment goes towards the growth of the game.

The CWHL was in severe financial distress on April 1<sup>st</sup>, meaning players, contract staff, and creditors were at risk of not being paid. Since this date, we have received large and critical donations from the National Hockey League, Hockey Canada, the Ontario Women's Hockey Association, the Toronto Maple Leafs, the Calgary Flames, a private Canadian citizen brought to us by The Right Honourable Adrienne Clarkson, a private American citizen, and an anonymous Corporation, plus proceeds from the auctions to which fans contributed. Because of individuals and these organizations, the CWHL is in the process of paying everyone and will be able to close in an orderly fashion.

With new management in August 2018 and a new Board of Directors in November 2018, many might ask why did this group could not solve these problems? The reality is we were working on it, while at the same time the marketplace was expressing desire for a new model where they could achieve a higher return on their investment. So please, everyone, and particularly those in the hockey and business community, come together with a new solution, fix the business model, and allow the spectacular on-ice game played by our women heroes to flourish in a manner that continues to put the game on the world stage, while being an inspiration to young women everywhere. The time for change is now.

We thank you for reading, and most importantly, for caring.



On behalf of the Board of Directors of the Canadian Women's Hockey League  
Laurel Walzak  
Chair of the Board of Directors

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