



Rugby League

–Contributing to New Zealand’s Future

The Status of Rugby League at the Time of the Review

- *No shared vision for the game nationally and no meaningful Strategic Plan exists for the sport*
- *Player numbers are declining with the greatest decline being in the 6-11 year age group*
- *Registered player numbers in 2008 are approximately 17,000 which is very low compared to other team sports*
- *Seven of the 15 Districts have very modest numbers, with Tasman and Otago having no teams at the time of the Review*
- *NZRL has accumulated losses of \$2.2M for the 2006 and 2007 periods and now has no cash reserves*
- *NZRL has lost support from key funding and sponsorship partners*
- *NZRL lost \$2.0M as a result of its decision to invest in bars in the early 2000s*
- *Four governance and capability Reviews undertaken since 2002 identified that significant changes were required but evidence suggests many of the recommendations identified were not implemented by the Board responsible at the time*
- *NZRL has no sustainable programmes in place to support the “grass roots” game*
- *No sustainable national representative competition currently exists*
- *NZRL accepts that high performance is “outsourced” to Australia, but has no effective strategies in place to manage this*
- *The Review consultation process identified that major changes are required for the sport “to have a future”*
- *The “Kiwis” became the World Cup champions for the first time in 2008 which demonstrates the remarkable talent and potential for the sport in New Zealand*

Things have to change

Imagine Rugby League In Five Years Time

- *As a vibrant growing sport, which is renowned as a cornerstone team sport in New Zealand alongside Rugby, Cricket, Netball and Soccer. Mums and Dads of all socio-economic groups and ethnic backgrounds and their children consider Rugby League as one of their sporting options from a very young age*
- *As a sport that has ethics/standards which the wider community (schools, sports trusts, iwi, local authorities, parents, etc) are proud to support*
- *As a sport that plays a major role in the development and well-being of families and communities*
- *Where player numbers have increased significantly year on year across all ages with strong active Clubs found in all areas of New Zealand*
- *Where Kiwi kids from anywhere in New Zealand believe that they could wear the black and white "Kiwis" jersey, and understand the pathway to get there*
- *Having a sustainable strong national competition which provides a stepping stone for some of New Zealand's elite players on a pathway through the national competition to the NRL and "Kiwis", plus providing a high quality competition for the next tier of New Zealand based players.*
- *Having an effective high performance strategy which has ensured sustained excellence at the international level*
- *Having paid capable administrators and development personnel in each of the new Zones year on year running well structured development programmes for juniors, youth and senior players, as well as for team managers, referees, and coaches*
- *Having "locked-in" sustainable funding arrangements are in place which support the participation and high performance goals and programmes in the sport. These funding arrangements exist with a number of reputable providers (including domestic and international broadcasters, large corporate sponsors, community trusts, community groups, and local authorities)*
- *Where NZRL is recognised as the facilitator of the significant growth of the sport, and the contribution this has made to the lives of young New Zealanders*
- *Where the NZRL Board and senior management are held in high regard for their outstanding vision, leadership and integrity*

All this is possible if the sport embraces making significant changes now

1.0 Executive Summary

*When the great scorer comes
To tally the score against your name
He marks, not whether you've won or lost
But how you've played the Game*

Rugby League (RL) is a “gladiator” game and its structure and practice has evolved from its working class roots in Northern England. Research has shown that while League is the third most important game New Zealanders want to win as a nation, it has the potential to play an even greater role in the lives of New Zealanders over the next decade. Rugby League is one of the many sport pathways supporting the development of all New Zealanders, including Maori and Pacific Island people who SPARC surveys identify as major participants in Rugby League. Effective governance of the sport will grow the sport so that it can respond to increase participation from all ethnic groups in New Zealand, including growth within the Maori and Pacific Island population, as well as Europeans. The sport will help ground, anchor and develop individuals “giving our young people a place”.

Despite this importance, NZRL, the national sporting organisation (NSO) for Rugby League, has experienced difficult times over recent years. During the course of this Review, the New Zealand high performance mens team won the World Cup for the first time since the competition was established in 1954. This was a great achievement. However, despite this success the Review Committee found a sport in total disarray, with the national body having lost the confidence of its members, funders, investors and sponsors. There was no history of sustained development, performance or success within the sport, nor the capacity to fully leverage the recent World Cup success. Members openly stated that they have no trust or confidence in the governance and executive leadership of NZRL and readily shared stories of behaviours such as manipulation, retribution and “ticket-clipping”, as well as the lack of leadership and direction from the administrators of the game.

The Review Committee observed that the current Board has made significant progress in starting to stabilise the position and reputation of the game and has put in place a number of important initiatives which will support the game in the future. However, the Review Committee found that fundamental structural flaws still exist which must be addressed. The current Board has set a positive platform and provided the opportunity to enable the sport to make the changes that are needed for a sustainable future for the sport.

The game is plagued by the secrecy surrounding past investments in gaming related activities and bars (which resulted in an investment loss of \$2M), and the PWC Governance Review carried out in 2007 which was never made public. The Review Committee has detailed these investment activities and the findings of the PWC Review in this report as it is time for the sport to understand what happened and to move on.

The consultation undertaken by the Review Committee had one unanimous message “The current structure and modus operandi for the sport is not viable. The future requires defining a vision for the sport of Rugby League in New Zealand and putting in place a strong national organisation to facilitate delivering this”. The same issues were identified over and over again from people within

the game and outside the game. They signalled a strong mood for change and a strong desire for the Review to provide the mandate for this, and for the Rugby League community to embrace the necessary change.

In the years 2006 and 2007, NZRL lost over \$2M and at the time of the Review it was “cash strapped” with no cash reserves. In regard to the past decade, the lack of appropriate financial governance has led to excesses, including losses on investments and costs of trips, in particular the All Golds trip in 2007.

The Review Committee found that no meaningful sustainable national game development programmes are in place, player numbers had declined from 2002-07 with possibly a small increase in 2008, the 15 District structure is breaking down from poor administration support (with several of the Districts being smaller than the average size Club in Auckland), and there was no sustainable national competition structure in place nor recognisable pathways to high performance. Numerous examples were found of the sport accepting poor standards which would not be tolerated in other sports. These influence the choices individuals, parents, families, and communities make in regard to participating in Rugby League. The examples given demonstrated the absence of a culture within the sport that respects, values and pursues excellence and high standards in all aspects of the sport.

The Review Committee concluded that if major governance and structural changes are not made, the sport over time would be reduced to a localised social game and as a result could not add the potential benefit to New Zealand that has been identified. The major changes needed must be able to be “locked-in” over time.

The Review Committee identified eight components that would underpin the long term success for the sport as illustrated below:



The Review Committee identified the following areas requiring significant fundamental change in order to achieve success:

- Governance capability and appointment process
- Constitutional voting arrangements
- Governance leadership including the development of Vision for the sport, strategic planning, culture development, effective administration, and image change
- Governance disciplines
- District re-organisation to address capability needs and player needs
- National competition structure

1.1 Recommendations

The Review Committee then identified the changes necessary to achieve the success that the Rugby League community demands. This led to the following Recommendations.

RECOMMENDATION 1:

The Board of NZRL acknowledges the need for Rugby League to make the changes identified by the Review Committee and resolves to fully support the actions needed to achieve these changes.

RECOMMENDATION 2:

The Board of NZRL agrees to call an SGM to be held immediately after the 2009 AGM to adopt the new Constitution and Transition Regulations (see Recommendation 4). The Board agrees to refer the new Constitution prepared by the Review Committee for legal review, and to organise the drafting of appropriate Transition Regulations, and to ensure both are fully aligned with the Review Recommendations. These must be completed in time for distribution with SGM papers.

RECOMMENDATION 3:

The Board of NZRL endorses the new Board governance structure and robust appointment process detailed by the Review Committee including:

- ***7 Board members with equal voting rights***
- ***4 appointed and 3 elected Board members***
- ***A minimum of 3 independent members and 3 members who come from the sport (the 7th member could be either independent or from the sport)***
- ***An Appointment Committee of 4, comprising 2 persons experienced in governance appointed by SPARC (1 of whom SPARC appoints as the Chair), 1 appointed by the Board and 1 appointed by the Zones. The Appointment Committee will select appointed members and recommend elected members. The Chair will have the casting vote***
- ***Non-executive roles for all Directors, including the Chair***
- ***The inaugural Chair to be appointed by the Appointment Committee. After the first 2 years the Chair is elected by the Board post the AGM and is the “best person for the job”***
- ***The positions of President and Patron remain***

RECOMMENDATION 4:

The Board of NZRL resolves that transitional regulations will cover the period between the adoption of the new Constitution and the commencement of the new Board. The transitional regulations will include the requirement for the existing Board to resign following the selection of the new Board. Existing Board members can, however, put themselves forward for consideration as candidates for the new Board.

RECOMMENDATION 5:

The Board notes that the new Constitutional voting rights will include:

- ***All Directors have the same voting rights***
- ***Only the newly established 7 Zones have voting rights and these cannot be constrained or removed by NZRL***
- ***Each Zone will have one vote, and they must execute these independently of each other***
- ***Districts will remain members of NZRL but will not have any voting rights***
- ***Associates and Life Members will remain members of NZRL but will not have any voting rights***
- ***NZRL will be obligated to enter into an annual operational Heads of Agreement with each Associate***

RECOMMENDATION 6:

The Board resolves and recommends that the new Board adopt the processes and modus operandi identified by the Review Committee including:

- ***Transparency***
- ***Commitment to excellence***
- ***Strategy development and delivery***
- ***Critical policies, processes and practices***
- ***The appointment and performance management of a Chief Executive***
- ***A professional induction programme and an annual development programme for Directors***

Following the appointment of the Chief Executive and the finalisation of the Strategic Plan, a full Review of NZRL corporate resources and corporate costs needs to be undertaken. NZRL costs will be determined by the outcomes of the Strategic Plan and the business model undertaken to manage the game in the future.

RECOMMENDATION 7:

The Board supports the establishment of the new seven-Zone structure as detailed in the body of the Review Committee Report noting:

- ***Only Zones will have voting rights in NZRL***
- ***Zones will be responsible for coordinating programmes, running competitions, sponsorship, trust fund applications and supporting grass roots activities and Districts and Clubs in their geographic area***
- ***Each Zone to have a Constitution and their own Board (including governance processes and practices) that mirrors the structure and intent of that found in the new NZRL structure***
- ***Each Zone will be resourced and include a general manager and appropriate administration and development capability (all paid positions with KPIs and performance management arrangements)***
- ***The Zone structure will underpin the annual national competition structure, however Zone 3 will include Hawkes Bay and Gisborne representatives for national competitions***
- ***The establishment processes to be used for the new Zones will vary between the Zones, recognising the existing strength within existing Districts and the functionality between existing Districts***
- ***The names given to the new Zones may be changed if desired***
- ***The new Zone structure will enhance the existing District structure, not duplicate it***

RECOMMENDATION 8:

The Board agrees to release the Ineson Report to all Districts at a similar time to the Review Committee Report being made public.

RECOMMENDATION 9:

The Board notes that SPARC has agreed to provide the transition funding required (\$450,000) to support the first stage of implementation of the Review Recommendations through to 30 September 2009 providing the Review Recommendations are implemented in full. It will be the responsibility of the new Board to secure and lock in the ongoing funding required to support the new Zone structure and resourcing, and to implement the Strategic Plan. The Review Committee identified this funding will come from sponsors, trusts, national and international broadcast arrangements, other funding agencies with interest in the games participants (such as some local authorities) and SPARC.

RECOMMENDATION 10:

That the Board adopts the transition implementation plan and timetable prepared by the Review Committee and facilitate implementation with urgency.

1.2 Implementation

The sport must adopt a new Constitution (and transition regulations) at a SGM of NZRL to enable the recommendations of the Review Committee to be implemented. The Review Committee has drafted the Constitution to support the Review Recommendations. Adoption of the new Constitution and

transition regulations will enable the new appointment process to be put in place for the Board, and a new Board to be established using the proposed new process. The new Constitution will also support the new rationalised Zone structure to support the game on the ground. One of the first jobs for the Board will be to recruit a new Chief Executive and facilitate the preparation of a robust Strategic Plan for the sport using a consultative process. This should be completed by September 2009 subject to the new Constitution being adopted at the SGM in March 2009. There is real urgency to make progress once the enabling Constitution is in place.

1.3 Funding

Securing sustainable funding is critical to the long term success of Rugby League. The Review Committee identified two phases of funding to support implementation of the Recommendations. The Review Committee secured the commitment from SPARC to fund the first phase post adoption of the Recommendations through until the new Board is in place and the Chief Executive is appointed (\$450,000). The second phase of funding will be the responsibility of the new Board to secure and will be dependent upon the completion of the robust Strategic Plan and associated budget. During the course of the Review the Review Committee identified a strong desire for sponsors, trusts, broadcasters and SPARC to commit to long term sustainable funding relationship to support the sport, linked to the Strategic Plan and a whole of sport approach. This would include support for the resourcing required for the new Zone structure.

In the longer term the Review Committee believes opportunities exist for the new Board to work with the Rugby League International Federation (RLIF) to look to greater leverage from broadcasting revenue for international competitions and touring programmes.

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DEAD BALL LINE

68 METRES

TRYLINE

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TOUCH LINE

HALFWAY LINE

40 METRE LINE

20 METRE LINE

IN-GOAL AREA

100 METRES

10 M

It's more than just a game- it plays a major role in developing young men and women in some of our most at risk communities. It has a critical role to play in the social fabric of New Zealand.

2.0 Project Terms of Reference and Methodology

The Review will have a particular focus on the role and responsibility of New Zealand Rugby League (NZRL), its relationships with its Districts and Clubs, and the strategies and structures that would best serve the interests of Rugby League in the future.

NZRL is the national sporting organisation (NSO) for Rugby League in New Zealand recognised by SPARC, Australian Rugby League (ARL) and the Rugby League International Federation (RLIF). Constitutionally, NZRL is an incorporated society pursuant to the Incorporated Societies Act 1908.

NZRL has experienced difficult times over recent years including:-

- Poor financial performance (an operational loss of \$1.7m for the year ended 31 December 2007, which followed a loss of \$501,000 in 2006)
- Loss of support from key funding and sponsorship partners
- Lack of commitment and resourcing of programmes to support the game at “grass roots”
- Lack of a sustainable competition programme nationally and internationally to support performance pathways

In mid 2008, following SPARC’s recommendation, the Board of NZRL unanimously agreed to undertake a comprehensive independent review of Rugby League to identify how to improve the future sustainability of the sport given the importance of Rugby League to New Zealanders and the need to restore public and stakeholder confidence in the sport. (The full Terms of Reference for the Review are in Appendix 2.)

An Independent Review Committee, chaired by Sir John Anderson, was established to undertake the Review.

The Review included the following steps:

- Review of documentation, including previous Reviews, historic dissertations, Constitution, Board Minutes, Strategic Plans, the recently completed Ineson District Capability Review, and relevant information, reports and documentation provided from SPARC, ARL, NRL and the executive of NZRL
- Meetings with NZRL staff and review of papers prepared for the Committee
- Interviews with NZRL Board Directors
- Interviews with relevant stakeholders from within the NZRL structure and external to the structure
- A call for written submissions, including from Districts, Associates, and Life members and Regional Sports Trust
- Review Committee meetings to consider findings and formulate solutions
- Production of the report, incorporating findings, recommendations and an implementation plan
- Meetings with the project steering group to update progress
- Meeting with NZRL to consider draft Recommendations

DEAD BALL LINE

68 METRES

TRYLINE

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TOUCH LINE

100 METRES

40 METRE LINE

20 METRE LINE

10 M

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IN-GOAL AREA

It's a working man's game with its origins in the north of England, Sydney, and Auckland. We are all so proud of our history. It's still a huge part of the heart of the game.

3.0 History of Rugby League

No matter who we interviewed, invariably they would start with how the game was formed and the pride in the fact it was a blue collar sport - the working man's game.

3.1 History of Rugby League in New Zealand

Albert Baskerville and the All Golds set the framework of the New Zealand game, which still stands today, as Kiwis travel overseas to play professional league.

Rugby League in New Zealand commenced with the professional team named the "All Golds" organised by Albert Baskerville to tour England in 1907. The first match in New Zealand was played at Wellington on June 13, 1908 before a crowd of 7,000, which saw an exhibition game between two teams drawn from the touring side.

Rugby League now had its sights firmly set on New Zealand; however the New Zealand Rugby Union's infiltration into every aspect of New Zealand society, government and business would prove a lot tougher than the unions of Australia or England. The NZRU took it upon themselves to pressure potential converts, officials, sponsors and ground owners into not giving the Rugby League upstarts any room to move. This did not stop the establishment of the game and by 1910 it was being played in Auckland, Taranaki, Rotorua, Nelson, Southland, Wanganui, Marlborough, Invercargill, Hawke's Bay and South Auckland. The New Zealand Rugby League was formed in 1909 with the blessing of the Northern Rugby League Union, on the condition that the Auckland District would not have the management of the entire game in New Zealand.

However, in the year after that, Auckland Rugby League became the first to start a regular competition. The Auckland League had a full season in 1912, with its headquarters at Eden Park. That same year saw the formation of Wellington's local Rugby League competition, followed the next year by a Canterbury competition.

Rugby League made great advances before the Second World War. It was well established between 1918 and 1939, but many strong leagues went into recess between 1939 and 1945, never to revive, or to suffer severely from the loss of players. Rotorua, Otago and Northland are examples. Those areas, strong provinces before the war, are now only starting to make progress although they continue to struggle administratively. Throughout this period, Districts always struggled with competition from strong rugby provinces

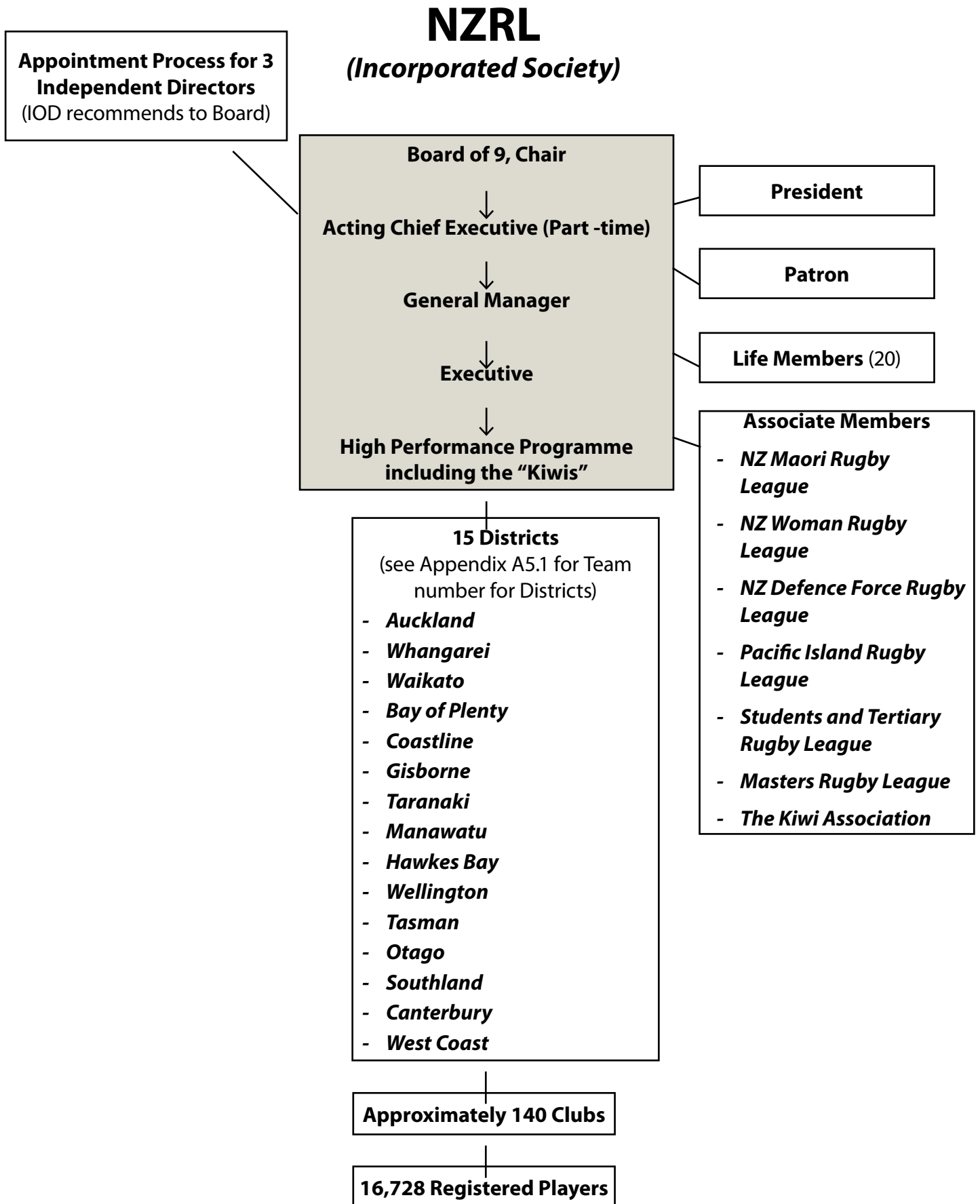
New Zealand reached a peak in Rugby League during the 1961-1963 era when in 10 test matches, New Zealand won seven, including a 2-0 series win over Great Britain, regarded as being the then top league nation in the world. Not since the period from 1948-1951, when this country was unbeaten in any test series, has New Zealand league ridden so high.

While provincial matches commenced in 1908, over the past 25 years there has been a series of different national competitions that have not endured. The growth of the NRL in Australia and the professional game in the United Kingdom (UK) has resulted in New Zealand "high performance" players travelling to the UK or Australia to participate in these competitions. Although this has undermined the standard of domestic competitions, it has enhanced the standard of players selected for the "Kiwis" team. This exodus was also underpinned by a sparse and infrequent international programme for the "Kiwis" team over many years.

In 1995, the New Zealand based Warriors team (a privately owned franchise accepted in 1992) played their first season in the New South Wales Club competition and continues to play in its successor, the NRL, today.

3.2 Structure of Rugby League in 2008

The following diagram illustrates the New Zealand structure of Rugby League in 2008:



3.3 Player Statistics – The Game in New Zealand

The reduction in player numbers from Mini through to Senior over the past 10 years does not bode well for the future of the game.

3.3.1 Player Profile (source SPARC surveys 1997-2001)

Research surveys note that the majority of those who play or are involved in the game are of Maori and Pacific Island ethnicity although the sport does cater for all ethnicities. Of the adult players, most are male and less than 33 years old, and are more likely to have only secondary education and a trade, semi-skilled or unskilled occupation than players of other sports.

The sport is capable of recruiting very young players but as with most other sports, it has difficulty in retaining them into the older age and senior grade levels.

Rugby League has a very small number of women players. Other team sports such as football, rugby and hockey have shown that women are prepared to play demanding physical sports, but to achieve their potential they need to have proper coaching, development programmes, pathways and structures.

3.3.2 Participation Statistics

Accurate participation statistics have always been difficult for NZRL to collect and collate from members (Districts). Figures for 2007 and 2008 had not been fully collated prior to the Review and it was only after significant work by NZRL personnel that these became available to the Review Committee.

The most recent complete statistics from NZRL (Appendix 5 - Table 1) show there are now 16,728 registered players, an increase from 14,756 in 2007 following a steady decline through the period 2002-07 (based on 17 players per team). There is no obvious reason for the increase in the most recent year and care must be taken as the 2008 figures may not reflect a real increase but rather a different approach to statistic collection. In any event, the 2008 figures are significantly lower than the 30,000 - 40,000 players that the NZRL advised the Hillary Commission were playing Rugby League in the 1990s (Appendix 5, Table 2). However, until 2002 the methodology for collecting participation figures was flawed with a number of players being double counted, as well as the team average multiplier being overly generous.

The current player numbers are also very low when compared with other prominent team sports - for example, soccer (128,000), rugby (130,000), cricket (100,000), netball (125,000), hockey (40,000), and bowls (48,000). Rugby League's numbers are more on a par with sports like swimming (15,000).

Rugby League has a very important role to play in the social fabric of New Zealand over the next 20 years catering for the diverse New Zealand population. Rugby League should be one of the

many sport pathways supporting the development of all New Zealanders, including Maori and Pacific Island people whom SPARC surveys identify as major participants in Rugby League. The Review Committee were frequently told that the sport suits these communities as well as European players, because of its gladiatorial nature and the size and physique of many Maori and Pacific Island players. The recent census (2006) shows that Maori and Pacific Island peoples will make up a growing proportion of the New Zealand population over the next twenty years.

Effective governance of the sport will grow the sport so that it can respond to increase participation from all ethnic groups in New Zealand, including growth for Maori and Pacific Island populations, as well as Europeans. The sport will help ground, anchor and develop individuals “giving our young people a place”.

DEAD BALL LINE

68 METRES

TRYLINE

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TOUCH LINE

100 METRES

40 METRE LINE

20 METRE LINE

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IN-GOAL AREA

As a professional sport, spectators were essential. Early on the rules were changed to create a spectacle of fast moving action, ideal for the crowds and later on TV.

4.0 The International Game

While the other team sports have embraced world growth of their sport, increased spectator support, and escalating TV revenues, International Rugby League are only now taking the first firm step in a long journey to move the game to be a truly international sport.

4.1 International History

The game has grown around two franchise models now called the Super League and NRL, with most other countries except New Zealand and France being basically fringe operations.

4.1.1 From Early Beginnings

In reviewing the game of Rugby League in New Zealand it is essential to understand the traditions of the game and the nature of its growth that has led to both the domestic and international frameworks around competitions and around the management of the game.

In 1871, the Southern English Clubs playing the version of football associated with Rugby School met to form the English Rugby Union. Many new clubs were later formed, and it was through the northern English counties of Lancashire and Yorkshire that the game really took hold. Here rugby was largely a working class game, where the southern clubs were largely middle class.

Rugby spread to Australia and New Zealand, especially the cities of Sydney, Brisbane, Christchurch and Auckland. Here too, there was a clear divide between the working and middle class players.

The strength of support for English rugby grew over the following years and large paying crowds were attracted to major matches, particularly in Yorkshire. England teams of the era were dominated by Lancashire and Yorkshire players. However these players were forbidden to earn any of the spoils of this newly rich game which remained strictly amateur for participants.

Predominantly working class teams found it difficult to play to their full potential because in many cases player recreational time was limited by the need to earn a wage. Also if they were injured they had to pay their own medical bills and possibly take time off work, which in the late 19th and early 20th century, for a man earning a weekly wage, could easily lead to financial hardship.

4.1.2 The Schism in England

In 1892 a vote on professionalism was defeated, and stringent rules on retaining rugby as an amateur game were then adopted. These rules caused a wedge between North and South England and made it almost impossible for the working man to be able to play rugby.

This resulted in the Northern Rugby Football Union being created in August 1895 at a meeting at the George Hotel in Huddersfield. In 1922 this was re-christened the Rugby Football League, the title having been taken from Australia. The 13 a side game was first adopted in 1906/07.

4.1.3 Professional Rugby Begins in Australia

In Australia, especially in the rugby stronghold of Sydney, issues of class and professionalism were beginning to cause friction. This culminated in the New South Wales Rugby Football League (NSWRL) being formed in August 1907, to play according to the UK Northern Union rules.

In March 1908 a Queensland Rugby Football Association was founded and informal club games were played. In later months of that year there were three representative games against NSW and by the 1920s, the Queensland Rugby League had established itself as a force to rival the NSWRL.

4.1.4 Rugby League in New Zealand

In 1907 Albert Baskerville recruited a group of New Zealand players to tour Great Britain. This team was known as the “All Golds” (as distinct from the Rugby Union “All Blacks”) (See Section 3.1).

The team played matches against New South Wales on its way to a successful tour of England winning 2 out of 3 tests. It also gave a much-needed boost to the game in the North of England.

Five players stayed on in England after the tour. Six returned to New Zealand with the rest of the team members but later returned to England to play professionally. Those who did not return “went on to play leading roles in starting Rugby League as a game that was later to become widely played in New Zealand”. (John Haynes, 1996)

Rugby League failed to attain dominance in New Zealand because of the strong and powerful opposition by the New Zealand Rugby Union. As a means of undermining Rugby League’s growing popularity and interest, the New Zealand Rugby Union strongly promoted an amateur ethos. It was used to denigrate and stifle the game of Rugby League in New Zealand with Rugby League being purported as ‘veiled professionalism’. Also, as in England, there was a high degree of prejudice in regard to the mainly working class participation in the game of Rugby League in New Zealand.

The game of Rugby League in New Zealand did not attain the same level of strength as it did in both the north of England and in Australia. The latter countries had strong professional Rugby League Club competitions that enabled them to establish a strong identity and supporter base for the game to thrive. In New Zealand, the lack of a professional club competition and the powerful influence of the Rugby Union stifled the ability of the game of Rugby League to establish its own strong identity. Nevertheless, the game survived in the provinces, and international matches and tours overseas occurred throughout the ongoing 100 years.

There is a long history of international competition between what was deemed the major playing nations of Great Britain, Australia and New Zealand; they were joined in the 1930s by France.

4.1.5 Rugby League in France

Rugby League began in France in 1933 against huge odds – namely the fanatical support for Rugby Union in the North. Rugby League was very strong in Southern France, however in 1941 the Vichy government banned Rugby League in that part of the country and confiscated all of its assets including its grounds. While Rugby League never truly recovered from this ban and asset stripping, the game did blossom again. The 1951 French side is still today rated as their best ever international team.

Today there are 25,000 registered Rugby League players in France, with 120 clubs, each with their own ground. Sixty schools, with over 800 boys, play in a schoolboy league competition nationally.

4.1.6 Rugby League Worldwide

There are over 30 countries worldwide where Rugby League is played, however there is huge disparity between the top five geographies (Australia, New Zealand, United Kingdom, France, and Papua New Guinea) and the other nations.

Early 21st century developments have seen countries such as Georgia, the Netherlands, Germany, Estonia, Malta, Serbia, Argentina, Jamaica and others introduce and take up the game, largely through the efforts made by the Rugby League European Federation.

4.1.7 History of Australian Rugby League

The Australian Rugby League Board of Control, later the Australian Rugby League (ARL), was formed in December 1924 to administer the running of the national team. Prior to this time, internationally Rugby League was organised by both the NSWRL and the QRL. It was only after this that the Australian team began to wear the now familiar sporting colours of green and gold. During this period it was known as the ARFL (Australian Rugby Football League).

Until 1983 the ARL and International Rugby League Board were both run by the NSWRL, and many Queensland players and administrators throughout this period believed that the NSWRL used this power to the detriment of Queenslanders, especially with respect to national team selection. The ARL was duly incorporated as a separate entity, and Ken Arthurson was the first executive chairman of the new body.

4.1.8 1995-1997: Control of the First Grade Competition in Australia

The premier first grade Rugby League competition in Australia had been run by the New South Wales Rugby League from the first season in 1908 until the end of 1994. With further expansion of the competition nationwide implemented for the 1995 season, the NSWRL passed control of the Winfield Cup (now the NRL) competition to the ARL.

Following Kerry Packer's announcement that he owned both free-to-air and pay television broadcasting rights for the sport in Australia, News Limited undertook a bold bid to create a rival Rugby League competition, Super League (Australia). Super League successfully attracted some of the ARL clubs.

In the State of Origin series of 1995, the ARL forbade the players of the eight Super League clubs from participating in the interstate competition. However, those clubs were allowed to participate in the premierships seasons of 1995 and 1996, while the ARL fought in the courtroom to prevent the Super League competition from eventuating. Never-the-less, Super League conducted a rival competition in 1997.

Both the ARL and Super League competitions ran parallel to each other for that season. At the close of the season, despite having the financial backing of Optus, the ARL decided that it was not in the best interests of the game to run two competitions and undertook moves to approach News Limited and invite the ex ARL clubs back into one competition. As a consequence of the following negotiations, the National Rugby League (NRL) was formed before the 1998 season from the teams from the ARL and Super League competitions.

4.1.9 1998 – Present Australia

The ARL continues to have responsibility for administering all aspects of Rugby League in Australia and conducting representative Rugby League matches including State of Origin competition, the New South Wales City-Country competition and the national team – the Kangaroos.

The Australian Rugby League's major elite competition in Australia, the National Rugby League (NRL), is conducted in partnership with News Limited as a result of the events following the Super League wars of 1995-1997.

ARL as a governing body is made up of state bodies including NSW Rugby League and Queensland Rugby League. The Board consists of three members from each body and a chairman. The current Chair is Colin Love, who is also Chair of NSWRL and the international body RLIF, and the 2008 World Cup organising group.

4.2 Rugby League International Federation (RLIF)

In the past decade the Federation's activities have been more about nominal administration and communication than providing leadership around developing a truly global game.

4.2.1 Background

The Rugby League International Federation (RLIF) is the world governing body for the sport of Rugby League. They are responsible for organising international competitions such as the World Cup and Tri-Nations, as well as setting the laws of the game and co-ordinating international development.

Besides the running and organisation of the international game the RLIF is also responsible for the laws of Rugby League, the international world rankings and the awarding of a selection of international awards including International Newcomer of the Year, Developing Nations Player of the Year, International Coach of the Year, International Back of the Year, International Forward of the Year and International Referee of the Year.

The impetus for forming an international Board came from the French and the International Rugby League Board (IRLB) was founded in 1948 at a meeting in Bordeaux, France, and in the mid-1990s the Board morphed into the RLIF.

The RLIF is run and overseen by a committee with several members sitting on the RLIF Board being elected by the three main test nations' governing bodies; the Australian Rugby League, New Zealand Rugby League and Britain's Rugby Football League. The chairman is elected by the collective member nations.

4.2.2 RLIF Constitution

Objectives:

To foster, develop, extend, govern and administer the game of Rugby League throughout the world.

Powers:

To assist in the planning of competitions

To promote tours and tournaments between international teams and between Clubs of members

Board:

Consists of four Directors – currently these are:-

Colin Love (Chairman)	Chairman ARL and NSWRL (Australia)
David Gallop	Chief Executive NRL (Australia)
Richard Lewis	Executive Chairman RFL (UK)
Ray Haffenden	Chairman NZRL

AGM Voting:

A veto against a resolution will occur when three out of the following five members vote against: Great Britain, Australia, New Zealand, Papua New Guinea, and France.

Levies:

All international matches are subject to a levy of 10% of net gate receipts, the levy being payable to the Federation. This provides RLIF revenues.

4.2.3 RLIF Finances (Source NZRL)

Product/World Cup:

A three year summary of RLIF's income and expenditure and balance sheets is summarised below.

What the figures show is that Rugby League has not been a globally driven sport, rather the finances rest around major Club premier leagues in Australia and Great Britain.

The main product of RLIF is the World Cup rights, however with effectively only four "test" nations competing in the last 50 years of the twentieth century, the World Cup oscillated between a World Cup event and a home and away series.

Revenues:

Outside the World Cup, RLIF revenues are received from 10% of the net proceeds of any international test match.

This suggests that total net revenues for internationals were as follows

	<i>\$ millions AUD</i>
2005	4.05
2006	3.68
2007	2.27

The net revenues for RLIF for this period were:-

	<i>\$ millions AUD</i>
Revenue	1.0
Expenses	0.56
	<hr/>
	.44
Grants	.54
	<hr/>
Losses	(.10)

Grants:

RLIF administers grants to member nations as part of its commitment to developing the game. However, the effectiveness of these would have to be seriously questioned.

4.2.4 Synopsis

Basically to date the two major leagues have each focused on the development and management

of the leagues in the UK and Australia. The international game has been a small “add on” in the off-season.

There has not been a formal future international tour programme, except for that organised by the individual nations between themselves.

Correspondingly the game remains weak in international development, and in finances to help the game survive and grow outside the UK and Australia.

RLIF
Income and Expenditure
\$000’AUDs

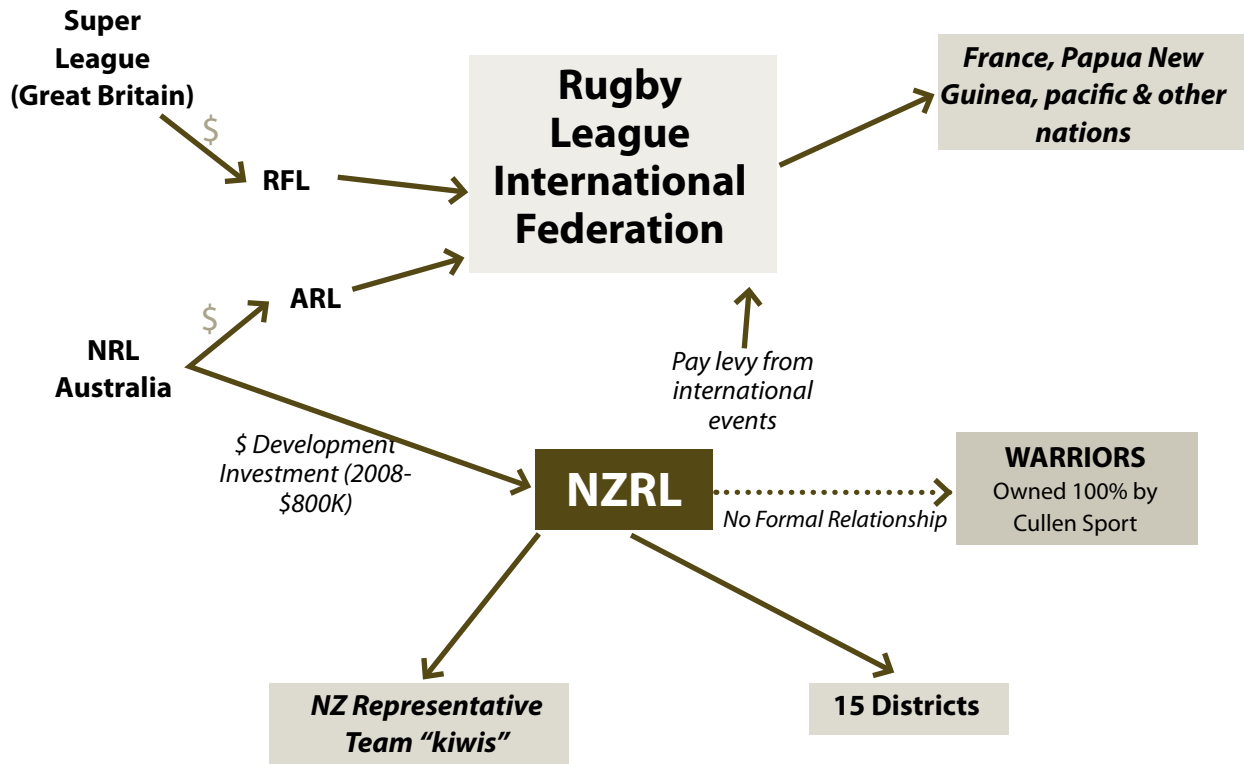
	2007	2006	2005
Revenue – International Levies	227	368	405
Expenses	118	181	260
Net Income	109	187	145
Development Grants (1)	138	224	175
Net Losses	(29)	(37)	(30)

RLIF
Balance Sheet
\$000’AUDs

	2007	2006	2005
Assets			
Cash	22	58	175
Receivables	428	253	242
Prepayments – Rugby League World Cup	725	-	-
Total Assets	1175	311	417
Liabilities – Creditors	1017	124	194
Equity	158	187	223
	1175	311	417

4.2.5 Linkages between Rugby League in New Zealand and the International Game

The following diagram summarises the linkages between NZRL, the Rugby League International Federation, UK Super League, RFL, Australian NRL and ARL and the other nations actively participating in Rugby League.



4.3 World Cup

The 2000 World Cup was not a financial success, hence the eight year delay until 2008 for the next World Cup. As the premier event of Rugby League a successful World Cup must be a priority in the future.

In the late 1940s there was a need for a world governing body to oversee the rules of the sport and ensure consistency.

As noted, at the instigation of the French, the Rugby League International Federation (RLIF) was formed at a meeting on 25 January 1948 in Bordeaux. The French were also the driving force behind the staging of the first Rugby League World Cup (also the first tournament to be officially known as the "Rugby World Cup"). This competition has been held intermittently since then, in a

variety of formats. Unlike many other sports the World Cup has never really been the pinnacle of the international game, that honour falling to other international test series such as the Ashes.

The 1954 World Cup was initially contested by the four test nations: Australia, Great Britain, France and New Zealand. The teams played each other in a league format, with a final played between the top two teams.

It was decided that the team that finished first in the league standings would be declared the winner for the second World Cup played in Australia in 1957.

After the successful 1960 competition, in which Great Britain won the title for the second time, there would be no further World Cup competitions for eight years. The competition had been scheduled to be held in France in 1965, but after an unsuccessful tour of Australia, the French withdrew. The tournament was next held in 1968, and followed a two year cycle until the mid - 1970s.

In 1975 the competition underwent its most radical overhaul to date. It was decided to play matches on a home and away basis around the world, instead of in any one host nation. Furthermore, the Great Britain team was split into England and Wales. Australia won that tournament, and in 1977 it was decided that Great Britain should once more compete as a single entity. Although the final between Australia and Great Britain was a closely fought affair, public interest in the tournament waned due to the changes to format, and it would not be held again until mid-1980.

From 1985 to 1988, each nation played each other a number of times on a home and away basis. At the end of that period Australia met New Zealand at Eden Park.

In 1995 the competition was once again restructured, and the largest number of teams to date (10) entered. New teams competing include Fiji, Tonga, Samoa and South Africa. The tournament, which was also held to celebrate the centenary of the sport in England, was successful with 66,000 people attending the final to see Australia defeat England 16-8. However, except for the two games between England and Australia, crowds were low.

The 2000 World Cup expanded the field further, with 16 teams entering. Again crowds were low except for the final where 44,000 spectators watched the game. It is understood that the financial outcomes from this World Cup were poor and the event resulted in a loss. This, combined with the poor standard of competition leading to poor sponsorship and support for the game, was probably the reason for the 13th World Cup not being played until 2008, with only 10 teams competing.

The 2008 World Cup competition was played in NSW and Queensland venues in Australia. The 2008 competition was successful in financial returns, spectator attendance, and television viewing audience. The Kiwi Rugby League team beat Australia Rugby League 34-20 in the final at Suncorp Stadium - the ""Kiwis"" first ever win in the World Cup Rugby League competition.

4.4 International Business Model

4.4.1 Rugby League Business Model – UK and Australia

The Rugby League business model has been based around clubs, their place (home ground, club rooms and local pub) and a faithful group of supporters.

1908 – 1930s

The drivers of the league model are better understood by examining the development of the game in Australasia and the UK.

In Australasia the game centred around local, regional or state wide leagues, as there were no national competitions in either country until the late 20th century. In both Australia and New Zealand club championships were based around one set of home and away matches leading to a play-off, rather than the multiplicity of trophies available to the British clubs.

Up until the Second World War an increasing number of Australian and New Zealand players headed for the bigger pay packets on offer in England, many of them destined never to be seen again on the playing fields of their home countries.

1940s – 1950s

All spectator sports in the United Kingdom experienced a surge in interest following the end of the Second World War. Rugby League was no different, and large crowds came to be expected for a period of around 20 years. In the 1949-1950 seasons total paying crowds reached a record 70 million for the season. In November 1951 the first televised Rugby League match occurred.

This period also saw growth in crowds in Australia, New Zealand and France.

In 1956, a major change materially affected the state of Rugby League. The state government of New South Wales legalised the playing of poker machines (“pokies”) in clubs, and this rapidly became the major source of income for NSW “league clubs”, some of which became palatial “homes away from home” for their supporters. The “pokie” windfall stemmed the steady trickle of Australian players to the better-financed clubs in England, and led to increased recruiting of Rugby Union and league players from Queensland and overseas by New South Wales clubs. Within the space of several years, the Sydney-based league had come to dominate the code within Australia.

The 60s - Today

In the UK, the boom subsided in the 1960s. However in 1971 sponsors first entered the game, brewers Joshua Tetley and cigarette brand John Player.

The cigarette sponsorship also underpinned the Sydney competition, which, with the “pokies” money underpinned the financial position of the Sydney league. Such sponsorship and TV revenues were not available to New Zealand, and correspondingly player exoduses to Australia and Great Britain continued.

In 1980 the first State of Origin match was played in Australia. In 1982 the first sides outside Sydney joined the competition (Illawarra, Canberra). In 1988 two Queensland sides joined, as well as Newcastle.

In the 1990s, with the decline in revenues from cigarette sponsorship and the pokie machines, TV revenue became a vital factor. More clubs joined the NRL in 1998.

In Britain, the ending of discrimination against Rugby League, resulting from professionalism in Rugby Union, led to an increase in numbers in the amateur game, with many Rugby Union amateurs keen to try out the other code. In 2004 the Rugby Football League was able to report a return to profitability, a re-unified structure and a 94% increase in registered players in just two years.

4.4.2 International Programme

The international game is beholden to two professional competitions for the identification of an international window and player availability. The history of Rugby League has been dominated by the clubs taking preference over players, and not 'releasing' them for international games during a club season.

Additionally at the end of the seasons in both the UK and Australia the administration's views are that the players need a 16-week rest before the next season and, correspondingly international matches between countries have been limited.

More importantly, the international game outside the UK and Australia has not flourished, but rather it is found in small pockets in about 28 countries where the game has little revenue and few resources to develop and grow the game. Grants from RLIF have been 'token' amounts that have propped up some administrations. The proceeds from the 2008 World Cup are understood to be around \$5 million and are earmarked towards developing the game internationally.

The lack of an international tours programme over the past has meant that New Zealand has not received enough revenue from its potentially major product the "Kiwis".

Added to this, the changes in the timing of the UK Rugby League season, from winter to summer months, has impacted significantly on the four-yearly international tour cycle between Great Britain and the major playing nations

4.4.3 RLIF Revenue Enhancement

Over the past two decades the explosion of communication technology worldwide, particularly with sport on television, has massively increased the value of international TV sporting rights for sporting events such as the Olympics, through to many individual sports such as golf, tennis, cricket, Rugby Union and soccer to name a few. These sports have premier global international events. The levels of net revenues from such events have been recycled to their international country members for development of their game's organisation.

In 1995 the revenue for the International Cricket Council (ICC) was in the region of NZD \$0.5M. In 2007 the ICC sold its 2008-2015 broadcasting and sponsorship rights for around US \$1.6 Billion. This was achieved by the establishment of a Future Tours programme and one ICC event each year.

Rugby League is a spectator sport with very high viewing statistics nationally and internationally. The full potential of revenue from broadcast rights has never been realised as it required co-ordination centrally with a long term locked-in competition and tours programmes. This is not the current modus operandi of the game internationally.

For the game to survive and grow in the longer term Rugby League must formulate a strategy to tap into the revenues available from international events.

4.4.4 Current Future Tours Programme

The RLIF has recently discussed a five-year future international tours programme.

The potential future tours programme for the “Kiwis” is as follows:-

		Venues	May Australia
2009	FN	North	ANZAC Test
2010	FN	South	ANZAC Test
2011	FN	North	ANZAC Test
2012	Proposed UK Tour	UK & France	ANZAC Test
2013	World Cup	North	
2014	FN	North	
2015	FN	South	
2016	Proposed UK Tour	UK & France	
2017	World Cup	South	

Notes:

- FN – Four Nations: UK, Australia, “Kiwis”, plus one other team being the winner of a qualifying tournament in the Hemisphere in which the competition is being played.
- North – Northern Hemisphere
- South – Southern Hemisphere
- There is a junior “Kiwis” ‘test’ each year versus Australia
- As the ARL does not wish to participate in a Four Nations competition in the year preceding the World Cup. As a result it is proposed that the “Kiwis” tour the UK in those years.
- Other discussions are currently taking place for additional international games for the “Kiwis”
- The reason the ANZAC test is played in Australia is due to the significant increase in revenues from the match in comparison to playing the game in New Zealand

This programme over the next four to five years is a welcome step towards the internationalisation of the game and the opportunity for all parties to increase revenues for development.

However, the paucity of matches to be played in New Zealand is a major concern and will inevitably compromise sponsorship and general public interest in the game. Despite New Zealand's World Cup holder status, at the time of writing the Review Report there was not one guaranteed future test match locked in for the ""Kiwis"" in New Zealand. In the longer term, the international programme must be robust and include home tests to promote the game.

DEAD BALL LINE

68 METRES

TRYLINE

10

20

30

10

20

30

We need to build the respect for the sport, so that

Secondary Schools will have no option but to offer Rugby

League because the kids will demand it- we need to get

past the mentality that it competes with the first fifteen-

rather young men should be able to compete in either or

both sports.

TOUCH LINE

HALFWAY LINE

100 METRES

40 METRE LINE

0

30

20

10

0

30

20

10

20 METRE LINE

10 M

10 M

10 M

10 M

10 M

IN-GOAL AREA

5.0 New Zealand Rugby League

5.1 Overview

There's nothing wrong with the way the game is played- how we administer the game is the key.

New Zealand Rugby League (NZRL) is the National Sporting Organisation (NSO) for Rugby League, established as an Incorporated Society in 1930. The former Prime Minister of New Zealand, the Hon Helen Clark, is the official Patron of the Sport. The structure supports a President, Board of Directors an appointment process for three independent Directors, an executive, 15 Districts (each with their own governance structure), seven Associate organisations, a life member category, and approximately 140 clubs

NZRL is situated at Rugby League House in Auckland next to Mount Smart Stadium. The building is owned outright by NZRL, having been purchased from \$1.8M in funds was secured from both gaming trusts and the ASB trust in 2003/04. The building also accommodates Auckland Rugby League (although there is not a high degree of functionality and co-operation between the two organisations), and the recently established Rugby League museum (which is funded and managed by its own Trust).

NZRL currently employs a staff of 10. Throughout the Review Mr Murray McCaw held the position of Acting Interim Chief Executive with the decision to appoint a full time Chief Executive being put on hold pending the outcome of the Review. Appendix 5.2 illustrates the NZRL executive arrangement.

NZRL is financially "cash strapped" with no meaningful cash revenues. As a result current staff are hamstrung in regard to the development and execution of programmes and activities to support and grow the sport. This is also limited through the lack of a Strategic Plan for the sport.

The current Board is relatively new with the longest standing Director being Mr Vince Weir who was first appointed in 2006. The current three independent Directors joined the Board in April 2008 following the mass resignation of the previous three independent Directors prior to the AGM. Mr Ray Haffenden who was already on the Board became the Chair at this time. The Review Committee observed that the current Board has made positive progress in stabilising the position of NZRL and the reputation of the game, but despite this they do not have the confidence of the membership in regard to the sustainability of the sport in the future-there are still fundamental structural issues to be addressed.

The Constitution of NZRL has changed over time, including a complete rewrite in 2006/07. In recent times the Constitutional changes made at the AGM has had a less than satisfactory consultation process, and lack of clarity as to why the changes are warranted. These changes have resulted in a Constitution that clearly does not support best practice governance.

The organisation can be characterised by lack of leadership and stability for many years, including a demonstrable lack of professionalism, commitment, consistency, and standards of excellence. Appendix 5.3 summarises the churn in the Chair position for NZRL over the past 10 years with five different people holding the position of Chair during this time. The organisation is also renowned for a culture of “retribution” to members/personnel who would not comply with the agenda of “the administrator of day”

5.2 The Current Constitution

We feel disenfranchised with the changes to the Constitution to retain power, including the manipulation of votes at AGMs.

5.2.1 Summary of the Current Constitution

a) Voting Members

The current Constitution has the following participants as voting members (see Section 3.2):-

- Districts
- Associates
- 15 District leagues
- Seven Associate members

These voting members, (Districts and Associates) are collectively called voting Affiliates.

b) The Board

The Board consists of nine Directors; as follows:-

- Three Ordinary Directors
 - The Affiliates each have 1 vote, plus extra votes for each 100 teams fielded in the preceding season up to a maximum of 3 extra votes.
- Three Zone Directors
 - Auckland and Northern Districts elect 1 member
 - Central and Southern Districts elect 1 member
 - The Associates elect 1 member
- Three Independent Directors
 - The Board (Ordinary Directors and Zone Directors) considers a short list from the Institute of Directors or another reputable professional appointment service, and appoints the three Independent Directors.

c) The Chairman

The selection of Chairman and Vice Chairman is made by the ordinary and Zone Directors. The independent members do not participate in this vote. There is no requirement that the Chair is non-executive and the past three chairmen have all taken a strong hands-on Executive Chair role

d) Nominations for Ordinary Directors

- Only eligible Districts may nominate Ordinary Directors.
- Only District leagues in a Zone may nominate Directors for that Zone.
- Only persons recommended by Institute of Directors or another suitable appointment service can nominate Independent Directors.

e) Eligibility

- Each officer and Board member of an Affiliate must complete each year a sworn statutory declaration confirming that none of Constitution clause 5.4(a) applies (impropriety, conflict of interest, bankrupt, conviction, etc.), such declarations to be lodged with the Affiliates annual accounts.
- Non compliance by an Affiliate can result in suspension, expulsion, and other. This provision has been used and in some instances members believed this provision has been abused to manipulate voting outcomes at AGMs. Decisions on this provision are at the discretion of the NZRL Board.

5.2.2 Governance Implications of the Current Constitution

The Constitution of New Zealand Rugby League has had a number of variations in recent years. This has led to the underlying feeling by a number of Districts/Affiliates that the elective process has been influenced at times, either by parochialism, favour or penalty. This undermines the key fiduciary responsibility of the NZRL Board, namely to act at all times in the interests of NZRL and all its members.

The current Constitutional voting arrangements enable:

- Associate members (who are also within Districts) to vote. This allows some influential individuals to effectively “vote twice”
- The Board of NZRL to put Districts “into Review” for non-compliance with requirements which in fact the Board of NZRL does not have to comply with (such as completion of a business plan, providing information to NZRL and financial information). Once in “Review” a District loses its voting rights
- Non-equal voting rights for Board members with Independent Directors being unable to vote for the Chair. The Chair is the most critical leadership position in NZRL and it is inappropriate not to allow all Directors to choose the “best person for this role”

The current Constitution undermines the principles of good governance.

5.3 Financial Overview

As soon as we accumulate some reserves, NZRL has a record of frittering them away.

The financial overview of the past eight years 2001-2007 was succinctly summarised in the 2007 NZRL Annual Report as follows.

5.3.1 Profitability Analysis by Activity

	\$ 000's						
	2007	2006	2005	2004	2003	2002	2001
Kiwi Internationals	558	808	995	1285	121	495	74
NZRFL	(999)	(50)	413	(54)	(52)	182	0
Domestic Competitions	(436)	(314)	(216)	3	(72)	25	(29)
Development	(473)	(578)	(369)	(376)	(483)	(57)	(472)
District and Affiliate Support	(358)	(312)	(342)	(313)	(265)	(102)	(78)
Total NZRL Operations Profit/(Loss)	(1708)	(446)	481	545	(751)	543	(505)

- In the period 2001-2006 NZRL operations lost \$133,000, which represented the write-off of loans to Districts. In effect NZRL broke even for the period.
- In 2007 the net operating deficit was \$1.708 million.
- In 2007 the parent company, NZRL, wrote-off \$1.045 million in the loans to invest in bars.

At the time of the Review Report preparation the 2008 financial outcome for NZRL was still being finalised, however it is expected that the organisation will have an operating result close to breakeven (before extraordinariness) for this period. While this is positive it must be noted that during 2008 NZRL revenue was significantly reduced due to the lack of support from past investors/sponsors/funders, and as such the organisation cut costs to support the basic core functions and many past activities and programmes did not run during this period.

5.3.2 Financial Performance Overview (refer 2007 Annual Report)

Since 2000 NZRL had been very successful in sourcing charitable trust funding but had also become overly reliant as this funding represented 40-50% of total revenue. Numerous development activities have been undertaken and competition structures established to give Rugby League a profile and presence throughout the country at an elite and recreational level. These activities were largely funded through gaming machine distributions however as the gaming environment tightened, especially around "authorised purpose", these activities incurred losses that were funded from other sources. Gaming machine funding became the balancing item for budgets.

Historically the "Kiwis" international programme has funded operations, particularly the organisation's fixed overheads that directly affect capability, such as salaries. The advent of the Tri-Nationals in 2004 as part of a global push to commercialise the game resulted in increased profits. These were not retained but were used to underwrite loss-making activities of the business.

A sudden dramatic decrease in either revenue stream would result in substantial losses for the business, which was the outcome in 2007. NZRL has been put on hold by key funding partners twice in the last 18 months as a result of concerns regarding the publicity surrounding historical gaming

investigations (despite acknowledgement that these are largely legacy issues and not directly related to the current organisation), alongside Board instability and disharmony which were also being played out publicly. The direct result of this uncertainty has been that NZRL under-achieved its grant funding target for 2007 by \$800,000. Whether this would have happened without the political turmoil is questionable.

5.3.3 Revenue and Cost Summary

A summary of the financial accounts by revenue and costs is summarised as follows:-

\$ 000's						
	2002	2003	2004	2005	2006	2007
Revenue						
Gate Revenue (net)	443	281	430	370	17	1325
Gate Share	1377	176	1890	1711	1440	441
Grants - SPARC	190	140	-	210	156	199
- Trusts	1083	2500	2661	1932	2285	1635
Sponsorships	535	367	551	285	411	391
TAB Dividend	462	424	389	452	437	502
Television Fees	100	220	519	633	884	1007
Other	267	158	205	1291	395	214
	4457	4266	6645	5990	6005	5714
Expenses						
Advertising	118	155	177	160	103	40
Bad Debts	68	81	127	14	4	1042
Clothing and Equipment	137	299	478	420	600	579
Ground Hire	120	128	153	182	230	302
Player Remuneration	390	155	341	462	487	555
Salaries and Wages	463	710	787	977	1270	1377
Marketing and Promotions	315	247	177	94	162	127
Travel and Accommodation	1481	982	1831	1772	2015	2110
Grant to RLDT	-	280	-	-	-	-
Other	922	1980	2029	1428	1648	1290
	3914	5017	6100	5509	6519	7422
Profit/(Loss)	543	(751)	545	481	(446)	(1708)

Gate Revenue (net) represents match day takings within New Zealand. Variations are due to the number of home tests played. 2007 also includes the match fee paid by RFL for the UK tour including the All Golds fixture.

Gate Share represents NZRL share of match revenues from ANZAC and Tri-Nations fixtures.

Bad Debts represent largely the write-off of District loans and in 2007 pub investments with Rugby League New Zealand Ltd.

Television Fees has increased through more international fixtures in recent years, particularly with the advent of the Tri-Nations in 2004, and an increase in per match fee.

Travel and Accommodation has increased through more international fixtures in recent years, particularly with the advent of the Tri-Nations in 2004.

5.3.4 Districts Financial Overview

The financial position of NZRL Districts are summarised in Table 1 (see next page) and fall into four separate categories:-

Auckland – Self Sustainable Financial Position

Auckland's revenues, which in 2007 largely consisted of gaming trust grants and income from Carlaw Park car park, were able to fund resources to administer and develop the game. Increased revenues from Carlaw Park Trust will underpin Auckland's continued activities.

Canterbury, Wellington– Professional Administration

These two Districts have revenues, largely from gaming trusts, sufficient to have full-time administrations that have administered, promoted and developed the game, even though Wellington was in "Review" (as per the Constitution) for some time. Both Districts have little equity.

The remaining Districts have marginal income and, on rare occasions, have some form of professional administration. Manawatu figures provided to the Review Committee related to 2006 year; however it is understood the current figures for Manawatu are in deficit, with little or no net equity.

Four Districts, Whangarei, West Coast, Bay of Plenty and Waikato have Rugby League grounds, which provide them with some level of net equity.

Basically, excluding Auckland, NZRL has managed the game centrally and not provided or arranged, or given advice to establish sustainable revenues to provide administration infrastructures at the "grassroots" level to build and develop the game on a sustainable basis.

Table 1 NZRL Districts – 2007 Financial Position

	\$000's													
	Auckland	Canty	Wellington	Taranaki	Manawatu 2006	Hawke's Bay	Whangarei	Southland	West Coast	Bay of Plenty	Waikato	Gisborne	Coastline	Otago
Income														
Grants/	527	345	234	172	149	127	42	63	14	20	5	11	2	-
Affiliation Fees	43	64	32	8	9	8	23	3	8	11	12	-	3	2
Other	771	52	16	5	14	23	1	-	14	1	-	-	-	2
Total Income	1341	461	282	185	172	158	66	66	36	32	17	11	5	4
Expenses														
Local	145	51	39	3	2	10	5	3	4	4	6	-	1	-
Representatives	90	119	29	15	3	-	25	30	13	10	9	-	2	1
Administration	1043	198	86	98	119	123	3	34	5	4	10	11	2	1
Gear	60	41	65	10	6	12	-	1	-	10	-	-	1	-
Coaching and	274	45	-	53	50	-	-	1	-	-	-	-	-	-
Other	88	-	-	-	-	-	8	-	14	5	30	-	-	-
	1700	454	219	179	180	145	41	69	36	33	55	11	6	2
Surplus(Deficit)	(359)	7	63	6	(8)	13	35	(3)	-	(1)	(38)	-	(1)	2
Assets														
Bank	1107	105	112	21	4	19	16	17	41	7	18	-	6	2
Debtors	18244	10	16	7	1	1	20	1	2	2	3	-	-	-
Fixed Assets	2012	39	5	16	70	16	288	39	159	211	178	1	-	-
	21363	154	133	44	75	36	324	57	202	220	199	1	6	2
Creditors	2415	60	102	15	17	28	5	18	-	2	4	-	-	-
Loans	-	-	-	-	-	-	70	-	-	-	-	-	31	-
	2415	60	102	15	17	28	75	18	-	2	4	-	30	-
Net Equity	18948	94	31	29	58	8	249	39	202	218	195	1	(25)	2

Note: Tasman not in operation

5.3.6 Financial Overview – Future Considerations

Revenues

Simplistically revenue for any sport is generated from its key providers and activities. In the case of Rugby League this would fall into the following five areas:-

1. “Kiwis”

The national side generates revenues from international games and this was the avenue that funded the game in previous decades. Over the past decade there has been a sparse international programme which has resulted in operating deficits as programmes and activities continued to be run, but at a loss.

The ARL has mitigated the deficit by organising an annual ANZAC test, played in Australia, to maximise revenues for NZRL.

In the last decade there have been no World Cup revenues available due to the financial loss in 2000 and the 2008 World Cup profits being retained by the Rugby League International Federation for development of the world game.

Mindful of the opportunities opening up for increase in international revenues, in particular television revenues, RLIF has established the tri-nation competition to which a fourth team is added alternatively in the Northern Hemisphere and the Southern Hemisphere.

The juxtaposition of focusing on maximising revenues by playing “Kiwis” games offshore, as against having home tests and maximising television revenues and sponsorship, is an issue that needs to be resolved in the future.

2. Sponsorship

In the mid 1990s sponsorship was a meaningful part of sustainable revenue for NZRL. The advent of the Warriors meant that major sponsorship revenues followed this franchise away from the infrequently playing “Kiwis”.

In addition, in the late 1990s the incumbent Chief Executive ‘fell out’ with other key sponsors.

The ability to attract enduring sponsorships is still available, as evidenced in our discussions with Lion Red who expressed the wish to be a long term sponsor of the “Kiwis”, however this needs a strategic view taken by NZRL to identify what they can offer various classes of sponsors.

3. Television

Rugby League has been described as a game made for television. This is evidenced in the large TV contracts Super League (UK) and NRL (Australia) have been able to negotiate. Sky TV has indicated that programme competitions would be attractive to them to play on Sky TV. While the Maori Television Service has transmitted national competitions in recent times, it has not resulted in any direct meaningful revenues to NZRL.

4. National Competitions

National competitions have been events that have attracted sponsorship funds, however the lack of a sustainable long term competition has undermined revenues from this area. While New Zealand high performance players are based outside New Zealand with NRL and Super League, a Club based competition will never succeed in New Zealand. A strategic resolution in this area, by establishing a sustainable national competition, will provide the pathways necessary for the game, while also attracting suitable sponsors of such a competition.

5. Gaming Trusts

Paradoxically a meaningful proportion of proceeds, received by gaming trusts through the “pokie” machines, comes from the socio economic group that most supports Rugby League.

As such, and with the trusts move to more regional grants around their machine locations, the trusts could play an essential role in ensuring the survival and growth of the game.

The key to a sustainable sport is the development of the grassroots game. This requires dedicated administration infrastructures in every province to organise and manage the game, as distinct from NZRL endeavouring to organise this from the centre.

6. Costs

The NZRL costs will be determined by the outcomes of the Strategic Plan and the business model undertaken to manage the game in the future.

In the past decade, the lack of appropriate financial governance has led to excesses, including losses on investments and costs of trips, in particular the All Golds trip in 2007.

Table 2 summarises the base case financials for NZRL which were recently approved by the Board.

Table 2 Current Financial Estimates: 2009-2012 – Base Case

Base case current financial estimates prepared by management for 2009-2013 are as follows:-

<i>\$ millions</i>				
	2009	2010	2011	2012
Revenue				
Grants and Sponsorship	1.5	1.3	1.3	1.3
Charitable Trust Grants	0.1	0.1	0.1	0.1
Event Management	2.0	2.0	1.4	1.0
Other Income	0.5	0.5	0.5	0.5
Total Income	4.1	3.9	3.3	2.9
Costs				
Personnel	1.5	1.5	1.3	1.3
Event Management	0.5	0.5	0.5	0.5
Travel	0.3	0.3	0.3	0.3
Administration	1.0	1.0	0.9	0.9
Other	0.4	0.4	0.3	0.3
	3.7	3.9	3.3	3.3
Profit/(Loss)	0.4	0.2	0.0	(0.4)

Note: All the current NZRL commercial Sponsorship and Media Contracts expire on 8 May 2009. This is of significant risk to NZRL. The existing Board will be considering a strategy to reduce this risk.

5.4 Status of the Strategic Plan for the Sport

It's not just NZRL that needs a Strategic Plan - all Districts need to have direction and vision.

NZRL does not currently have a Strategic Plan in place for either the development of the sport or for the role of NZRL, nor has it ever had a meaningful plan. There is no shared vision for the game across New Zealand. An example of this is the different rules that exist for the Mini-Mods across New Zealand and the debate and argument that ensues over this. A Strategic Plan is a fundamental component of best practice governance. As a result there is also no Annual Business plan with relevant KPIs and milestones to be achieved to facilitate achievement of longer term strategic goals for the sport. In 2005 a Strategic Plan was prepared with SPARC but NZRL openly state this was produced "just to satisfy SPARC" and it has no ownership by NZRL or anyone else in the sport. This is in contrast with the Australian Rugby League who developed a sports wide

Strategic Plan in 2005 titled “That’s My Game”. This plan not only outlines the role of ARL but also the linkages with and roles with the NRL in achieving the plans objectives. This Strategic Plan is a result of consultation with every level of the game. The ARL is currently Reviewing the plan and are using a comprehensive bottom-up consultative process with the key organisations within ARL and the sport to develop this.

5.5 High Performance

High performance is outsourced to Australia, that’s NZRL’s current policy. Last year 189 players transferred to Australia from Auckland.

The focus of high performance is elite level Rugby League. It depends on a strong participation base (see Section 5.6) including strong Clubs, and strong growing player numbers in all age groups with clear pathways for development through to the elite level. The pinnacle of achievement for high performance Rugby League is winning the mens World Cup. Thirteen World Cup tournaments have run since the event was established in 1954 and New Zealand has only attained World Cup success once – this being in 2008.

Consistent performance at the elite end of New Zealand Rugby League has been plagued with: issues of accessing talent with many talented players residing outside of New Zealand; limited international fixtures (see Section 4.4.2); lack of an effective long term high performance strategy and erratic funding.

Up until the 1950s no agreed transfer system existed between the International bodies which stifled player opportunities to play in the Sydney Competition. Frank Mulcare left without a NZRL clearance and played in the NSW country area. He was followed by others such as Bill Sorenson, Graham Kennedy and George Menzies. NZRL then established a transfer fee system with the other international Boards, a charge of €10,000 for an international player after 6 Kiwi test matches, €5,000 for a provincial player, and €2,000 for other Club players.

In 1969 Gary Blacker took the NZRL to court for the restrictions of transfer and won the right for players to play in the Sydney Rugby League competition without the transfer restrictions.

Right up until the late 1990s, these rules and restrictions were imposed on players who elected to pursue professional Rugby League careers overseas. Players who gained clearances to play Rugby League overseas were subject to restrictions imposed upon them by the Board of Control of the NZRL. There was now a clear process of international transfer fees agreed to by the major international playing countries.

On making the decision to pursue professional playing careers overseas, New Zealand players were then considered ineligible to play international Rugby League for the New Zealand high performance team-the “Kiwis”. This significantly restricted player and talent availability for the New Zealand elite squad.

In 1979, NZRL made the first of some significant policy changes when they selected Dane Sorenson to return from Cronulla to play for the “Kiwis” against the touring Great Britain team. He played in the first two tests of that series. Although the rules were changed for “Kiwis” players to be selected from overseas competitions, namely Australia, strong restrictions were still in place on player’s requests to play overseas. These restrictions included the qualification of having to have played six test matches or being selected for two major tours with the “Kiwis” before clearance was given. The transfer fee in the 1980s was set at \$36,000.

In the mid 1970s, Kurt Sorenson sat out two seasons of Rugby League to become eligible to play for Cronulla because he was unable to gain clearance from NZRL.

These restrictions were finally lifted in 1989, after Tony Kemp successfully challenged the NZRL for restraint of trade. Tony Kemp was cleared to play for Newcastle Knights. It was from this legal battle that sanctions around professional career pathways were eased and many players have benefited from the Kemp legal battle.

Up until the mid 90s there also existed an interprovincial transfer process that also controlled player movement between the Rugby League playing Districts which again restricted New Zealand based pathway options for talented player.

From the mid 1990s to today, changes in the agreed international transfer system have resulted in significant loss of revenue for NZRL. There is currently a transfer requirement in place for senior New Zealand players down to the level of U16s. In addition, there is a development levy system in place but there are difficulties in enforcing it.

A worrying trend has developed whereby very young players, below the age of 16 are being recruited to play in lower grades in Rugby League in Australia as there are no transfer requirements for these players.

There is also a problem of players leaving New Zealand without the knowledge of the NZRL and pathway options and opportunities for development and selection for the elite game which also needs to be addressed.

Players as young as 14 years leave to take up NRL contracts, often following poor advice and misrepresentation of the opportunities open to them. Flow on negative impacts includes family dismantling and kids being taken out of school early.

In addition to the problem of talent migration from New Zealand and the resulting uncontrolled “outsourcing” to Australia of high performance development of New Zealand players there is a very poor database to track player “whereabouts”. NZRL are in the process of implementing a tracking system (League Net) to monitor the development and movement of NZRL players through New Zealand and Australia. The League Net system has the potential to accurately identify player movement and registrations internationally and incorporate this into a well developed high performance strategy.

Currently there are no controls over player agents and managers who are working in New Zealand either for NRL clubs or for private management companies. A system of accreditation and qualification to work in New Zealand could be implemented to try to control the huge player and talent drain from New Zealand. A recent example of player drain was the 2008 U16 and U18 provincial competitions, where 20 players were approached by overseas player agents or managers.

The Warriors Rugby League club started as an independent NRL franchise in 1995. Their direct affiliation or registration is with the Australian NRL competition not to NZRL. At this point in time, the Warriors pay no development levies or grants to the NZRL for the benefit of attracting players to their 'professional' club. Currently any New Zealand based player that is signed to the Warriors, signs without transfer fee payment made to their former province and Club. This is in contrast to the transfer fee that will be made to provinces/Clubs if their players sign with Australian clubs. Whilst the Warriors would argue that the benefits to local Rugby League of retaining the 70 plus players they currently have on contract in New Zealand (many of whom still play club football) far outweigh the single payment of a transfer fee; this fee in itself creates a perverse incentive for cash strapped New Zealand based Clubs to support potential elite talent development to Australia (versus to the New Zealand based NRL club). The Warriors also promote the game in New Zealand not only by being the only NRL team based and playing all home matches here but also through their "One Community" work, employment of local players, coaches, trainers and administration staff, coaching clinics, financial contribution to the Auckland Vulcans and trials/ development games played throughout the country.

Further, any player that is included in the Warriors squad is, when released from the Warriors, deemed a free agent and can gain a contract with any professional Rugby League club without transfer fees being paid accordingly. This further exacerbates the talent drain situation.

From 2000 the NZRL received an annual development grant from the NRL in Australia of \$250,000. This replaced the transfer fee system and eased the concerns of legal action for restraint of trade by players. The development fee is supposed to recognise the work of the NZRL in the development and preparation of players up to the age of 23 years of age. This provides any NRL club open access at any time to visit New Zealand to run coaching programmes and recruitment drives for their clubs.

The NZRL has been able to apply to the NRL for an increased amount based on special circumstances. Last year the NRL was supportive, providing extra funding, of the NZRL's high performance programme with under 16s, under 18s, and the high performance manager position. Currently extra funding over and above the \$250,000 is on a contestable basis. New Zealand is open for any of the NRL clubs to visit New Zealand to run coaching programmes and recruitment drives for their clubs. Every Rugby League tournament, through age group, provincial and international matches at all levels, has strong player agent and NRL club representative presence. Many of the NRL clubs have developed strong relationships with key Districts throughout the country.

NZRL has not had a clear strategy in place to manage these issues and use the "outsourcing" to advantage its own high performance aspirations. While it is in the NZRL interest to have a high percentage of "Kiwis" playing first grade in the NRL competition, the NRL clubs' strategy of loading large numbers of junior players into their catchment areas to create their depth has a detrimental effect on the quality and depth in New Zealand to support robust competitions and the growth of the sport.

These issues need to be addressed by the Board of NZRL with NRL and the strategies developed will positively impact the future success of New Zealand high performance Rugby League.

NZRL currently has a high performance manager who has the task of building a competitive team to compete on the world stage. During the Review a High Performance Strategy 2008-2013 was developed and presented to the Board for discussion. The current Board recently adopted this High Performance Strategy subject to confirming a full budget and identifying funding sources for the programme. The strategy document highlights the limitations with elite performance to date.

The 2008 "Kiwis" Team which won the World Cup comprised eight Warriors, with the remaining players from offshore (i.e. non New Zealand residents). New Zealand's international performance has to date not been demonstrably consistent or sustainable. However, the "Kiwis" outstanding performance at the 2008 World Cup, the Women winning the world cup three times, and the "Kiwis" performance in the 2005 Tri Nations final against Australia (where they won 24 - 0), demonstrates that New Zealand has extra ordinary talent. It also shows that the New Zealand flagship high performance team the "Kiwis" has the ability to be the best internationally - the challenge is to be the best "consistently". This has the potential to be achieved if supported by a high performance strategy which addresses the talent recruitment and retention issues.

5.6 Participation

The survival and growth of the game is married to "grassroots" development and participation.

Participation across all age groups is fundamental to the growth and sustainability of any sport. Section 3.3 details the participation statistics for the game over the past decade highlighting the decline in participation numbers and for many Districts the worrying reduction in the junior side of the game. Tables 3, 4 and 5 in Appendix 5 highlight the issue of poor uptake of the sport within school with participation halving over the past decade and numbers being very low compared to other school sports.

Review consultation showed that participation success for Rugby League is related to the energy and drive of individuals rather than a well developed and resourced strategy led by NZRL. Growth in participation (either at District level or within schools) was shown to "come and go" with individuals. Competition with Rugby Union was often cited as a factor limiting junior and school participation and growth. However the lack of strategy, poor and inconsistent standards of implementation, poor resourcing and support were found to be the major issues which were limiting the growth of participation in the game. Pockets of success were observed by the Review Committee to support this conclusion.

It is acknowledged that the current NZRL Board recently acted on the significant decline in participation in entry level grades. Specifically this refers to the modified rules format that progressively introduces children to the rules and skills of Rugby League in a safe and fun environment. This occurs through "Mini Footy" from 6–9 and "Mod League" 10–12 age groups, collectively referred to as mini-mod or educational football.

The key challenges the NZRL Board identified as barriers to achieving their objectives are:

- The profile of the elite game (NRL, Super League, International) leads to a perception that what people see on TV is how the game is played at every level i.e. too tough for young kids
- Lack of information and promotion of educational football means the general public (especially mums) are not aware that Rugby League has modified versions of the game progressing from 6 to 12 to ensure safety
- This is compounded by a lack of education within the game meaning that many of those coaching and refereeing at these levels are not applying the rules correctly
- Some Districts are applying their own rule variations further compromising the intent of Educational Football

The following actions were approved by the NZRL Board in late 2008:

- Rules for Educational Football had to be regularised and that the standard laws endorsed by New Zealand Rugby League and the Australian Rugby League should be adopted by ALL affiliates operating sanctioned competitions
- A Review of Educational Football rules should be conducted during 2009 in line with a general Review of the Laws of the Game that will consider international best practice, any relevant research and consultation with key stakeholders in New Zealand. If rule variations are to be trialled, then this should be agreed and conducted nationally
- The NZRL needs to undertake an extensive programme of capacity building, communication and promotion to ensure that Educational Football is understood and delivered consistently across the country in a manner that encourages increased participation at this level. This could be implemented by leveraging off the Rugby League World Cup win by the launch of the 'kids to "Kiwis"' programme

The Review Committee notes that considerable further works need to be done to ensure this plan is implemented in an inclusive and coherent manner.

5.7 Overview of National Competition Structures

All the national competitions based on Clubs have failed over the past 25 years, as these structures have undermined both the Auckland Clubs and the District Club structures throughout New Zealand.

NZRL Competition Summary

The most significant national competition in recent years has been the Bartercard Cup. This competition began in 2000 in a club based format with Auckland Rugby League's eight top Clubs joined by four regional teams. This club based format was a response to the failed franchise based Lion Red Cup competition played from 1994-1996. By 2005, the competition had 'evolved' to the

extent that only three of the teams were flying under the original club banner (Mt Albert, Glenora and Hibiscus Coast). The other nine teams were either District representative sides (e.g. Canterbury Bulls), independent franchise based teams (e.g. Counties Manukau Jetz) or hybrids resulting from club partnerships (e.g. Marist Richmond Brothers). The final two years of competition (2006-2007) were played under mandatory franchise structures.

From 2002-2005 up to 12 Warriors NRL curtain raiser fixtures were carried live by Sky TV and by 2006 the NZRL had entered into a partnership with the Maori Television Service that delivered one live Bartercard Cup game per week. As the name suggests, the competition was sponsored for its entire eight year run by Bartercard New Zealand Ltd. However the bulk of the \$1M competition costs were covered by gaming trust grants through this entire period. By 2004, New Zealand Community Trust was being acknowledged as the key partner alongside Bartercard. From 2002-2006 the NZRL also operated short format National Junior Competitions (NJC) at the U16 and U18 age-groups. These 'NJC' competitions included only six teams in each grade with the key funding partner for this entire period being the Lion Foundation gaming trust.

The Lion Foundation NJC and Bartercard Cup were run and funded by NZRL (via the Rugby League Foundation in the case of the NJC). During this same period however, NZRL also funded second tier provincial representative competition and regional club competitions. The latter was a format that saw smaller Districts, unable to sustain quality local senior competition of their own, combined with similar sized neighbours to play in what became known as Regional Alliance Competitions. There were up to five of these competitions and as with the national competitions above, NZRL provided funding for travel, playing kit, venue hire and referees. All of these national and regional competitions relied primarily on the NZRL's ability to secure gaming grants.

The heavy investment in eight years of Bartercard Cup, five years of NJC and five years of Alliance competitions was not building the base of the game, nor was the premiership structure attracting strong support. Not only were crowds not supporting live events, but viewing audiences for Maori Television's coverage were also very light. In 2008 the decision was taken to rationalise competitions by combining NJC and Premier Grades with the key criteria for participation being a history of meaningful and stable local competition at junior and senior grades. The six District National Provincial Premiership ran for six weeks at the completion of local club football and culminated in a finals day that only included two Auckland teams across the six finalists in the three grades. All participating Districts indicated much stronger support for the provincial based format with Maori Television's audience figures supporting this view at an average of 79,000 per episode (more than three times the average for Bartercard Cup). The key reasons cited for this success were the appeal of traditional provincial rivalries (i.e. Canterbury versus Auckland in any code attracts sports fans) and the shorter format (i.e. maintain audience interest for six weeks rather than 26). The finals format is being considered for expansion in 2009 at the request of both the Districts and the broadcaster.

Long term a robust representative competitive structure is needed to provide players of all ages the pathways from participation to high performance. However this national structure should also support provincial competitions so that players can be recognised as the "best" for their regional Clubs competitions and be seen as the best player in the province. This facilitates enthusiasm and support for the game at grass roots.

Consequences for non-adherence to the rules in all national and “pathway” competitions are needed. Examples were shared where non-adherence has occurred. These competitions will be governed by NZRL and require strong leadership at both Chief Executive and Board level, with consequences for non-adherence strictly carried out.

5.8 Associates

Many of the Associate organisations feel frustrated because they don't get the support from NZRL in the areas they work in, yet many of them can help the game grow significantly.

The seven Associate organisations who are voting members of NZRL are:

- New Zealand Maori Rugby League Incorporated
- Defence Forces Rugby League
- New Zealand Rugby League “Kiwis” Association Incorporated
- Masters of Rugby League New Zealand Incorporated
- New Zealand Women’s Rugby League Incorporated
- New Zealand Universities & Tertiary Students Rugby League Council Incorporated
- Pacific Islands Rugby League Association (NZ) Incorporated

The Associates represent a diverse range of organisations who each play important, although different roles within the sport. The strength of the organisations also varies, some with very effective governance and administration structures compared to others. The organisations which facilitate strong player bases such as NZ Maori Rugby League and NZ Women’s rugby League see greater opportunity to work with NZRL to grow the game in their areas of focus. While each organisation has a constitutional vote the real issue is that they do not each have clear agreement with NZRL on their role versus the National Sporting Organisation. Opportunity exists to have processes in place to develop shared objectives between NZRL and the Associate organisations for the benefit of the sport.

DEAD BALL LINE

68 METRES

TRYLINE

10

20

30

40

50

40

30

20

10

10

20

30

40

50

40

30

20

10

TOUCH LINE

100 METRES

40 METRE LINE

20 METRE LINE

10 M

10 M

10 M

10 M

IN-GOAL AREA

The NZRL is lacking formal governance structures, processes and procedures. There is a need to address these issues across a broad range of areas - PWC February 2007

6.0 Governance Reviews

6.1 Investment in Bars and Gaming Activities

The abuse of democracy has been damaging. Management of these investments has been a fine line between financial incompetence and financial mismanagement.

6.1.1 Introduction

In the course of the many interviews that were undertaken as part of the Review process, a common theme emerged around the investment venture undertaken by the NZRL Board commencing around the year 2000. The lack of transparency regarding information pertaining to the investments, losses involved from the investments and the defensive and intransigent attitude by NZRL from 2000 to 2006, has resulted in a material, and concerning, continuing lack of trust of NZRL due to the inferred “cover up” of these investments during this period.

For the game to move forward it is important that this episode of NZRL’s history is documented and communicated to stakeholders so the door can be closed on the past and the game can move on and focus on the future.

6.1.2 Background

The jurisdiction of the Super League ended in 1998 and resulted in a payout to NZRL from Super League of some \$4.5 million. NZRL was at this stage near or actually insolvent with \$2 million in debts. The payout cleared this and left NZRL with around \$2.5 million in equity.

At this stage the gaming industry in New Zealand was growing.

6.1.3 All Golds Foundation

NZRL established a company called All Golds Gaming Foundation Ltd in April 1999. The All Golds Foundation was intended to be an end-user gaming machine Society, which would operate sites at which its gaming machines were located. The funds were to be used to fund NZRL’s amateur activities.

The gaming machine sites initially purchased by the All Golds Foundation were extremely poor-performing and the funds generated from gaming machines were not sufficient to justify the cost of owning and operating them.

Contemporaneously, NZRL was concerned that the existence of the All Golds Foundation had the potential to limit grants from other gaming trusts to Rugby League.

Correspondingly the strategy developed whereby NZRL would own the bars on the basis that grants were earmarked for NZRL.

The decision was made to obtain new, good performing sites and Ramesh Dayal was approached for this purpose for the purchase of Eddy's Bar in Wainuiomata. Other sites were then purchased over the next two years.

The company used to buy bars was Rugby League New Zealand Limited (RLNZ). NZRL provided loans to RNLZ to purchase the bars.

6.1.4 Investments

Basically all the investments were written off in the period 2000 to 2008. This included loans from NZRL to RNLZ and the cost of the investments themselves. Eddy's Bar was retained due to the intervention of the Chair of NZRL in July 2003, as Chairman of NZRL Audit Committee. He concluded that the arrangements regarding RVR Bar and Eddy's Bar were not advantageous to NZRL. He therefore procured a restructure of the arrangements which more reflected commercial terms. This resulted in NZRL retaining ownership of Eddy's Bar at an investment value of \$400,000, however \$667,102 in goodwill was written off.

6.1.5 Overall Results

The overall financial outcomes from investments were:-

	\$
NZRL Investment write-offs	1,420,072
Goodwill on purchase write-offs	961,912
	2,381,984
Less rent received	380,834
Total loss	2,009,150

Notes:

Eddy's Bar is currently held in the books at an amount of \$400,000 and is for sale

Basically the loss wiped out the 1998 surplus from Super League

6.1.6 Gaming Trust Revenues to NZRL

The revenues from gaming trusts to support operating activities for this period were as follows:-

<i>Year</i>	<i>\$ million</i>
2002	1.4
2003	1.6
2004	1.8
2005	1.9
2006	2.3
2007	1.6

Rugby League, including the Districts, would quite possibly have received a similar amount from gaming trusts if NZRL had not been involved in purchasing bars.

Note: A further \$1.8 million in funds was secured from both gaming trusts and the ASB Trust in 2003/04 which was used to meet the cost of purchasing NZRL House.

6.1.7 Synopsis

The investment in bars and gaming machines is a sorry chapter in the history of NZRL. Leaving the investment to one side, that the actions of those involved in not following good governance practices has added to a culture of mistrust and a belief that manipulation and 'clipping the ticket' is a norm. Retribution with Districts being put in Review, or individuals under attack for asking valid questions as to the use of funds, and the financial outcome of the investments were actions that many consider brought the game into disrepute and tarnished its reputation.

This matter should now be regarded as a lesson learnt, and the sport should move on. Having said that procedures to establish a risk culture based on sound commercial terms in the administration of the game is a common feature of major sports in New Zealand, and one that should be introduced and embraced by Rugby League at a national and District level.

6.2 Governance and Capability Reviews

The PWC Review was good news for the game, but then, despite questions, no one would tell us what it said and what should be done, or what actually was done.

Recent governance and capability Reviews completed for NZRL include:

2003 SPARC Capability Assessment

2003 Boardworks Governance Review

2004 Matrix One Human Resource Review

2007 PWC Corporate Governance Review and follow up Review (May 2007) (see Appendix 6 for PWC Report Executive Summary including follow-up Review)

The Review Committee considered these Reviews. There were consistent themes that emerged in all these Reviews, with evidence that most recommendations identified within each Review had not been implemented.

Key themes emerging from all Reviews (excluding the Ineson Review, Section 6.3) were:

- Separation of governance from management (including non-executive Chair)
- Lack of supporting Best Practice governance
- Lack of clear vision for the sport in New Zealand and the role of NZRL
- Poor Strategic Planning with limited or no KPI/milestones
- Limited risk management
- Poor Annual plan and no clear annual deliverables

- Poor data available on membership
- Weak performance management
- Poor stakeholder management/communication
- Poor operational process plan
- Requirement for improved management reporting
- Quality and composition of the Board

These themes were echoed in the Review written and verbal submissions.

In the interviews a number of parties expressed concern and frustration that the outcomes of the PWC Review were never made public.

6.3 2008 Ineson District Capability Review

By and large the Districts have been left to wither on the vine.

In 2008, NZRL commissioned Chris Ineson of Driving Forces to complete an evaluation of the “off field” capability and effectiveness of the existing District structure.

The Review:

- Confirmed in real terms player numbers were declining through to 2006 (see section 3.3)
- Noted that some Districts are too small to warrant a “proper” governance structure
- Concluded that there is a lack of a national strategy to improve the governance and administration of the Districts
- Identified a need to streamline the current sport governance structure of 15 Districts and seven Associates
- Reported that Districts struggled with the administration function, being under-resourced and personnel are often under skilled with no evidence of up skilling taking place. Many Districts rely on over-stretched and declining numbers of volunteer administrators
- Noted that most volunteers prefer “on field” input, do not want to do administrative tasks, and would welcome professional administrators. C Ineson recommends NZRL should move to employ professional regional administrators as has been done with BowlsNZ, CricketNZ and Hockey
- Reported that six Districts have Strategic Plans and eight have Business Plans but there is no strategic leadership by NZRL (see section 5.4) which needs to be urgently addressed
- Found that half of District costs are for inefficient administration and a further 20% for facilities costs, leaving only 33% for player, team manager, coach and referee development and the “playing part” of the sport
- The financial management of Districts was found to be reasonably sound but the financial position varied from average to strong
- There is opportunity to add significant value to the District’s programmes and services

- There is considerable criticism about NZRL's performance in particular
 - Lack of vision for the sport
 - Lack of strategic planning and direction
 - Lack of leadership
 - Quality of the Board and management
 - Communications – frequency and clarity
 - Consistency – decisions and policies and lack of understanding about their downstream implications
 - Lack of understanding about Districts, especially smaller ones
 - Lack of financial responsibility
- Other points raised were:
 - The “punishment” vs. “incentive” mentality created by the constitutional “Review” process whereby Districts can be suspended for a considerable period for what they see as minor breaches of the rules. Districts feel this needs to be replaced by a more supportive and incentivised attitude with the aim of helping Districts to improve and get back on their feet.
 - The need for NZRL to “get its own house in order”.
 - Support for this evaluation and the wider SPARC Review as an opportunity for change and for a better governed and administered sport (this support comes with an expectation of change).

The Ineson report finds it unusual that a national body would ignore a situation like Tasman where there are no teams and no competition, and where its governing body has not met nor had an AGM (which is in breach of its own and NZRL's rules).

It is understood similar situations have occurred in the past with other Districts. Another situation is emerging (or has emerged) in Otago and Southland, where the sport is in serious decline and yet there appears to be no NZRL strategy/action to address this.

The Ineson report strongly believes there needs to be a culture change at the top levels of Rugby League.

It also believes a philosophy based on a culture of excellence should be the driver at every level of the sport.

C. Ineson suggests that what Rugby League needs is a nucleus of highly competent, professionally run and adequately resourced Districts that are capable of delivering world class programmes to the Districts and by doing so, help them to lift their standards.

The Ineson report makes four Recommendations

- Improve basic capability at District level
- Create a one-stop-service centre between NZRL and Districts, and Districts and Clubs
- Redesign the infrastructure to deliver services including the development of four regional Zones (Auckland, Northern, Central and Southern)
- Provide the resources to achieve results including providing three to four full time professional staff equivalent to service each region

DEAD BALL LINE

68 METRES

TRYLINE

10

20

30

40

50

40

30

20

10

10

20

30

40

50

40

30

20

10

TOUCH LINE

HALFWAY LINE

40 METRE LINE

20 METRE LINE

IN-GOAL AREA

100 METRES

The solution for Rugby League to be a sustainable, vibrant, growing sport in New Zealand will require major change (NOT just tweaking). The current structure and modus operandi for the sport is not viable.

10 M

10 M

10 M

10 M

7.0 Consultation Feedback - Interviews and Written Submissions

6.1 Investment in Bars and Gaming Activities

This Review is the one chance we have for Rugby League to get back on the right track, and to be the game it once was.

7.1 Overview

Stakeholders took part in the interviews and provided written submissions on the basis that their individual input would remain confidential to the interviewers, and that views expressed in the summary report of feedback would be amalgamated into common themes. Individual comments would not be identifiable or attributable to the party that made them. The summary of the feedback from both the interviews and written submissions is contained in Appendix 4.

The input from all sources (from both written and one-on-one submissions) was very consistent. The same issues were identified repeatedly from people within the game and outside the game. There is a strong mood for change and a strong desire for the Review to provide the mandate for this.

The consultation clearly identified that the solution for Rugby League to be a sustainable, vibrant, growing sport in New Zealand will require major change (NOT just tweaking). The current structure and modus operandi for the sport is not viable. It requires defining a vision for the sport of Rugby League in New Zealand and putting in place a strong National Sporting Organisation to facilitate delivering this.

While a number of the parties consulted with acknowledged that the current Board was making positive progress in stabilising the position and reputation of the game, and overseeing the recent World Cup win, they were very clear that there were some significant fundamental changes that had to occur which were beyond the control and capacity of the existing Board.

Key themes arising from the consultation were:-

- Increase transparency
- Improved governance needed
- Robust strategic planning required
- Review structure of Districts/Auckland dominance
- Improve operational performance
- Establish pathways including schools Rugby League and competition structure
- Leverage with the Warriors

- Learn from others
- Improve professionalism/integrity/standards
- Potential for improved international influence
- Leverage other funding streams

7.2 Increased Transparency Required

Significant mistrust of NZRL Governance and executive exists. Numerous examples of past actions contributing to this were given including:-

- Written questions submitted to AGMs not being answered
- PWC Governance Review was not made public (See Appendix 6 for Executive Summary of PWC Review and Follow-up Review)
- Lack of transparency on the write-off by the NZRL Board associated with the ‘pub investments’ (see Section 6.1)

7.3 Improved Governance Needed

There was a consistent view that the past and current Board and Management do not have the skill set to take the game forward. The strongest message coming back from the consultation was that there is urgent need for strong, high integrity, experienced governance with transparent processes and modus operandi. This will enable both greater influence of the international game and will provide the leadership for the game in NZ. In particular the following was identified:-

- Need a strong, experienced, high integrity, non-executive chair. The first Chair post the Review is critical
- The Constitution needs to be Reviewed including:-
 - The provisions for Districts to go into Review
 - The Associate membership provision
 - The inequality in voting rights amongst Board members
 - The election/appointment process for Directors
- Directors need to be selected on ability using a robust process. NZRL is a business. There is a need for both independence and knowledge of the game around the Board table
- Conflict of Interest needs to be managed, consistent with best practice
- Communication from the centre is very poor and needs to be improved
- Governance needs to ensure a stakeholder communication plan is in place

7.4 Robust Strategic Planning Required

There was full agreement that a Strategic Plan is required to underpin the sport and that currently there is no meaningful plan (nor has there been one over the past decade). Trusts and sponsors advised the Review Committee that a robust Strategic Plan is a prerequisite for them continuing to support the sport. A consultative approach with the whole of the sport is needed to develop the plan, and “buy-in” is required by all key internal and external stakeholders.

A Strategic Plan for NZRL to “take the lead” was developed with SPARC in 2005. This plan has no standing with SPARC, NZRL or within the sport. There is no evidence that it is adhered to or referred to by anyone within the sport. This plan does not contain robust KPIs, milestones, or meaningful measures.

7.5 Review Structure of Districts/Auckland

The issue of what constitutes a District was raised, noting that some of the existing Districts have a small number of teams and in the case of Tasman, no teams (yet they still have voting rights). Further it was noted that many of the Districts have limited and/or poor administration capability. As a result District numbers and resourcing/support needs to be reviewed. The first key area to suffer as Districts and Clubs come under pressure is the 6-12 year old player - this age group is the future of the game.

The strength of Auckland is critical to the future of Rugby League in New Zealand and it was raised by many that Auckland needs to work with the development of the game for all New Zealanders, not just for the benefit of Auckland. It is perceived by some Districts that this is not always the case, although there are a number of examples where Auckland has provided services to benefit the New Zealand game as a whole.

A number noted that the Auckland District covers a large geographical area requiring significant travel times for players which is a disincentive for participation for some players. Counties Manukau as an area within Auckland has significant potential to assist the game to grow and also requires leadership and support. A number of examples were given where this is not able to be provided by Auckland District.

7.6 Improve Operational Performance

The key to improved operational performance is leadership from the Board, clarity of purpose, a Strategic Plan, a strong Chief Executive and robust reporting disciplines. Numerous examples were given of poor operational performance including:

- Poor communication from NZRL
- Inconsistent and/or lack of support for “grass roots” of the game
- Programmes without structured plans/policies/budgets
- Zone managers appointed without resources, authority, position descriptions, direction, governance, policies and processes

Opportunities exist to facilitate centrally coordinated services for the game such as finances and player databases.

7.7 Establish Pathways including Schools Rugby League and Competition Structure

No clear pathway exists within Rugby League from juniors to the “black and white jersey” and there is an urgent need to establish an enduring national competitions structure based on geographic areas to under-pin the sport in NZ.

Participation in Rugby League secondary schools competitions is low and there is no plan in place to address this. Youth player numbers at Clubs are also low. The future involvement in Rugby League for schools that are currently participating in the secondary schools competitions in Auckland and Christchurch was found to be entirely dependent upon the teachers who support these teams- if the teachers leave, the school is unlikely to continue playing Rugby League unless another teacher puts their hand up to take this on. While some suggested competitive Rugby League within schools

was not possible as it competes with Rugby Union, others identified solutions including working with Principals, supporting teachers, providing coaches and referees, determining the appropriate window of time/days most suitable to play matches, and demonstrating professionalism in the way the sport interacts with school personnel. Rugby League needs to find a solution to the pathway for players through their secondary school years (either through schools or Clubs).

Many reported that development and support programmes for different age groups of players have come and gone over the years. Programs which were promised have not been rolled out. There is a strong need for team manager, referee and coach development, with a differential between what is required for juniors (e.g. parents as coaches) versus senior competitive games.

Many acknowledge that High Performance development has been “outsourced” to Australia, with Australian clubs contracting strong New Zealand youth players to come and play for their highly competitive Clubs. Many of these players and their families never return to play for, or in New Zealand. The experience in Australia can benefit player development (because of the size and experience offered by the strength of the game in Australia), provided a pathway exists for them to re-enter the high performance New Zealand teams. This pathway is not developed or well managed at present but many believe there is potential to leverage formally off the relationship with Australia as one of the pathways to the “Kiwis”.

Many commented that serious work needs to be done at District level – Rugby League needs to be better organised and a structure and support is needed to help grow the game at grass roots. This gets little or no attention by NZRL.

7.8 Leverage with the Warriors

The opportunity to establish a formal partnership with the Warriors was identified by many. Benefits would flow to the Warriors as well as NZRL and the game itself. Examples given of potential activities included assisting schools and Districts programmes, camps and academies, facilitating the introduction of NRL best practice standards in programmes such as coaching and referee development, etc. The Warriors noted they would like to be able to participate in New Zealand based competitions for their under 20 year olds and their backup squads. Issues with the incentive created for Clubs to support their players going to Australia (through the payment of transfer fees) versus to the Warriors (because no transfer fees are paid) were raised.

7.9 Learn from Others

Examples were given of programmes from other sports which could be adapted and implemented to advantage Rugby League. These include “small whites” in Soccer; Rugby Union schools support program, and numerous Australian Rugby League programmes and best practice standards. Further, there is learning that can be applied from governance practice and models applied to other sports in New Zealand.

7.10 Potential for Improved International Influence

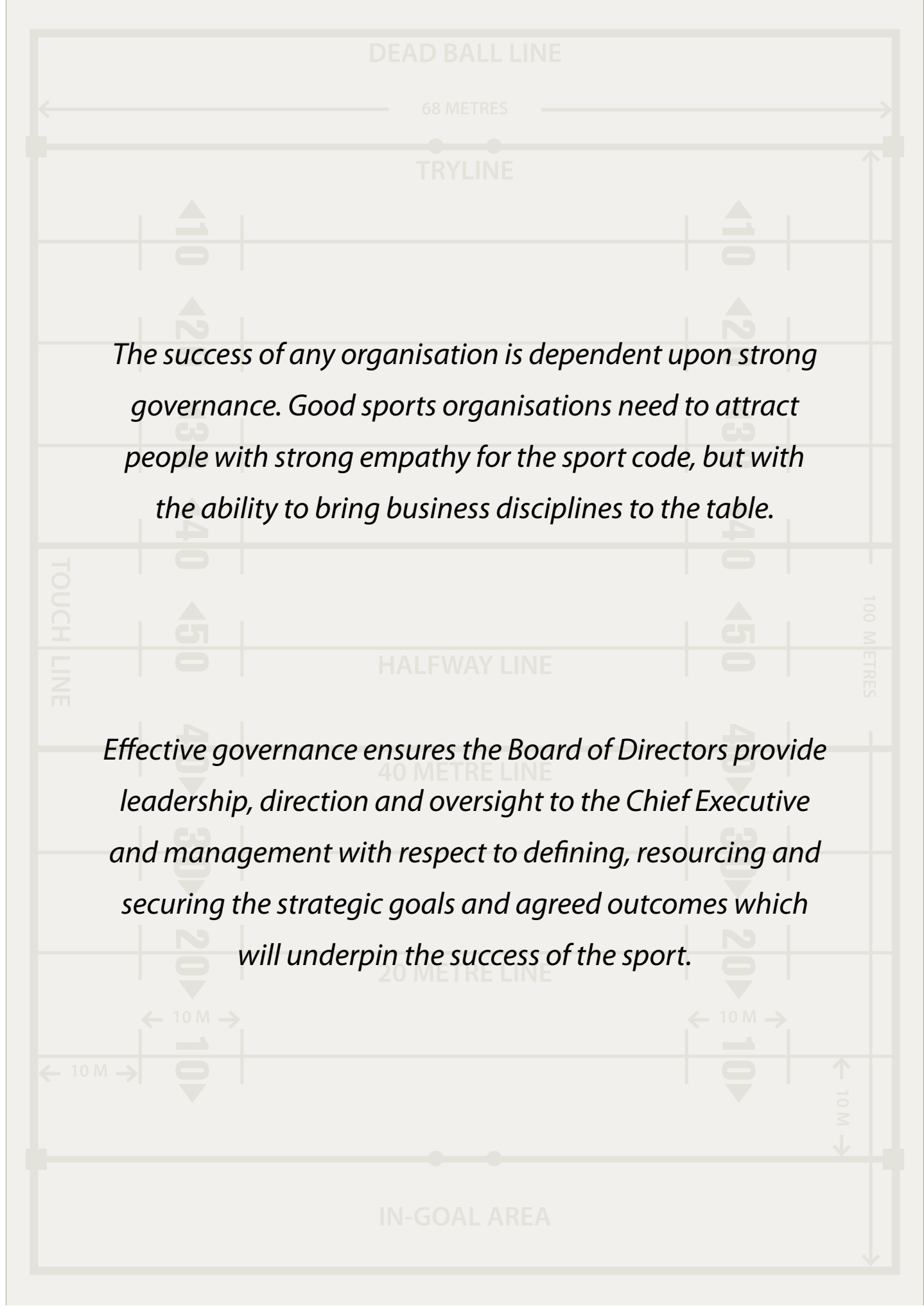
The RLIF is run out of Australia. It has limited formality in its operations (no formal meeting protocols, no minutes, and no formal secretariat) and no Strategic Plan for development of the international game. Until recently no long term international tours programme existed, although at the time of the Review planning has been put in place for the next five years international competition calendar.

7.11 Improved Professionalism/Integrity/Standards

Many contributors noted that Rugby League in New Zealand has major image problems that need to be addressed. The game needs to change its culture as well as its structure. Numerous examples were given of the sport accepting poor standards on, off, and alongside the field, (and within Clubs and Districts) which would not be tolerated in other sports. These influence the choices individuals, parents, families and communities make in regard to participating in Rugby League. Many examples were given that demonstrated that there is not a culture within the sport that respects, values and pursues excellence and high standards in all aspects of the sport.

7.12 Leverage Other Funding Streams

Opportunities were identified to tap into other non-sport public funds which focus on the development of Maori and Pacific Island communities, and with Local Authority programmes.



The success of any organisation is dependent upon strong governance. Good sports organisations need to attract people with strong empathy for the sport code, but with the ability to bring business disciplines to the table.

Effective governance ensures the Board of Directors provide leadership, direction and oversight to the Chief Executive and management with respect to defining, resourcing and securing the strategic goals and agreed outcomes which will underpin the success of the sport.

8.0 Review Conclusions

We need changes, a new direction and real leadership at the top.

8.1 Review Conclusions

The findings from the Review research and consultation were unanimous – Despite the positive work of the current Board during 2008 NZRL is still a broken organisation which has lost the trust and respect of member organisations, key leaders, sponsors and funders. The sport relies on the national sporting organisation for strategic leadership and coordination of funding and activities to support the development of the game for both participation and high performance. However, the sport has been let down by NZRL.

The Review Committee identified the following areas requiring significant fundamental change in order to achieve success:

- Governance capability and appointment process
- Constitutional voting arrangements
- Governance leadership including the development of Vision for the sport, strategic planning, culture development, effective administration, and image change
- Governance disciplines
- District re-organisation to address capability needs and player needs
- National competition structure

8.1.1 Governance Capability and Appointment Process

The lack of implementation of past Review findings, the lack of a Strategic Plan, the absence of basic governance disciplines, the “investment in bars” episode in recent history, the poor financial performance, and the lack of respect for the governance function is directly related to the capability mix of Directors. National Sport Organisations require a mix of people with strong empathy for the sport code, but with the ability to bring business disciplines to the table. While the existing Board has been successful in starting to stabilise the position of NZRL and the reputation of the game there are fundamental structural issues that need to be addressed to ensure sustainable success for the future of the game.

The mix and capability of Directors is directly related to the Appointment Process. The calibre of people attracted to the role is also directly related to the calibre of the other Board appointees and their relevant experience.

NZRL has experienced poor and inconsistent leadership from the Board as a result of a non-robust appointment process for Directors with the appropriate skills.

The Review Committee found the existing appointment process requires change including:-

- A process to ensure the skills of all Board members (both appointed and elected) are appropriate and complement each other on a sustainable basis
- A voting process which cannot be manipulated for advantage

8.1.2 Constitutional Voting Arrangements

The current Constitution undermines the principles of good governance. The current process of appointment draws a very fine line between parochialism and power. This undermines the key fiduciary responsibility of the NZRL Board, namely to act at all times in the interests of NZRL and all its members.

The current Constitutional voting arrangements enable:-

- Associate members (who are also within Districts) to vote. This enables some influential individuals to effectively vote “twice”
- The Board of NZRL to put Districts “into Review ” for non-compliance with requirements which in fact the Board of NZRL does not have to comply with itself (such as completion of a business plan, providing information to NZRL and financial information). Once in “Review ” a District loses its voting rights
- Non-equal voting rights for Board members with Independent Directors being unable to vote for the Chair. The Chair is the most critical leadership position in NZRL and it is totally inappropriate not to allow all Directors to choose the best person for this role

The Review Committee concluded that these voting arrangements need to be addressed to enable best practice boardroom process, and to enable the execution of fair and transparent voting rights for all members.

8.1.3 Governance Leadership

The Review Committee found no evidence of any effective key leadership documentation for the sport – the Strategic Plan (prepared in 2005 “to satisfy SPARC”) has no currency within NZRL or the sport.

The Review Committee identified the need for the Board to develop a robust Strategic Plan, using a highly consultative process within the sport and with key stakeholders. The Review Committee identified the following components as being essential for the sport going forward and as such must be included in the plan.

- A clear vision for the sport
- Values that underpin the sport which must encompass transparency, openness, integrity, and excellence in delivery
- A sport development plan including player, team manager, coach and referee development
- A high performance plan
- A funding framework for the next three years including clear identification of funding sources, funding allocation to programmes (including number of personnel and associated resources), and the funding strategy for trusts to support both NZRL and the new Zone structure and activities
- A sponsorship plan
- A broadcast plan associated with the competition structure and international tours

- A national competition structure including timetabling, team numbers, resourcing required - all designed in conjunction with a broadcasting partner
- A five-year international tours programmes built around the recently released RLIF five-year competitions plan and the new domestic competitions structure
- A stakeholder's plan, including relationship/partnering plans with key external organisation such as SPARC, corporate sponsors, the Warriors, School Sport Organisation, Local authorities(including Territorial Local Authorities), Regional Sport Trusts, TPK and relevant community organisations, and gaming trusts
- A plan to influence the leadership required for the development of the international game

The Strategic Plan should contain clear goals and measurable targets in all of these areas.

The Board must have a robust process in place to regularly update the Strategic Plan. Annually the Board must develop an Annual Plan for NZRL (based on the Strategic Plan), with measureable milestones, KPIs and resourcing allocation for each area of focus. The Board then uses the Annual Plan objectives to performance manage the Chief Executive, and as the basis of the Chief Executive's reporting to the Board.

8.1.4 Governance Disciplines and Board Room Practice

The 2007 PWC report identified a number of governance processes "wanting in NZRL". The Review Committee also observed many examples of poor governance practice including poor management of Conflicts of Interest (e.g. Directors being involved in significant NZRL transactions with the potential for personal gain), lack of appropriate policies on Director expenses, lack of transparency and reporting to members. These all need to be addressed, acknowledging the current Board has made progress in a number of these areas. However, the most critical governance practice to be "locked-in" for the future is the practice of the Chair NOT being able to hold an executive or semi-executive position. This practice in the past has prevented NZRL appointing an appropriately skilled Chief Executive and has seriously "blurred" the accountability between the Board and management. Practice has shown that organisations find it is incredibly difficult to hold their management team accountable when their own Chairman is effectively the head of the management team.

The Review Committee found that existing governance disciplines and practices must be addressed/"locked-in" for the future:

- The position of Chair is always non-executive
- Appointment of an appropriately qualified Chief Executive (with robust performance management processes in place)
- Revision of the organisation structure under the new Chief Executive, and in response to the finalised Strategic Plan
- Board processes to follow best practice
- Implementation of robust Conflict of Interest and Director Fees and Expenses policies
- Ensure that the Recommendations of this report are fully implemented (assuming they are adopted)

8.1.5 District Reorganisation to Address Capability Needs and Player Needs

The findings from the 2008 Ineson District Capability Review, the District consensus, and consultation feedback identified the requirement to reconfigure the infrastructure supporting the game. Many of the current Districts are too small to warrant their own governance infrastructure, and struggle to find the administration resource to keep the game going. This is in addition to the challenges they face from the lack of leadership from NZRL.

In contrast to the very small Districts, the Auckland District faces significant challenges as a result of its size and geographic coverage with players experiencing significant travel distances, and the Auckland Rugby League (ARL) struggling to service all its members. An example of the latter was identified in the Manukau Counties area where the Review Committee identified opportunities for ARL to partner with the local authority and the Regional Sports Trust but the Auckland District did not have the resources or focus to pursue these in full.

Resourcing “on the ground” is an ongoing issue which is exacerbated as the volunteer infrastructure diminishes in New Zealand. Other sports have found it essential to have paid resources on the ground (with clear position descriptions, KPIs and performance measures) supporting national strategies to grow the sport. These resources are used to drive the implementation of player, team manager, referee and coach development as well as working with schools to increase participation.

The Review Committee sees a critical need to rationalise the existing District structure and for NZRL to find a way to appropriately resource the new structure. This is equally as important as addressing the governance weaknesses within the current structure.

In particular the Review Committee see the need to establish a number of strong well resourced regional administration centres to work with the existing District structure, ensuring the Districts are appropriately supported via the regional centres (Zones) to support the game “on the ground”.

The Review Committee proposes that the existing Districts remain for organisational purposes but that seven new regional Zones be established and that these Zones become the members of NZRL. These seven new regional organisations will be the only voting members of NZRL as they will effectively cover all players, including players from within all Districts and all Associate organisations. The new structure would also be the basis for a new national competition structure, with each region having critical mass to support quality representative teams. The new structure would see Auckland District remaining but three new regions created from the Auckland and Whangarei District catchments. In addition four other new Zones would be created as outlined in Section 9.1.5.

8.1.6 National Competition Structure

A formal national competition structure is the most important framework to transition players from participation to high performance. A strong national competition will contribute to rebuilding a strong participation base and growing the sport. Based on feedback from within the sport, from sponsors and funders, critiquing the Graham Lowe Review, and reviewing other successful team sports within New Zealand, the Review Committee identified the following critical elements for a robust sustainable competition structure.

Dovetails with local competition, franchise competitions, and critical national and international selection frameworks

Timetable programmed and locked in advance on a rolling 3-5 year basis to attract and meet the needs of broadcasters and sponsors

Competition structure needs to have critical age grades including U16s, U18, Seniors

Representative selection areas must have enough critical mass to enable the competition structure to result in potential strong competitive game for all participants

The competition structure compliments (versus detracts from) Club participation programmes and NSO High Performance programmes

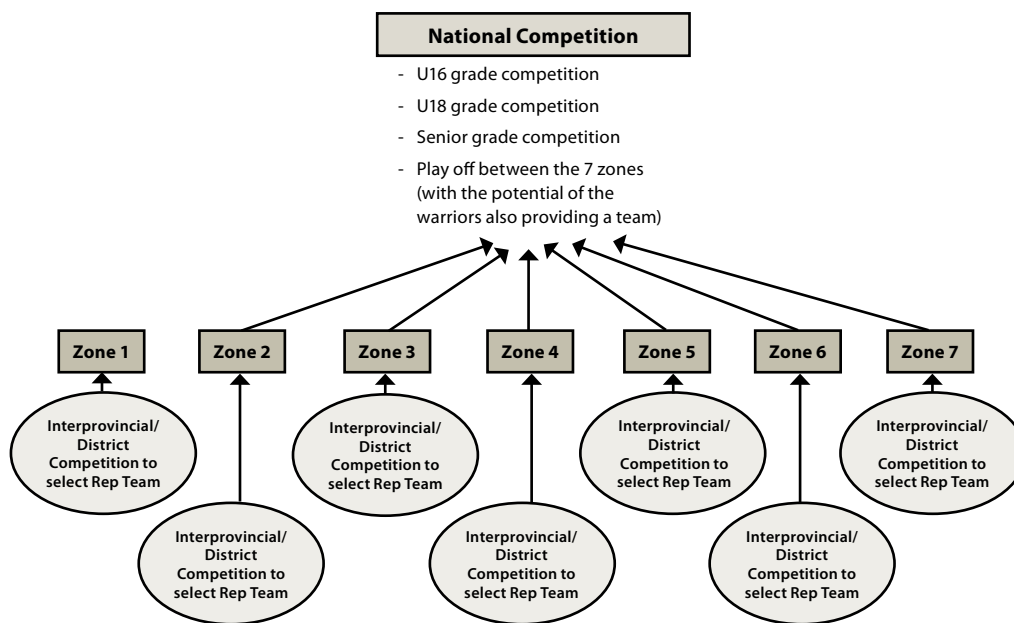
The competition structure and pathway is easily understood

The Warriors may also contribute a team(s) and agreement can be reached as to whether or not these are just exhibition games, or if the Warrior team is actually competing in the competition

Graham Lowe's Review in 2007 identified that a strong sustainable national competition structure was well overdue and was limiting the development of the sport. No sustainable structure has been put in place by NZRL post the demise of the Bartercard Cup in 2007. Lowe found, however, there was no consensus within the sport as to what the long term solution was, with politics, and parochial attitudes, and behaviours limiting progress.

The Review Committee considered the current geographic spread of the game and believes the proposed Zone structure (see Section 9.1.5) could form the basis of the national competition, with representative teams being picked from each Zone within each age category to compete nationally.

The proposed structure is illustrated as follows. It enables Districts and provinces to organise their own competitions and dove tail these into the national competition.



Note: The Fox Memorial Cup would still remain

The new Board must finalise the details of this new competition structure, including final timing which will involve working with potential sponsor(s) and broadcasters, and then “locking-in” the agreed arrangements. There may need to be a transition period for the seven Zones to fully and effectively compete in the national competition, as some may need time to build participant capability given the state of the game in 2008.

This competition is not designed to compete with the NRL. Rather it will provide a stepping stone for some of our elite players on a pathway through the national competition to the NRL and “Kiwis”. It also will provide a high quality competition for the next tier of New Zealand based players.

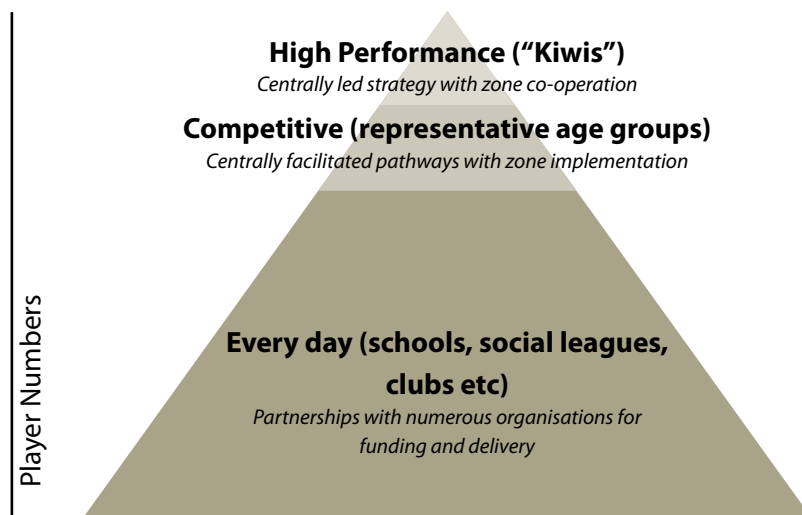
8.2 Vision for the Future

A vibrant game-operating nationally - developing kids - being a great Rugby League nation.

The success of Rugby League post the Review will be driven by delivering on the following eight components:



Commitment to these components should provide the potential in the foreseeable future for Rugby League to have player numbers increase significantly over the next decade, including strong junior and secondary school participation. This in turn will grow the high performance side of the game as illustrated below.



The inspirational vision for Rugby League to strive towards could be:

- A vibrant growing sport, which is renowned as a cornerstone team sport in New Zealand alongside rugby, cricket, netball, and soccer. Mums and Dads of all socio-economic groups and ethnic backgrounds and their children, consider Rugby League as one of their sporting options from a very young age
- A sport that has ethics and standards which the wider community (schools, sports trusts, iwi, local authorities, parents, etc) are happy to support
- A sport that plays a major role in the development and well-being of families and communities
- Player numbers have increased significantly year on year across all ages with strong active Clubs found in all areas of New Zealand
- Kiwi kids from anywhere in New Zealand believe that they could wear the black and white "Kiwi" jersey, and understand the pathway to get there
- A sustainable strong national competition is in place and provides a stepping stone for some of New Zealand's elite players on a pathway through the national competition to the NRL and "Kiwis", plus providing a high quality competition for the next tier of New Zealand based players.
- A high performance strategy is in place which has ensured sustained excellence at the international level
- There are paid capable administrators and development personnel in each of the new Zones year-on-year running well structured development programmes for juniors, youth and senior players, as well as for team managers, referees, and coaches
- "Locked-in" rolling five-year funding arrangements are in place which support the participation and high performance goals and programmes in the sport. These funding arrangements exist with a number of reputable providers (including domestic and international broadcasters, large corporate sponsors, community trusts, community groups, and local authorities)
- NZRL being recognised as the facilitator of the significant growth of the sport, and the contribution this makes to the lives of young New Zealanders
- The NZRL Board and senior management are held in high regard for their outstanding vision, leadership and integrity

The Values that would underpin this vision for the sport should encompass:

- Leadership
- Transparency
- Integrity
- Excellence
- Health and well-being

8.3 What Happens with No Change?

The lack of skills and the absence of sustainable revenues will all limit the game, its growth, its survival, and its contribution to society.

NZRL has lost the support of all significant funders who have made it clear they will not reinvest in Rugby League until there is clarity of direction and robust sustainable governance in place. As a result of the lost support no funds are now available for development programmes and administration “on the ground”. SPARC has agreed to fund NZRL for the duration of the Review, but only after the Review if the necessary changes are implemented.

If the sport chooses not to implement the changes recommended by the Review Committee the sport will ultimately be reduced to a regional participation sport with dwindling numbers. While some interest in the game may remain through the Warriors and the NRL competition in general, over time player numbers will become insignificant and public interest (beyond a “die-hard” group) will dissipate. In the absence of robust governance and leadership, limited or no funds will flow to the national body. There will be no resources to support a national coordinated approach, so activity will depend on local communities “doing their own thing”. No national competition will result so there will be no opportunities for individual progress through to competitive levels and the “Kiwi” team will be significantly weakened, playing only occasionally. The Warriors will likely continue to exist as a commercial franchise in the NRL competition.

This scenario would be a very sorry outcome for the sport and would not do justice to the energy and commitment the sport’s forefathers invested in developing the sport in New Zealand. It also would be a significant loss to New Zealand and in particular the Maori and Pacific Island peoples for whom Rugby League plays a major role in their health, wellbeing and personal development.

9.0 Recommended Actions and Implementation Plan

9.1 Recommended Actions

9.1.1 Agreeing to make changes

The Review Committee identified the following areas requiring significant fundamental change (see Section 8):-

- Governance capability and appointment process
- Constitutional voting arrangements
- Governance leadership including the development of Vision for the sport, strategic planning, culture development, effective administration, and image change
- Governance disciplines
- District re-organisation to address capability needs and player needs
- National competition structure

RECOMMENDATION 1:

The Board of NZRL acknowledges the need for Rugby League to make the changes identified by the Review Committee and resolves to fully support the actions needed to achieve these changes.

9.1.2 Constitution Change

The Review Committee drafted a new Constitution to incorporate the Review Recommendations. Transition regulations need to be drafted (to be organised by the NZRL Board) to cover the transition period between adopting the new Constitution and putting the new Board and Zone structures in place. These documents will be available to distribute to members on the 27th February 2009, for consideration at an SGM to be held immediately following the 2009 AGM. Following the adoption of the Review Recommendations the NZRL Board needs to formally call the SGM (in accordance with the current NZRL Constitution).

RECOMMENDATION 2:

The Board of NZRL agrees to call an SGM to be held immediately after the 2009 AGM to adopt the new Constitution and Transition Regulations (see Recommendation 4). The Board agrees to refer the new Constitution prepared by the Review Committee for legal review, and to organise the drafting of appropriate Transition Regulations, and to ensure both are fully aligned with the Review Recommendations. These must be completed in time for distribution with SGM papers.

9.1.3 Governance Capability and Appointment Process

Having considered best practice governance principles, and effective governance appointment structures and appointment processes for other relevant sport organisations in New Zealand the Review Committee recommends the following structure for NZRL:

- Role of the Board
 - The Board shall be responsible for governing NZRL, and all Directors, including the Chair, will be non-executive
 - The Board shall, through clearly defined delegations of authority, delegate to the Chief Executive the day-to-day management of the business and affairs of NZRL. The Board shall have a documented signed annual performance agreement between itself and the Chief Executive which will clearly articulate the operational objectives (derived from the Annual Plan) for the Chief Executive
- Board size: 7 members
- Appointed/Elected Directors:- 4 appointed, 3 elected
- The Chief Executive will not be a Board member but shall attend Board meetings
- Eligibility will be based on skills, ability, experience and track record (criteria will be developed by the Appointment Committee and be made available to the sport),but will ensure the Board will always have strong institutional Rugby League knowledge from a national and “grass roots” point of view
- Mix of “Independence” and in-depth “sports knowledge”. Of the 7 members a minimum of 3 members must be independent of the sport (criteria to be developed), and a minimum of 3 from within Rugby League but who do not hold any governance or executive positions within a Zone at the time of being a Director on NZRL. Independent and Rugby League knowledgeable Directors can become members of the Board via either the appointment or election process. The 7th member can either be independent or from the sport
- Succession planning and induction - strong processes will be documented, implemented and run by the Board for annual succession planning, Review and development of Directors, including a structured thorough formal induction programme for new Directors
- Appointment Committee
 - The Board will initiate the process for the establishment of an Appointment Committee (as needed). The composition of the Appointment Committee will comprise 2 persons experience in governance appointed by SPARC (one of whom SPARC will appoint to chair the Committee), 1 person appointed by the new Zones (see Section 9.1.5) but who cannot be considered by the Committee as a potential Director candidate, and 1 person appointed by the Board (this could be the Board Chair but does not need to be, nor does it need to be a current Board member. It cannot be a person wanting to be considered as a potential Director candidate). The Chair of the Appointment Committee will have a casting vote
 - The Appointment Committee will consult with the Chair and Chief Executive regarding existing Director performance and will seek feedback from the Board itself about skill gaps (as a result of the Board undertaking a self Review process)
- Application for elected positions

- Application to be considered as an elected member can be made by any member of a Club, District, Zone, or of NZRL, accompanied by the applicant's signed consent, an up-to-date CV, and any other material requested by the Appointment Committee
- The Board Appointment Committee shall be independent of the Board and shall be responsible for:
 - Appointing the appointed Directors and recommending the elected Directors to the AGM
 - Identifying and inviting suitable candidates to apply for appointment as an Appointed Board Member. This must include nationwide effective advertising and inviting members of the public to apply for appointment as an Appointed Board Member. Other methods in addition to advertising can also be used to identify potential candidates
 - Assessing candidates who have made an application for appointment as an Appointed Board Member, including undertaking such enquiries and holding interviews and meetings as it sees fit
 - Determining which candidates are to be appointed as Appointed Board Members
 - Receiving the applications from individuals for election as Elected Board Members including undertaking such enquiries and holding interviews and meetings as it sees fit in order for them to assess the suitability and make recommendations on preferred candidates to all members prior to members voting
- A new Appointment Committee will be convened each time it is required. Past Committee members will be eligible for future committees
- In determining the Appointed Board Members and recommending persons to be Elected Board Members, the Board Appointment Committee shall appoint or recommend based on merit and in so doing shall take into account the following factors about the candidate or nominee and will always ensure the Board mix provides a sound collective understanding of Rugby League and corporate governance:
 - Their prior governance experience, as a Director, Trustee, or experience in any other governance role
 - Their knowledge of, and experience in the sport of Rugby League including international, national, high performance, competitive and "grass roots" Rugby League
 - Their knowledge of community-based programmes and work with central and local government agencies and commercial sponsors
 - Their occupational skills, abilities and experience
 - Their awareness of the need for Conflicts of Interest to be minimised
 - Collectively that they cover the need for a wide range of skills and experience on the Board including skills in commerce, finance, marketing, and business generally
- Chair of the Board
 - The inaugural Chair will be appointed by the inaugural Appointment Committee
 - The role will always be non-executive
 - After the first 2 years of establishment, the Chair will be appointed by the Board after the AGM and be the "best person for the job"

- Voting Rights
 - All Directors will have the same voting rights
- Terms
 - The inaugural Board of 7 will be allocated terms by the Chair and Board by the end of the first year. There will be no changes to the inaugural Board in the first 2 years. At the end of the second year 2 the first 2 inaugural members (1 elected and 1 appointed) will retire but be eligible for re-election. At the end of the third year the next 2 inaugural members (1 elected and 1 appointed) will be up for re-election. At the end of the fourth year a further 2 inaugural members (1 elected and 1 appointed) will be up for re-election with the final person being up for re-election the year following together with the 2 members who joined at the end of Year 2(1 appointed and 1 elected). Subsequent terms will be 3 years
- Members
 - There will be 4 members' categories – only the Zones will have voting rights
 - The 4 categories will be
 - Zones (with one vote each to be executed independently of each other)
 - Districts (no votes)
 - Associates (no votes)
 - Life members (no votes)
- Directors fees
 - Modest fees will be paid to recognise the commitment and responsibility of Directors and actual and reasonable expenses reimbursed (upon presentation of receipts). The Directors fees are to be set at the AGM by members
- Voting Rights of Zones
 - There will be no constraints in voting rights (no suspension provisions)
 - Votes will be executed for
 - Elected members (via the Appointment Committee process)
 - Changes to the Constitutions (requiring 66.67% of the eligible vote)

In order to implement this new governance structure the existing Board will need to initiate the establishment of the inaugural Appointment Committee immediately after the new Constitution is adopted at the SGM in March 2009. The Committee will identify the four appointed Directors and screen and make Recommendations on the three elected Directors for the new Board under the new Constitution. This work needs to be completed with urgency. The existing Board will be required to resign once the Appointment Committee has decided the appointed candidates and the elected candidates have been selected. Transitional regulations to be organised by the NZRL Board will cover all of these activities.

Existing Board members can put themselves forward for consideration as candidates for the new Board.

President

The position of President will remain. The role and responsibility of the President will be:

- To represent NZRL at all ceremonial and official events
- To represent the interests of all Members of NZRL
- To Chair the Annual General Meeting and any Special General Meeting
- To attend Board meetings at the discretion of the Chair, but not to have voting rights at such meetings

The President will be appointed by the Board for a term of two years. If the President through death or resignation does not complete their term a replacement shall be elected by the membership by calling for a nomination(s) and conducting a postal ballot.

Patron

The position of Patron will remain. The role and responsibility of the Patron will be

To foster, promote and support Rugby League

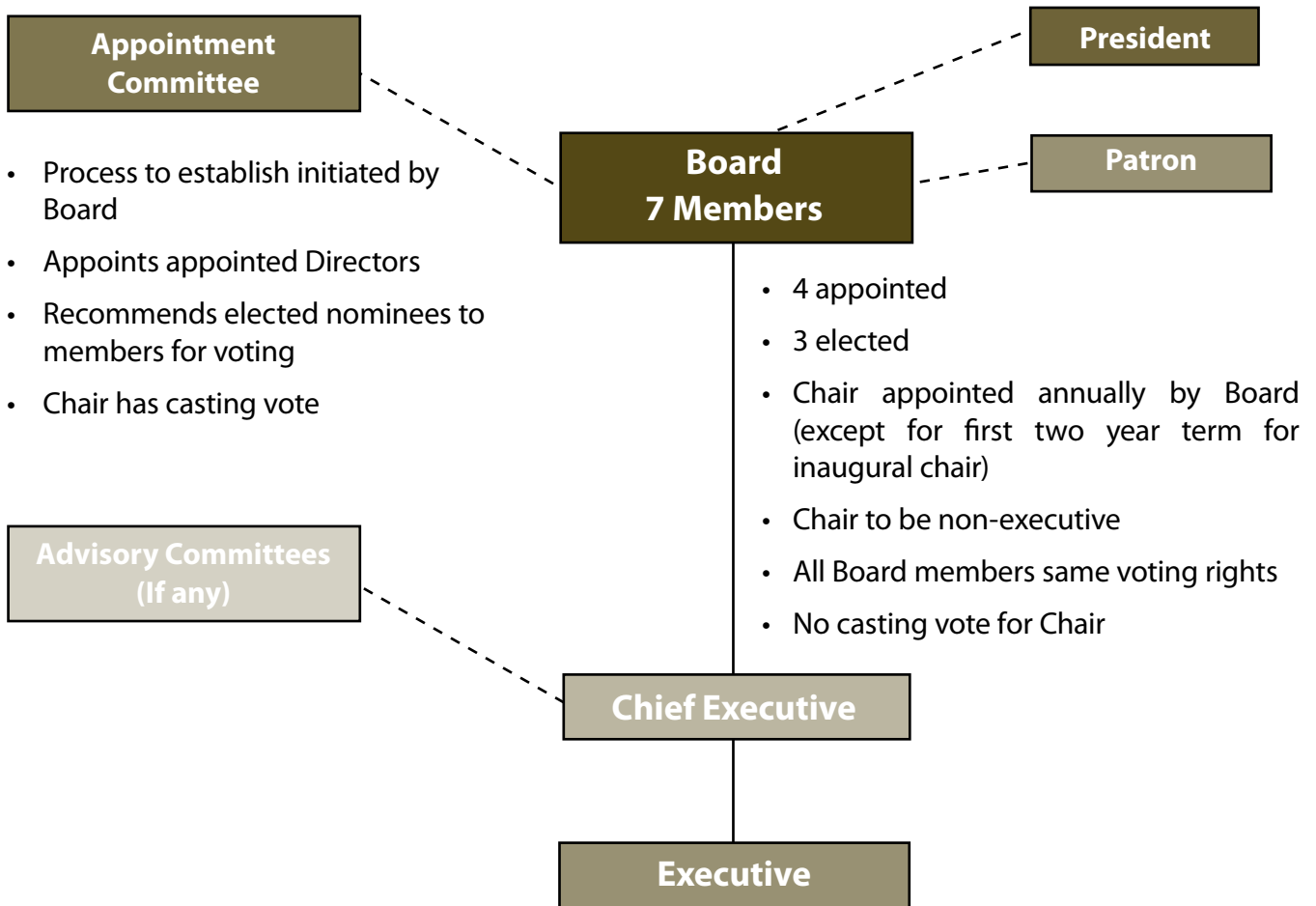
To represent NZRL at ceremonial and official events as appropriate

The Patron will be appointed by Members at the Annual General Meeting for a term of 3 years.

Associates

While Associates will have no Constitutional vote in the new structure, NZRL will be obligated to enter into an annual Heads of Agreement with each Associate which will detail the operational relationship between the two organisations based on the NZRL Strategic Plan and the Associates Strategic Plan (which must be aligned). The Heads of Agreement will include performance criteria and will detail the operational support NZRL will give the Associate and visa versa for the forthcoming year. It will be the responsibility of the Board to sign off on the Heads of Agreement and to formally monitor performance against the agreed objectives, milestones, and KPIs. This new arrangement will provide greater accountability between the two organisations and provide the Associates with more certainty than through their existing right to vote. It also will enable NZRL to interact with each organisation in the most appropriate manner recognising that the needs of each are very different.

Diagrammatic Representation of the new Board and Appointment Committee



RECOMMENDATION 3:

The Board of NZRL endorses the new Board governance structure and robust appointment process detailed by the Review Committee including:

- **7 Board members with equal voting rights**
- **4 appointed and 3 elected Board members**
- **A minimum of 3 independent members and 3 members who come from the sport (the 7th member could be either independent or from the sport)**
- **An Appointment Committee of 4, comprising 2 persons experienced in governance appointed by SPARC (1 of whom SPARC appoints as the Chair), 1 appointed by the Board and 1 appointed by the Zones. The Appointment Committee will select appointed members and recommend elected members. The Chair will have the casting vote**
- **Non-executive roles for all Directors, including the Chair**
- **The inaugural Chair to be appointed by the Appointment Committee. After the first 2 years the Chair is elected by the Board post the AGM and is the “best person for the job”**
- **The positions of President and Patron remain**

RECOMMENDATION 4:

The Board of NZRL resolves that transitional regulations will cover the period between the adoption of the new Constitution and the commencement of the new Board. The transitional regulations will include the requirement for the existing Board to resign following the selection of the new Board. Existing Board members can, however, put themselves forward for consideration as candidates for the new Board.

RECOMMENDATION 5:

The Board notes that the new Constitutional voting rights will include:

- ***All Directors have the same voting rights***
- ***Only the newly established 7 Zones have voting rights and these cannot be constrained or removed by NZRL***
- ***Each Zone will have one vote, and they must execute these independently of each other***
- ***Districts will remain members of NZRL but will not have any voting rights***
- ***Associates and Life Members will remain members of NZRL but will not have any voting rights***
- ***NZRL will be obligated to enter into an annual operational Heads of Agreement with each Associate***

9.1.4 Governance Leadership and Discipline

The responsibility for leadership for the sport will rest with the new Board. The practices and modus operandi for the Board must support:

- Transparency
 - The Board will commit to transparency with members in its undertakings
- Commitment to Excellence
 - The Board will lead by example and will take the necessary steps and ensure robust processes and policies are in place and that there is a sport wide focus over the coming years to develop a culture of excellence
- Strategy development and delivery
 - The Board will lead a robust process to develop and regularly update the Strategic Plan for the sport and NZRL. A consultative approach will be used and the plan will include measurable KPIs and milestones. The plan must encompass
 - A clear vision for the sport
 - Values that underpin the sport, including transparency, openness, integrity, and excellence in delivery
 - A sport development plan including player, team manager, coach and referee development
 - A high performance plan

- A funding framework for the next 3 years including clear identification of funding sources, funding allocation to programmes (including number of personnel and associated resources), and the funding strategy for trusts to support both NZRL and the new Zone structure and activities
- A sponsorship plan
- A sustainable national competition structure including timetabling, team numbers, resourcing required – all designed in conjunction with a broadcasting partner
- A 5 year international tours programmes built around the recently released RLIF 5 year competition plan and the new domestic competitions structure
- A stakeholders plan, including relationship/partnering plans with key external organisation such as SPARC, corporate sponsors, the Warriors, School Sport Organisation, Local authorities (including Territorial Local Authorities), Regional Sport Trusts, TPK and relevant community organisations, and gaming trusts
- A plan to influence the leadership required for the development of the international game
- The strategy will be supported by an Annual Business plan to be developed and adopted by the Board and shared with members. It will include targets and KPIs to reflect the areas of focus in the Strategic Plan for the coming year
- Critical policies, processes and practices
 - The following critical processes must be in place, and appropriately analysed and referred to in the Annual accounts
 - Conflicts of Interest
 - Board Entertainment
 - Board Gifts
 - Board Travel
 - Expenses Policy
 - Directors fees and expenses
 - Professional induction programme for Directors and an annual Board performance Review with a development plan for the Board as a whole and each Director
 - Chief Executive
 - A suitably qualified and capable Chief Executive must be appointed by the Inaugural Board and an appropriate Best Practice performance management process put in place between the Board and Chief Executive
 - Constraints
 - The only constraints to governance will be those detailed in the Companies Act which will as necessary be included in the new Constitution

RECOMMENDATION 6:

The Board resolves and recommends that the new Board adopt the processes and modus operandi identified by the Review Committee including:

- ***Transparency***
- ***Commitment to excellence***
- ***Strategy development and delivery***
- ***Critical policies, processes and practices***
- ***The appointment and performance management of a Chief Executive***
- ***A professional induction programme and an annual development programme for Directors***

Following the appointment of the Chief Executive and the finalisation of the Strategic Plan, a full Review of NZRL corporate resources and corporate costs needs to be undertaken. NZRL costs will be determined by the outcomes of the Strategic Plan and the business model undertaken to manage the game in the future.

9.1.5 Zone Structure

Overview

Following the Ineson Review, feedback received, and observing arrangements in other sports, the Review Committee recommends the establishment of seven new Zones. This is required as the existing Districts infrastructure has resulted in many areas that are too small to govern and administer, and in a number of areas whereby the existing Districts do not have the resource and capability necessary to support and grow the game. In some instances Districts have no teams.

The recommended new Zone structure brings together natural geographic regions into groups with critical mass to support programmes and activities to grow the game. The new Zone structure will enhance the existing District structure, not duplicate it. In some instances existing Districts may well fold into the new Zone structure, however this is for the each Zones and Districts to determine once the Zones are up and running. The Zones will hold the voting rights in NZRL with one vote per Zone (which they must each vote independently of each other). The Zones will co-ordinate activity for the game within their region (consistent with the overall Strategic Plan for the game), supported by paid employees.

Role and Structure of New Zones

The role and structure of the Zones is as follows:

- Constitution and governance to mirror NZRL with an Appointment Committee structure for the Zone Boards
- Each Zone will be resourced and include a General Manager and appropriate administration and participation development capability (all paid positions with KPIs and performance management arrangements). The General Manager will coordinate with Districts within

the Zone to support and run the game “on the ground” and to best leverage existing District capability and reach

- The General Manager will be appointed by and be accountable to the Zone Board, but will also have operational accountability to the NZRL Chief executive. The latter will be included in the Position Description and annual performance contract for the General Manager
- NZRL will manage the national member database with Zones to provide the appropriate information to support sponsorship, funding, etc
- There will be consistent rules/eligibility criteria for all Zones
- Zones will be responsible for coordinating programmes in their geographic areas (consistent with Strategic Plan and NZRL role) including: running competitions, sponsorship, trust fund applications and supporting “grass roots” activities and Districts and Clubs
- Each Zone will have a representative team in the national competition, however Zone 3 will include Hawkes Bay and Gisborne representatives for national competitions
- The seven Zones will work with Districts and Clubs as appropriate, with the Zones taking responsibility for:
 - Leadership of Rugby League in the Zone
 - Game development
 - National Provincial (Zone) Premiership teams – Senior, Under 18 and Under 16
 - Inter District competitions within the Zone as appropriate
 - Club competitions where it is in the best interests of the game
 - Membership management in association with NZRL, Districts and Clubs
 - Transfers within the Zone
 - Organising in conjunction with NZRL to secure the funding for the key management, administration, and development resource to support the game within the Zone

- Note: 1. Any International event/competition that is under consideration in any Zone is to have the approval of NZRL; and
2. Any competitions that are established between Clubs or Districts within different Zones needs to have the approval of both Zone Boards

Districts will work (as appropriate-see below) with the Zones and Clubs to be responsible for:

- Club Competitions
- Game growth in their area in association with the Zone and Clubs including running programmes “on the ground”
- Membership management in association with NZRL, Zones and Clubs
- District representative teams

The relationship between Zones and Districts will vary Zone by Zone. In some instances Zones may work with other organisations such as Sports Trusts if the District is no longer functioning or the existing District does not have the reach or personnel in all the geographies targeted by the Zone.

The Seven New Zones

The seven new Zones to be established are:

- **ZONE 1 - Southern** (including Tasman, West Coast, Otago, Southland, and Canterbury Districts)
- **ZONE 2 - Lower Central** (including Gisborne, Hawkes Bay, and Wellington Districts)
- **ZONE 3 - Mid Central** (including Taranaki, Manawatu and Wanganui Districts)
- **ZONE 4 - Upper Central** (including Bay of Plenty, Coastline and Waikato Districts)
- **ZONE 5 - Counties Manukau** up to and including Otahuhu (a subsection of the existing Auckland District)
- **ZONE 6 - Auckland** (a subsection of the existing Auckland District comprising west, central, Howick, and eastern Auckland)
- **ZONE 7 - Northern** (a subsection of the Auckland District comprising North Harbour combined with Whangarei District)

Note:

1. The names given to the new Zones may be changed if desired.
2. The existing assets from the sale of Carlaw Park are in a Trust. The functions of this Trust will not change.

Governance of Zones

Each Zone will be governed by a Board with a minimum of five members and a maximum of seven members. Zones will use an Appointment Committee process similar to that used for the NZRL Board. However, given the diverse nature of Clubs (from strong large Clubs to one-team pub Clubs) there will be no voting process for Board appointment. Voting by all Clubs is seen as being administratively cumbersome and costly.

Zone Boards will initiate the establishment of the Appointment Committee (see below) for their Zone, with an inaugural Establishment Committee setting up the first Appointment Committee for each Zone.

Each Zone will have an Appointment Committee comprising;

- one appointee appointed by the Zone Board (who does not wish to be considered for the new Board)
- one appointee appointed by the Clubs (each Zone will co-ordinate an open transparent process for the Clubs to choose their appointee)
- Two persons experienced in governance who will be appointed by SPARC (one of whom will be appointed Chair by SPARC)
- The Chair will have the casting vote

The Appointment Committee will advertise widely externally and internally within the Zone, calling for applicants for the Zone Board and will be responsible for the appointment of the base Board of five, comprising a minimum of two independent Directors and a minimum of two Directors from the sport. The 5th member can be either independent or from the sport.

The Inaugural Appointment Committees will appoint the inaugural new Zone Board Chairs for a period through until the 2011 AGM cycle. Thereafter the Boards will appoint their own Chairs each year from amongst the Board members (as will be done for the NZRL Board).

A Zone Board quorum will be three.

Any member of a Zone or Club can apply to the Zone Appointment committee for consideration, supplying the appropriate material requested by the Committee (e.g. CV, and details of relevant governance/commercial/sporting experience). The Board once appointed can co-opt two additional people onto the Board to ensure the Board has the appropriate skills and experience. Co-opted members will have the same voting rights as appointed members. There is no restriction on whether these co-opted members are from within or independent of the sport.

Any current executive within a Zone will not be eligible for a position on a Zone Board. If a person is on a District or Club Board or holds an operational position for a District or Club they will not be disqualified from also holding a Zone Board position.

9.1.6 Establishment of Zones

The establishment of Zones will vary between the Zones recognising the existing strengths within existing Districts and the functionality between existing Districts. The recommended establishment processes (see below) have been designed to facilitate a smooth and orderly transition to the new structure, leverage existing capability within the sport, ensure existing programmes and personnel are well utilised for the benefit of the sport, and to avoid duplication and overlap between the new Zones and the existing Districts.

The establishment process for each Zone is described below:

Zone 1 - Southern

- The existing Board for Canterbury District will become the Establishment Committee for the new Southern Zone once the new Constitution for the Zone has been finalised and put in place. They may co-opt up to two other members from the other Districts within the new Zone. This Establishment Committee will then facilitate the establishment of the new Zone Board by putting in place an Appointment Committee as described above. The goal is to have the first new Zone Board in place by December 2009 which will remain in place through until the 2011 AGM cycle
- The existing administration and infrastructure of the Canterbury District will take over the running of the new Zone in the first instance with the existing General Manager for the District becoming the Acting General Manager for the new Zone as well. Once the new Board is in place they will appoint a General Manager and Development Manager for the Zone and work with all the Districts within the Zone to determine the long term Zone/Districts structure and roles to avoid any duplication. It is anticipated much of the existing Canterbury District will fold into the new Zone (although services may be enhanced to cover all Districts) but this will be determined by the new Zone Board and the existing Canterbury District Board
- The Inaugural Southern Zone Board of five once appointed by the Appointment Committee will then co-opt up to a further two members to the Board for terms of two years

- The Board will allocate “terms” amongst themselves using the same process as the new NZRL Board
- Subsequently replacement of non-co-opted members will be completed using the Appointment Committee process with a new committee established as needed

Zone 2 – Lower Central

- The existing Board for Wellington District will become the Establishment Committee for the new Lower Central Zone once the new Constitution for the Zone has been finalised and put in place. They may co-opt up to two other members from the other two Districts within the Zone to the Committee. This Establishment Committee will then facilitate the establishment of the new Zone Board by putting in place an Appointment Committee as described above. The goal is to have the first new Zone Board in place by December 2009 which will remain in place through until the 2011 AGM cycle
- The existing administration and infrastructure of the Wellington District will take over the running of the new Zone in the first instance with the existing General Manager for the District becoming the Acting General Manager for the new Zone as well and Wellington District providing administration services to all Districts within the Zone in the first instance
- Once the new Board is in place they will appoint a General Manager and Development Manager for the Zone and work with all the Districts within the Zone to determine the long term Zone/Districts structure and roles to avoid any duplication. It is anticipated much of the existing Wellington District will fold into the new Zone (although services may be enhanced to cover all Districts in the Zone) but this will be determined by the new Board and the existing Wellington District Board
- The Inaugural Lower Central Zone Board of five once appointed by the Appointment Committee will then co-opt up to a further two members to the Board for terms of two years
- The Board will allocate “terms” amongst themselves using the same process as the new NZRL Board
- Subsequently replacement of non-co-opted members will be completed using the Appointment Committee process with a new committee established as needed

Zone 3 – Mid Central

- The existing Board for Taranaki District will become the Establishment Committee for the new Mid Central Zone once the new Constitution for the Zone has been finalised and put in place. They may co-opt two other members from other Districts within the Zone to the Committee. This Establishment Committee will then facilitate the establishment of the new Zone Board by putting in place an Appointment Committee as described above. The goal is to have the first new Zone Board in place by December 2009 which will remain in place through until the 2011 AGM cycle
- The existing administration and infrastructure of the Taranaki District will take over the running of the new Zone in the first instance with the existing General Manager for the District becoming the Acting General Manager for the new Zone as well and Taranaki District providing administration services to all Districts within the Zone in the first instance

- Once the new Board is in place they will appoint a General Manager and Development Manager for the Zone and work with all the Districts within the Zone to determine the long term Zone/Districts structure and roles to avoid any duplication. It is anticipated much of the existing Taranaki District will fold into the new Zone (although services may be enhanced to cover all Districts in the Zone) but this will be determined by the new Board and the existing Taranaki District Board
- The Inaugural Mid Central Zone Board of five once appointed by the Appointment Committee will then co-opt up to a further two members to the Board for terms of two years
- The Board will allocate “terms” amongst themselves using the same process as the new NZRL Board
- Subsequently replacement of non-co-opted members will be completed using the Appointment Committee process with a new committee established as needed

Zone 4 – Upper Central

- The existing Board for Waikato District will be asked to put together an Establishment Committee comprising two Board members from each of Waikato, Bay of Plenty and Coastline Districts once the new Constitution for the Zone has been finalised and put in place. The Committee will appoint their own Chair. This Establishment Committee will then facilitate the establishment of the new Zone Board by putting in place an Appointment Committee as described above. The goal is to have the first new Zone Board in place by December 2009 which will remain in place through until the 2011 AGM cycle
- The Establishment Committee will determine how best to run the new Zone through the transition period until the new Zone Board is in place including appointing an Acting General Manager from within the three Zones. Once the new Board is in place they will appoint a General Manager for the Zone and work with all the Districts within the Zone to determine the long term Zone/Districts structure and roles to avoid any duplication and facilitate growth of the game within the new Zone geography
- The Inaugural Upper Central Zone Board of five once appointed by the Appointment Committee will then co-opt up to a further two members to the Board for terms of two years
- The Board will allocate “terms” amongst themselves using the same process as the new NZRL Board
- Subsequently replacement of non-co-opted members will be completed using the Appointment Committee process with a new committee established as needed

Zone 5 - Counties Manukau

- The Board of Auckland District will work with appropriate Club personnel from within the new Counties Manukau Zone and put together an Establishment Committee comprising two Board members from Auckland District and four from Counties Manukau Clubs once the new Constitution for the Zone has been finalised and put in place. The Committee will appoint their own Chair. This Establishment Committee will then facilitate the establishment of the new Zone Board by putting in place an Appointment Committee as described above. The goal is to have the first new Zone Board in place by December 2009 and it will remain in place through until the 2011 AGM cycle

- The Establishment Committee will determine how best to run the new Zone through the transition period until the new Zone Board is in place. Once the new Board is in place they will appoint a General Manager and Development Manager for the Zone and have a formal Heads of Agreement with Auckland District for the provision of administration and financial services and other agreed support, at least for the period required to get the new Zone up and running
- The Inaugural Counties Manakau Zone Board of five once appointed by the Appointment Committee will then co-opt up to a further two members to the Board for terms of two years
- The Board will allocate “terms” amongst themselves using the same process as the new NZRL Board
- Subsequently replacement of non-co-opted members will be completed using the Appointment Committee process with a new committee established as needed

Zone 6 - Auckland

- The existing Board for Auckland District will become the Establishment Committee for the new Auckland Zone once the new Constitution for the Zone has been finalised and put in place. This Establishment Committee will then facilitate the establishment of the new Zone Board by putting in place an Appointment Committee as described above. The goal is to have the first new Zone Board in place by December 2009 and it will remain in place through until the 2011 AGM cycle
- The existing administration and infrastructure of the Auckland District will take over the running of the new Zone in the first instance with the existing General Manager for the District becoming the Acting General Manager for the new Zone as well. Once the new Zone Board is in place they will appoint a General Manager for the Zone and determine the long term structure required for the Zone including any agreement for services they will be providing/co-coordinating for the two neighbouring Zones and Auckland District. It is anticipated much (if not all) of the existing Auckland District may well become the new Zone but this will be determined by the new Zone Board and the existing District Board
- The Inaugural Auckland Zone Board of five once appointed by the Appointment Committee will then co-opt up to a further two members to the Board for terms of two years
- The Board will allocate “terms” amongst themselves using the same process as the new NZRL Board
- Subsequently replacement of non-co-opted members will be completed using the Appointment Committee process with a new committee established as needed
- Auckland Zone will be fully resourced including a general manager, development manager, and administration and financial support staff
- The new Zone Board will work with the District Board to migrate the existing structure through to the new Auckland Zone structure as appropriate

Zone 7 – Northern

- The existing Board for Auckland will put together an Establishment Committee comprising three Board members from Auckland District and three from the Board of Whangarei District once the new Constitution for the Zone has been finalised and put in place. The

Committee will appoint their own Chair. This Establishment Committee will then facilitate the establishment of the new Zone Board by putting in place an Appointment Committee as described above. The goal is to have the first new Zone Board in place by December 2009 and it will remain in place through until the 2011 AGM cycle

- The Establishment Committee will determine how best to run the new Zone through the transition period until the new Zone Board is in place. Once the new Board is in place they will appoint a General Manager and Development Manager for the Zone and have formal Heads of Agreement with Auckland District for the provision of administration and financial services and other agreed support, at least for the period required to get the new Zone up and running
- The new Board will work with the two Districts within the Zone to determine the long term Zone/Districts structure and roles to avoid any duplication and facilitate growth of the game within the new Zone geography
- The Inaugural Northern Zone Board of five once appointed by the Appointment Committee will then co-opt up to a further two members to the Board for terms of two years
- The Board will allocate “terms” amongst themselves using the same process as the new NZRL Board
- Subsequently replacement of non-co-opted members will be completed using the Appointment Committee process with a new committee established as needed

RECOMMENDATION 7:

The Board supports the establishment of the new seven-Zone structure as detailed in the body of the Review Committee Report noting:

- ***Only Zones will have voting rights in NZRL***
- ***Zones will be responsible for coordinating programmes, running competitions, sponsorship, trust fund applications and supporting grassroots activities and Districts and Clubs in their geographic area***
- ***Each Zone to have a Constitution and their own Board (including governance processes and practices) that mirrors the structure and intent of that found in the new NZRL structure***
- ***Each Zone will be resourced and include a general manager and appropriate administration and development capability (all paid positions with KPIs and performance management arrangements)***
- ***The Zone structure will underpin the annual national competition structure, however Zone 3 will include Hawkes Bay and Gisborne representatives for national competitions***
- ***The establishment processes to be used for the new Zones will vary between the Zones, recognising the existing strength within existing Districts and the functionality between existing Districts***
- ***The names given to the new Zones may be changed if desired***
- ***The new Zone structure will enhance the existing District structure, not duplicate it***

RECOMMENDATION 8:

The Board agrees to release the Ineson Report to all Districts at a similar time to the Review Committee Report being made public.

9.2 Financing the Change

Securing sustainable funding is critical to the long term success of Rugby League. The Review Committee identified two phases of funding to support implementation of the Recommendations

- Post AGM to October 2009 when the new Board is in place and the future robust Strategic Plan and budget has been agreed
- Post October 2009 where various funding partners who support the Strategic Plan need to be "locked in". This funding support will include the costs for the new Zone structure and resourcing

9.2.1 Transition Support to October 2009

SPARC recognises Rugby League as an important sport to New Zealanders and supports NZRL's desire to make Rugby League a strong, vibrant sport.

SPARC welcomed the NZRL Board commitment at its 18 June 2008 meeting to endorse and accept the proposed independent Review of Rugby League and to commit to advocate and adopt the recommendations of the Review.

In accepting the recommendation to undertake the Review, SPARC understands that NZRL has acknowledged major issues within the sport and was therefore prepared to work with SPARC in good faith to address those issues.

In return for this commitment, SPARC agreed to fund the costs of the Review and to continue to engage with NZRL throughout and following the Review.

SPARC has covered the full cost of the Independent Review and has also committed investment for development and resourcing of an Interim Chief Executive during the course of the Review.

SPARC has acknowledged to NZRL and the Review Committee that there will be costs associated with implementing the Recommendations of this Review, and has committed to the Review Committee that it will work with NZRL to agree how it can best support these costs.

In the absence of the detail of the Review Committee Recommendations, SPARC could not quantify the dollar value of the level of support it is likely to offer NZRL post the immediate transition period after the Review.

Through related work with other national sports organisations over the past five years, SPARC has come to understand that there is a transition period following agreement of Review Recommendations that need to be separated from ongoing support. SPARC acknowledges their ongoing support will be structured across two distinct periods – immediately post-Review, and following a presentation from NZRL to SPARC on its long term value proposition derived from its Strategic Plan.

However, subject to the Recommendations from the Review being accepted in full, SPARC has committed to the following:

- SPARC will fund the Phase One implementation transition period support separately from any ongoing support associated with the implementation of the Review recommendations. SPARC anticipates the initial investment and support will be for a transition period from 1 April 2009 (post AGM) until 30 September 2009, at which point it is anticipated NZRL will be in a position to present a case to SPARC for longer term support. This will be dependent upon on the completion of a robust Strategic Plan, developed through a highly consultative and transparent process, being adopted by the sport and the appointment of a suitable Chief Executive. During this transition period SPARC anticipates funding (at an appropriate level) the base operating costs necessary to keep NZRL going, as well as the costs associated with the transition activities necessary to keep NZRL operating at its existing annual level of investment, plus enabling the implementation of the Recommendations. This commitment from SPARC would therefore include the base operating costs from the 2009 AGM (March) through until October 2009, the selection and appointment process for the new Board, the recruitment and selection of the new Chief Executive, and the implementation of the Strategic Planning process including consultation, legal costs associated with implementing the new Zone structure, any project co-ordination costs associated with these activities, and the establishment costs associated with the new Zone Boards and General Managers
- Subsequent to this initial transition period, SPARC's intent is to enter into a multi-year investment to enhance NZRL's ability to plan ahead. It is also their intention to invest in a whole of sport approach, rather than having several separate investments. SPARC has indicated that, subject to a robust value proposition, it is prepared to substantially increase its investment in NZRL
- Ongoing investment will be connected with supporting NZRL's Strategic Plan. This is consistent with SPARC's investment in other national sports organisations. SPARC's investment will be based on the connection of the outcomes in this Strategic Plan with its own core outcomes
- SPARC will require milestones throughout the agreed period of investment, at which points SPARC will reserve the right to revisit investment decisions based on performance
- SPARC will also work with the Board of NZRL (as appropriate) to assist NZRL gain investment from other investment partners such as gaming organisations

9.2.2 Transition Budget to October 2009

As per section 9.2.1 of this Report, SPARC has indicated it will provide transition support separately from any ongoing financial support. SPARC anticipates the transition period will be from 1 April 2009 (post AGM) until 30 September 2009, at which point it is anticipated NZRL will be in a position to present a case to SPARC and other funding partners for the longer term financial support needed to support the implementation of the Strategic Plan including the new Zone structure.

The following transitional Budget and Assumptions outline the financial support NZRL may require through the initial transition period.

The Review Committee believe approximately \$450,000 transitional support funding will be required from SPARC as detailed below based on the listed assumptions.

Net NZRL core overhead (based on current organisational structure)	(\$281,500)
Add: ANZAC Test Return	<u>\$249,000</u>
Net Core Overhead support from SPARC to address deficit	(\$32,500)
Add: Transitional Costs support	<u>\$420,000</u>
<i>(Including interim Acting Chief Executive, the new Board appointment process, Chief Executive recruitment, Strategic Plan development, legal advice, and Zone Board and General Manager establishment)</i>	
Total estimated SPARC Transitional Support to October 2009	<u>\$452,500</u>

Assumptions for transitional costs to 30 September 2009

- NZRL continues to receive targeted financial support from NRL Partnership at budgeted levels
- The Provincial Premiership continues in its existing format with the addition of a semi-finals weekend in August/September 2009 with charitable trust support
- TAB receipts continue in line with historic trends
- New Chief Executive commences 1 August 2009
- Governance costs comprise Directors fees and Board meeting costs at same rates as 2008
- SPARC continue to provide support to NZRL for the Interim Acting Chief Executive, who is employed by the NZRL Board until new Chief Executive in place with one month handover
- New Board appointment process comprises advertising costs, travel and interview costs, Appointment Panel member remuneration (if required), and use of employment consultants for applicant evaluation services (if required)
- New Chief Executive appointment process comprises advertising costs, travel and interview costs, and use of employment consultants for applicant evaluation services

- Given the tight timeframe for the new Board establishment, Chief Executive recruitment and the constraints within the existing organisational structure, it is envisaged that external consultants will be used to assist in facilitating the development of the Strategic Plan with the sport. This will be done in parallel with the recruitment process for the new Chief Executive. The budget also includes consultation workshop costs including travel, printing etc
- The initial Review includes a new NZRL Constitution which has been drafted by the Review Committee. The budget includes legal costs associated with finalising this Constitution, the transitional regulations and preparing the standard Constitution for the new Zones
- The budget does not include any allowance for change management costs associated with implementing the new Strategic Plan
- Zone establishment costs include recruitment and appointment costs for the Boards and Zone General Managers
- The Budget is based on core services essential to the basic NZRL operations. Areas of discretionary spend such as Coaching and Development programmes are excluded. The NZRL will need to negotiate with SPARC what discretionary spending (if any) can be undertaken with SPARC financial cover during the transitional period. In the case of League Net/Website development there is funding support of \$35,000 attached to this from NRL Partnership so that the cost and revenue is neutral to this budget.

9.2.3 Operational Budget for New Structure

The ongoing operations budget for the new structure (i.e. Phase Two implementation funding) will be derived from the Strategic Plan and the final resource needs identified for the new Zone structure and the funding streams secured from sponsors, broadcasters, Trusts, SPARC and other sources based on the Strategic Plan. This budget is the responsibility of the new Board. The Review Committee could not complete this in the absence of the new meaningful Strategic Plan.

Securing funding to support the second phase (post September 2009) of implementation of the Review Committee Recommendations is also the responsibility of the new Board. Throughout the course of the Review, opportunities were identified for long term sustainable funding/investment/support in Rugby League from a variety of sources including Trusts, corporate sponsors, and community related organisations. Community trusts made it clear that they wished to invest in Rugby League, particularly to support "on the ground" activity. However to do this they needed to have confidence in the governance and management capability of NZRL and would want to see their investment aligned to a robust Strategic Plan for the sport. Likewise sponsors want to enter long term arrangements with the sport again related to the Strategic Plan, a robust sustainable national competition structure and a well planned international competition and touring programme. These opportunities need to be pursued by the new Board.

In the longer term, the Review Committee believe opportunities exist for the new Board to work with RLIF to look to greater leverage broadcasting revenue from international competitions and touring programmes. This would involve working with the key members and renegotiating the fragmented arrangements that currently exist which see broadcast revenue being negotiated and retained within the country the game is played in. The Review Committee believe that greater revenue flow would be possible from a centrally facilitated negotiation as is done with other international games in sports with high viewer spectator appeal.

RECOMMENDATION 9:

The Board notes that SPARC has agreed to provide the transition funding required (\$450,000) to support the first stage of implementation of the Review Recommendations through to 30 September 2009 providing the Review Recommendations are implemented in full. It will be the responsibility of the new Board to secure and lock in the ongoing funding required to support the new Zone structure and resourcing, and to implement the Strategic Plan. The Review Committee identified this funding will come from sponsors, trusts, national and international broadcast arrangements, other funding agencies with interest in the games participants (such as some local authorities) and SPARC.

9.3 Implementation Plan

The following timeline summarises the key actions required to implement the changes recommended by the Review Committee. There is real urgency to make progress once the enabling Constitution is adopted. While it would be ideal for the new Chief Executive to drive the consultative robust development of the new Strategic Plan for the sport, the implementation plan requires the new Board to drive this in parallel with the Chief Executive recruitment process, and for the Chief Executive to take over once appointed. This is in response to the urgent need to implement the identified changes. The transition budget recognises the Board will require additional contracted resource to support their responsibilities in this area.

12 February 2009	Existing Board adopts Recommendations from Review Committee and formally calls SGM to change the Constitution and agree transitional regulations to enable the necessary changes to be made to support the recommendations
Existing AGM March 28/29 2009	NZRL supports the Recommendations of the Review Committee for adoption at the AGM
SGM March 28/29 2009	New Constitution and Transitional regulations adopted
1 April 2009	Existing Board establishes Appointment Committee and election process as detailed in the transition regulations
	Existing Board formally arranges the \$450,000 Phase One implementation funding from SPARC through until Oct 2009
1 May 2009	Existing Board resigns and new Board in place
1 May – 1 August 2009	New Board <ul style="list-style-type: none">– Specifies requirements and commences appointment process for new Chief Executive– Undertakes transparent consultative process and develops 5 year Strategic Plan and presents this to sport for adoption (using external resource as needed)

- Works with new Zones to get Establishment Committees up and running(as detailed in the report)
- Undertakes the necessary work to implement the new Zone structure, including finalising draft Constitutions and assisting Establishment Boards to get new Boards in place by Dec 2009
- Develops resourcing solution with the new Zone Boards to support new Zone structure for both administration and “on the ground support”
- Develops 3 year work plan and budget to support Strategic Plan
- Develops a governance development plan to ensure best practice processes and policies underpin its modus operandi
- Ensures an executive working group is in place to implement successful Zone based national competition for 2010

1 Aug – 30 Sept 2009

New Chief Executive

- Develops work programme and budget for approval by Board to support implementation of Review Recommendations and Strategic Plan to present to phase two funders
- Reviews organisation structure in view of the new Strategic Plan and restructures if necessary
- Undertakes a full Review of corporate resources and corporate costs

New Board

- Negotiates support from SPARC and other funders/ investors/sponsors for implementation of Strategic Plan for next 3 years from 1 October 2009
- Continues to implement new Zone structure and work plan developed to drive generic activities for first 12 months based on Strategic Plan

30 Sept – 31 Oct 2009

Chief Executive commences Review of internal processes and systems and develops an implementation plan to address inadequacies both in NZRL and in transition to the new Zone/Districts responsibilities

RECOMMENDATION 10:

That the Board adopts the transition implementation plan and timetable prepared by the Review Committee and facilitate implementation with urgency.

For Rugby League to go to another level in its development and generate its share of resources, members, media profile and public support it has to become more professional at what it does at every level. This may be a tough call but Rugby League is competing against a vast array of sporting, community, recreational and entertainment options where members, customers, and consumers have many ways to use their leisure time. Rugby League has to be in a position to compete successfully against all of them - C Ineson 2008

Appendices

Appendix 1 – Glossary of Terms

ARL – Australian Rugby League

IRLB – International Rugby League Board

“Kiwis” – The New Zealand national mens Rugby League team

NJC – National Junior Competition

NSO – National Sporting Organisation

NRL – National Rugby league Limited

NSW – New South Wales

NSWRL – New South Wales Rugby League

NZ - New Zealand

NZRL - New Zealand Rugby League

QRL – Queensland Rugby League

RL - Rugby League

RLIF – Rugby League International Federation

RST - Regional Sports Trust

SPARC - Sports and Recreation New Zealand/Ihi Aotearoa

U16 – Under 16year old players

U18 – Under 18year old players

U20 – Under 20 year old players

Appendix 2–Terms of Reference and Composition of Review Committee

A2.1 Terms of Reference of Review



REVIEW OF NEW ZEALAND RUGBY LEAGUE PROJECT PLAN

INTRODUCTION

The following project plan describes how the proposed Review of Rugby League in New Zealand will be conducted. The Review will have a particular focus on the role and responsibility of New Zealand Rugby League (NZRL), its relationships with its Districts and Clubs, and the strategies and structures that would best serve the interests of Rugby League in the future.

Assessing how the sport of Rugby League is delivered depends on gaining an understanding of key performance variables. These include:

- Governance factors such as the Constitutional arrangements, Board policies, strategic thinking, Board membership, linkages to management and performance management;
- Organisational structure, management functions including planning, resource management, and performance management;
- Financial sustainability and management, including revenue generation from pursuing commercial opportunities;
- Communication with internal and external stakeholders;
- Relationship between constituent and member organisations and stakeholders, including international Rugby League organisations;
- Structure of provincial and community grassroots Rugby League;
- Sport development, including Club development, coaching and officiating;
- Talent identification and development.

It is anticipated the Review will take 6 months to complete, from July to December 2008.

NEW ZEALAND RUGBY LEAGUE: CURRENT SPORT PROFILE SUMMARY

NZRL is the national sporting organisation (NSO) for Rugby League in New Zealand recognised by SPARC, Australian Rugby League (ARL) and the Rugby League International Federation (RLIF). Constitutionally, NZRL is an incorporated society pursuant to the Incorporated Societies Act 1908.

The Constitution provides for the NZRL Board to comprise up to 9 Directors, consisting of:

- 3 ordinary Directors, elected by eligible affiliates entitled to vote;
- 3 Zone Directors, 1 of which is elected by the Northern and Auckland Zones, 1 by the Central and Southern Zones and 1 by the Affiliates comprising the Associates;
- Three independent Directors, appointed by the Board from nominees recommended by the Institute of Directors of New Zealand.

Board Directors are appointed for terms not exceeding 3 years. The Chair is elected by the 3 ordinary and 3 Zone Directors at the first Board meeting after the Annual General Meeting. Five Directors constitute a quorum at Board meetings.

The national office is located in Auckland and there are 15 Districts and 7 affiliated organisations. According to NZRL's 2006 census, there were 1,280 registered Rugby League teams representing about 19,200 members.

In a presentation to SPARC on September 2007, NZRL tabled the following vision, mission and values for Rugby League. It is unclear what status this has, given the lack of a formalised Strategic Plan and the change in governance since this presentation.

Vision

That Rugby League will be the team sport of choice for New Zealand families – as players, officials, coaches, supporters, administrators or spectators

Mission

To nurture, encourage and develop the Rugby League community – at all levels across all roles – to create a sustainable moral and financial platform upon which the sport's future growth will flourish.

Values

- Rugby League community and family matter most
- Coaches, referees, officials and players are equal
- Sport and business are symbiotic and must be fair
- Pathways are broad enough for all needs

Performance Measures

- Player numbers increase 10% or more annually
- Player retention optimised at 60%
- NZRL revenues met forecasts and expenditure
- Spectator numbers increase 10% year-on-year
- 75% or more international tests won annually

FINANCIAL POSITION

NZRL incurred an operational loss of \$1.7m for the year ended 31 December 2007. This followed a loss of \$501,000 in 2006.

A negative cash flow in January 2008 was averted through the receipt of a \$400,000 advance from the Australian Rugby League (ARL) against the forecast revenue share of A\$450,000 from the May Test match against Australia.

NZRL has budgeted for significant revenue reductions in 2008. It is budgeting only \$300,000 from Gaming Trusts having forecast \$2.4m for 2007 (it received \$1.2m).

NZRL's immediate financial position is further impacted through the lack of international Tests during 2008 due to the World Cup and an agreement that all revenue from the World Cup would be allocated by International Rugby League to develop the sport.

- NZRL expects its financial position to significantly improve from 2009 when a confirmed schedule of Test matches through to 2011 will be known. This should provide both ticket and improved broadcasting revenue (existing broadcasting is undervalued as each of the 3 Tri-Nations partners have separate broadcasting agreements). A 4 nation's competition is being explored to improve broadcaster interest.

SCOPE OF REVIEW

The primary focus of the Review will be on the key performance variables outlined in the introduction.

Data relating to these variables will compare "what is" (describing and analysing the current arrangements for the delivery of the sport) with "what ought to be" (describing and analysing how the sport should be delivered).

In addition to NZRL Directors, staff and contractors, the key stakeholders to be consulted include but may not be limited to:

- District Associations, affiliates, Clubs and individual members, especially coaches and athletes, current and past administrators;
- SPARC;
- Australian Rugby League;
- National Rugby League;

- The New Zealand Warriors;
- Rugby League International Federation;
- National Sports Organisations; and
- Sponsors and suppliers of NZRL.

TERMS OF REFERENCE

The person or persons conducting the Review will:

- describe and analyse the current arrangements for the delivery of the sport, including the roles of key stakeholders;
- describe and analyse how the sport should be delivered, potentially identifying options, having regard to stakeholder feedback and best practice principles and practices;
- identify gaps between the current and preferred arrangements for the delivery of the sport that, if not remedied, will impede the sport's ability to achieve the goals outlined in the agreed Strategic Plan;
- recommend changes to remedy any gaps identified;
- propose a strategy for the adoption and implementation of the Review's Recommendations, including costing the Recommendations;
- brief key stakeholders on the Review and obtain feedback; and
- prepare an addendum to the Review on the results of this post-Review consultation.

NZRL will:

- fully engage with the Review ;
- nominate representatives to be a part of the Review Committee;
- advocate and adopt the Recommendations of the Review either at its first scheduled Board meeting following the completion of the Review or at a Special General Meeting held within 2 months of the completion of the Review ; and
- continue to operate as normal during the course of the Review.

SPARC will:

- meet the costs of the Review ;
- nominate representatives to be part of the Review Committee; and
- continue to engage with NZRL throughout and following the Review.

SOME MAJOR REVIEW QUESTIONS

Governance and Management

- How does the NZRL Constitution compare with best practice principles?
- What is Rugby League's business model?
- Are NZRL's governance arrangements structured in ways that best support the sport's business model?

- What degree of alignment is there between responsibility and authority in delivering the best possible outcomes for the sport?
- What is Rugby League's organisational culture and how functional is it?
- What form of performance management system does Rugby League operate?
- How effective is the sport's planning, resource management and performance evaluation processes?
- How effective are the relationships between NZRL and the Districts, affiliates and the Clubs in delivering the sport of Rugby League in New Zealand?
- How effective are the relationships between NZRL and other stakeholders in delivering the sport of Rugby League in New Zealand?
- How effective has NZRL been in promoting and marketing Rugby League to potential sponsors and the wider community?
- How effective has NZRL been in exploiting commercial opportunities?

Sport Development

- What is Rugby League's sport development plan?
- What measures have NZRL employed to develop an introduction to Rugby League and how effective are they?
- What measures have NZRL employed to develop community Rugby League and how effective are they?
- What pathways are there between introductory Rugby League, community Rugby League and competitive Rugby League and how effective are they?

High Performance

- What is Rugby League's high performance plan?
- What models of high performance programme delivery are used in Rugby League?
- What are the high performance pathways in Rugby League?
- What is the evidence that effective leadership by high performance coaches and managers is provided?
- How effective are Rugby League's talent identification and development processes?
- How effective is the process for selecting national teams?
- How effective has Rugby League been in exploiting innovative technology (including equipment) and what technological opportunities remain to be exploited by the sport?
- What are the key challenges to future elite success?

METHODOLOGY

The methodology will use programme logic modelling and gap analysis to identify areas where performance might be strengthened and to recommend performance-enhancing changes that are least likely to produce unforeseen consequences. It will also identify significant challenges and barriers.

The Review Committee will consult key stakeholders so that the preferred means of delivering the sport can be documented. Where appropriate, best practice principles and practices will be used as points of reference in defining why particular means of delivery are preferred. Gap analysis will focus on comparing “what is” (the current arrangements for the delivery of the sport) with “what ought to be” (how the sport should be delivered).

The Review Committee will consider the findings from previous Reviews undertaken by NZRL as key points of reference.

Public notification of the Review will be given on the NZRL and SPARC websites, giving details of the terms of reference and information about having an input to the Review.

A structured survey questionnaire, to be designed by the Review Committee, will be sent to key stakeholders.

Face-to-face meetings will be held with representatives of key stakeholders. Written submissions will be invited from key stakeholders. Data collected will be analysed using appropriate quantitative and qualitative research methods.

DRAFT TIME-LINE

30 June 2008: Approval of project plan;

10 July 2008: Appointment of Review Committee, and Project Management team;

1 August 2008: Commencement of Review;

5 August 2008: Workshop to explore issues relevant to the Review;

1 September 2008: Completion of data collection;

1 October 2008: Analysis and write-up of results;

15 October 2008: Review of consultation results;

1 November 2008: Completion and Review of draft report

5 November 2008; Present draft report to NZRL Board

15 November 2008: Completion and Review of final report;

1 December 2008: Completion of post-report consultations;

15 December 2008: Completion of addendum to report;

20 December 2008: Adoption by NZRL Board; and

15 February 2009: Adoption by NZRL membership at Special General Meeting.

MANAGEMENT OF REVIEW

Steering Committee

The role of the Steering Committee will be to:

- Approve the Chair of the Review Committee
- Approve the members of the Review Committee; and
- Approve the selection of the Project Management team.

The membership of the Selection Committee will comprise 2 SPARC and 2 NZRL representatives and/or their nominees.

Review Committee

The role of the Review Committee will be to:

- Lead the Review
- Finalise the Terms of Reference
- Oversee the appointment and management of the Project Management team
- Engage with stakeholders and Review the outcome of consultation; and
- Approve the final report.

The membership will comprise 7-10 people with a combination of business, sport and Rugby League specific knowledge and skills that will contribute to the Review.

Reporting Arrangements

The Review Committee will report to the Steering Committee.

COMMUNICATION

Following agreement between SPARC and NZRL on the project plan, the SPARC Chief Executive and the General Manager of NZRL will jointly notify key stakeholders of the Review and advise them of the scope, terms of reference and opportunities to have an input.

Following consideration of the final report by the Review Committee, the NZRL Board will be briefed on the Recommendations. Arrangements will be made for the Review Committee to brief key stakeholders on the Recommendations.

Neither NZRL nor SPARC will comment on the Review prior to its completion in a manner that is detrimental to the other party or to the integrity of the Review process.

A2.2 Review Committee Members

- Sir John Anderson (Chairman)
- Liz Coutts
- Don Mackinnon
- Cameron McGregor
- Wayne Scurrah
- Graeme Sole
- Howie Tamati
- Peter Wilson

Sue Suckling, of HSR Governance, was appointed as the Review Project Manager (PM), reporting to the Review Committee.

Appendix 3–Documentation Sourced, Stakeholders Interviewed

A3.1 Documentation Sourced

- “Take the lead” – NZRL Strategic Plan 2005-08
- 1995 Report of New Zealand Cricket Review Committee
- 2004 Boardworks International Leadership and Governance survey
- 2004 Matrix One Human Resources Review
- 2007 ARL Annual Report
- 2007 PWC Corporate Governance Review and follow up report
- Various Annual Reports NZRL,RFIL, Districts
- Chris Ineson - District Capability Evaluation Report 2008
- Feedback 2008 – 012 Calendar, G Lowe
- Various Governance Articles
- Haynes, J. (1996). All Blacks to All Golds. Christchurch: Ryan and Haynes Publisher
- NZRL High Performance Strategy 2008-2013
- Nov 2003 SPARC capability Assessment
- Source - 3 x SPARC - Sport and Physical Activity Surveys 85-91 NZRL
- Source SPARC 1997-2001 – www.sparc.org.nz
- SPARC Nine Steps to Effective Governance
- Statistics New Zealand 2006 Census
- “That’s my Game” – ARL Strategic Plan
- Numerous reports and information provided by NZRL including Board papers, Board Minutes, various papers and reports

Note: Quotes used throughout the report which are not attributed to a source, were received from Review consultation participants.

A3.2 Stakeholders Contacted

A3.2.1 One-on-one interviews (see Appendix 4 for summary of findings)

The following people were interviewed as part of the Review process

Within Rugby League

- Trevor Maxwell
- Colin Love and David Gallop (RLIF,ARL and NRL)
- Murray McCaw
- Peter Kerridge
- Peter Cordtz
- Warriors – Wayne Scurrah, Mark Flay and John Hart
- Graeme Sole

- Kevin Bailey
- Pat Carthy
- Rodney Moore
- Stephen Franks
- Tony Kemp
- Dennis Ward
- Greg Whaiapu
- Mark O'Connor
- Alex Hayton
- Ray Haffenden – NZRL Board Member
- Scott Carter – NZRL Board Member
- Vince Weir – NZRL Board Member
- Malcolm Cherrie – NZRL Board Member
- John Bishop – NZRL Board Member
- Peter Drummond – NZRL Board Member
- John Bray – NZRL Board Member
- Peter Kerridge – NZRL Board Member
- Neville Keshu – NZRL Board Member
- Selwyn Pearson
- Peter Leitch
- Rodney Moore

Sponsors

- Lion Nathan Limited – Brent Robinson

Maori/PI Community Interest/Local Authorities

- Alf Filipaina
- David Tucker – Manukau City Council
- Ken Laban

Funders/Investors

- Mike Knell and the Board – New Zealand Community Trust
- Phil Holden – Lion Foundation
- SPARC

Schools Rugby League

- Tony Kid
- Mark Rice
- Scott Ngatai

Sports Trust/Other

- Russell Preston, Counties Mankau Sports Trust
- Brent Anderson- Rugby Union
- Kevin Cameron – Sky Television

A3.2.2 Written Submission

The following parties were invited to make written submissions (see Appendix 4 for summary feedback)

- All Life members
- All Districts
- All Associates
- Sports Trusts
 - Bay of Plenty (Wayne Werder – Chief Executive)
 - Waikato (Matthew Cooper – Chief Executive)
 - Hawkes Bay (Colin Stone – Chief Executive)

Twenty two written submissions were received from the following people:

- Phil Campbell - Masters of Rugby League New Zealand
- Mark O'Connor - General Manager WRL
- Mary Paiti - St George Rugby League and Football Club Inc
- Selwyn Shanks - Former Chairperson ARL
- Jon Royal - Victoria University of Wellington "Hunters" RLC Inc
- Mere Miratana - Manawatu Rugby Football League Inc
- C Mountford - Life Member
- Neville Keshu - Pacific Islands Rugby League Association (NZ) Inc
- Greg Cummings – Sports Bay of Plenty
- William Liddell – Chairman of Bay of Plenty District Rugby League
- Barrie Law – New Zealand Defence Force Rugby League
- Jim Campbell – Life Member
- Allen Gore – Life Member
- Greg Whaiapu – Chairman, Auckland Maori Rugby League - Chairman, Manurewa Marlins RLC
- William Whitehead – Life Member
- Meng Foon – President - Gisborne Tairāwhiti Rugby League
- W.O (Bud) Lisle – Life Member
- Gerald Ryan – Life Member
- William Albert Whitehead – Life Member
- Crispin James Easterbrook – Life Member
- Peter Mellars, Wellington
- Peter Cowan

A3.3 Written Submission Questionnaire

The following written form was sent to parties requesting written submissions:

Name of Person co-ordinating submission: _____

CONTACT DETAILS:

Email: _____

DDI number: _____ **Mobile:** _____

Address: _____

Organisation Represented: _____

Overview of your relationship with League: _____

Overview of your relationship with NZRL: _____

What do you see as the critical success factors for league to be a vibrant national sport capturing young players, providing pathways for development, capturing sponsors and achieving internationally:-

What needs to be addressed/changed in league in New Zealand to ensure these critical success factors are met:-

Thank you for taking the time to provide your input.

Please email your submission to:
Adrienne Lester
adrienne@hsrgovernance.com

Appendix 4–Summary of Written Submissions and Consultation Interviews

A4.1 *Written Submissions Summary*

A. PROCESS AND RESPONSE

- Submission request – see Appendix A3.3
- Parties invited to make submissions – see Appendix A3.2.2
- Parties who made submissions- see Appendix A3.2.2

B. KEY THEMES EMERGING FROM WRITTEN SUBMISSIONS

1. Remove “clipping ticket” / “personal gain” amongst leadership of Rugby League

2. Quality governance required

- Robust Constitution to support best practice governance
- Clarify members versus stakeholders
- Robust appointment process for Directors
- Skilled Directors including independent Directors and strong chair required
- Strong Chief Executive

3. Strategic Plan required for game (led by NZRL)

- A new image for the sport

4. International Influence

- Influence international game viability and integrity
- RLIF needs Strategic Plan and sustainable competition/tours program

5. Support Domestic Game

- Pathways for players needed
- Need sustainable national competition structure and plan
- Programmes to include coach/administrator/team manager/referee/player development
- Need a sustainable solution for District and Club administration

6. Best Practice NZRL operations including:

- Annual Business Plan with KPI's and clear accountabilities
- Communications outwards
- Transparency of operations

7. Develop School Rugby League

8. Link in / Leverage Warriors

- Transfer fees
- Leverage influence on player recruitment / retention throughout Rugby League

9. Sponsorship

- Will support long term robust strategy
- Long term sponsorship plan needed including "grass roots" plan

10. High Performance

- Need to achieve consistently internationally
- Need strong "Kiwis" brand

11. Auckland Reach

- Resolve Auckland's role

12. Leverage / wide reach

- Leverage from other sport models
- Tap into non-sport government funds focused on development of leadership in poorer communities

C. SUMMARY OF SUBMISSIONS

1. Integrity and Professionalism

- NZRL must be run by honest people with credibility, credentials, people with proven experience "growing businesses"
- Get rid of old boys' networks, politics, jealousy
- Get rid of "smoke and mirrors"
- Get rid of hidden and personal agendas
- Eliminate opportunities for personal gain
- Get the game away from dependence on "pokie machines"
- Gaming has caused so much corruption in the sport
- Significant transactions in the past have not been transparent
- Remove elements of fear/intimidation

2. Governance

- Communication from centre is nonexistent "closed shop"
- Need a strong effective Chief Executive
- Stop tinkering every year with the Constitution
- Have a clean out at the top - treat it like a business
- Need a new image - led from NZRL
- Constitution needs to be changed to enable all Directors voting/speaking rights and to be able to elect chair
- Strong leadership needed

- Independent Chair who is always non-executive
- Directors selected on ability
- Directors to work as one for the organisation not against each other
- Consider a independent selection/appointment body composition
- Directors must be independent of sponsors/funders
- PWC report not made public
- AGM's do not meet required process/transparency requirements

3. Strategic Plan

- Missing - most other sports have a strategy that provinces/Clubs use to see where game going. It is critical to attract sponsors and players
- Stakeholder "buy-in" to the bigger picture of a Strategic Plan/vision is needed
- A consultative approach to feed into the development of the Strategic Plan is required

4. Sponsorship

- Needs stability and credibility to capture major sponsors
- NZRL needs a national sponsorship plan which enables NZRL events to be marketed and promoted to sponsors (and the public) in a professional and timely manner (there are many examples where this has been a disaster and missed opportunity)
- NZRL has a role securing sponsorship for District leagues

5. Key Stakeholders

- Key stakeholders who can influence the development of the game must have a say in strategy (e.g. Maori, Masters) and linked to the strategy
- Need to resolve who are key stakeholder player organisation members in the future and if so what are the criteria to qualify for membership and what are their voting rights.

6. Operational Performance

- Need open honest communications from NZRL
- The communication approach is generally to the centre, not from the centre
- Need drug free policies introduced and enforced of all levels
- Need smoke free and alcohol free policies at grounds
- Need open honest transparency in all NZRL activities
- Identify a clear brand, and market it – need a plan
- Need an operational performance plan that the "grass roots" of the game can aspire to and track progress
- Quality coaching is an issue (recruitment, development and support)
- Need courses for quality team managers, referees, coaching, administrators
- Need neutral referees

7. International Influence

- International game is disjointed and dominated by the Australian and UK bodies
- The international game needs New Zealand but New Zealand has not leveraged this
- NZRL links to both NRL and UK Super League needs to be reviewed to maximise revenue opportunities
- NZRL needs strong and experienced Chair / Chief Executive to lead negotiations / influence at international level
- Agreement on international transfer fees needed

8. Strong Domestic Game

- A strong domestic game requires:
 - A pathway for players to progress to the professional game
 - Opportunity for best players to play against each other
 - Strong District competitions
- Bring back the academy of excellence programme for 12 – 18 year olds (many of the elite players of today went through these)
- Re-establish junior council
- NZRL needs to put in place programmes that encourage/assist/show leadership in all aspects of the game from Clubs to District league

9. National Tournaments/Competitions

- Competition structure regionally and nationally has been erratic, poorly organised and dependent on what suits Auckland
- Need domestic competition based on representative regional structure vs. franchise
- Bring back national 15, 16, 17, 19 tournament to encourage younger people back in the sport
- Bring back central city, region competitions
- North Island vs. South Island game could be used as “Kiwis” trials
- Need incentives for those who don’t make NRL (under 16, under 18 competition), need to build up representation at the amateur level by having more games for them (e.g. New Zealand Residents, New Zealand universities, National under 18/20s amateur sides to play other international amateur sides like BARLA)

10. Club Football

- Clubs are the backbone and strength of the game because of their community affiliations. The foundation for the game at “grass roots” is clubs
- Clubs lack administration capability, some Districts need help too
- Review must find a solution to ensure Districts are capable of providing administration and financial support to Clubs. This could include training Club officers
- NZRL management need to meet with Club delegates at least quarterly and could dovetail this with their meetings with District management
- Chief Executive needs to visit District at least annually

- Consider District Commissioners reporting to Chief Executive
- Need strong Boards at regional level with a GM/Chief Executive

11. Coach / Manager Referee Development

- Need a season plan of activity which is consistent and well communicated (e.g. why was there only one coach IGC Level 1, this year?)
- Need to ensure what is taught is up to date
- Poor referee's lead to poor games
- Needs to be referee development within Strategic Plan

12. Schools

- Need to nurture young players and parents at club level
- Need to facilitate school kids being able to play Rugby League either at school or at their Club

13. High Performance

- Achieving and / or performing consistently internationally must be part of a long term model that includes player and coach talent identification
- Need more international fixtures
- Districts are hampered by lack of high performance strategy for the elite game in New Zealand
- Wellington Pilot Academy (with NZIS and Weltec) setup between WRL and NZRL on hold – now Wellington are pursuing it themselves (need to develop/educate the individual, not just their Rugby League skills)

14. Warriors

- Role of Warriors in the national game needs to be clarified
- No player transfer fees/development fees to home club when individual selected for Warriors (better financially for New Zealand Districts/Clubs to promote their players to NRL clubs)
- Opportunities exist to have senior player from Warriors/NRL teams at Club open days / registration days to run skills clinics for Club junior and senior teams in a region as part of recruitment / retention strategy
- NRL player could offer a free mentoring programme for elite players at club level (i.e. orientation for them before they reach this level)
- NRL could offer a Club scholarship to allow potential players to develop their skills

15. Auckland Reach

- Need to eliminate Auckland domination including ending the role of Associates being "pocket boroughs" for Auckland
- Auckland seems to dictate how the game is managed throughout New Zealand
- Rules should not be altered to suit Auckland – they must be changed to suit all NZ
- Auckland have a leadership responsibility versus a dominance role

16. Wider Reach

- There may be opportunities to tap into other non-Rugby League sport government funds which focus on the development of leadership in poor communities

D. GENERAL QUESTIONS

- Should New Zealand Maori be represented in future World Cups? (Note SPARC's current position is in all sports they will deal with only one national sporting organisation for each code)
- Is there a possibility for a second New Zealand based NRL team (outside of Auckland)?
- Could the Hood reports, 4 key objectives be a useful framework for RL in the future?

A4.2 One-on-One Consultations Summary

A. PROCESS

Parties were interviewed and asked their views on what was required for Rugby League to be a successful sustainable iconic sport in New Zealand in the future. They were asked to make comments from their area of interest/experience. Parties began their interviews over viewing their experience/interaction with the sport.

All interviews were carried out by Sir John Anderson, Sue Suckling or both Sir John and Sue. Parties were happy to speak openly but many parties were only prepared to do so on a confidential basis. This was either due to the sensitive nature of the information they wanted to share and/or the risk of retribution their organisation may encounter from other parties within Rugby League if it was known they had shared this information. They were willing to be open as all parties saw the need for significant change if there is to be a future for the sport in New Zealand, and acknowledged the need to be open about what was going on so that change could happen.

- Parties Consulted-see Appendix 3.2.1

B. KEY THEMES EMERGING FROM ONE-ON-ONE CONSULTATIONS

(Note there was no inconsistency between consultation parties or between written and verbal submissions)

1. POOR INTERNATIONAL INFLUENCE

Ability to influence international game

Potential for further funds

Ability to influence internationally agreed "rules"

2. REMOVE "CLIPPING TICKET" AND RETRIBUTION

3. QUALITY GOVERNANCE REQUIRED

- Professionalism and integrity
- Constitution (voting)

- Board composition and capability
- Board appointment processes
- Membership
- Strong Chair
- Conflict of Interest
- Transparency
- Strategic leadership

4. NEW ZEALAND STRUCTURE OF THE GAME

- Consider Zone/District numbers and roles
- Address Auckland domination

5. POOR OPERATIONAL PERFORMANCE

- Need quality Chief Executive
- Need sustainable funding
- Need Strategic Plan for game and NZRL. Within NZRL there will be a high performance and a participation strategy and annual operating plan with budget and KPIs
- Need organisational disciplines
- Need robust consistent programmes, with delivery appropriately resourced (e.g. refereeing, coaching, pathways, academies, schools programmes)
- Need KPI's, transparency
- Need stakeholder communications plan
- Need a new image for the sport
- Clear branding and sponsorship and funding strategies

6. THE GAME

- National competition (non-franchise) needed including a Zone/District structure to support this

7. WARRIORS

- Opportunities exist for greater leverage

8. LEARN FROM OTHERS

- Opportunities exist to leverage from other sports models and non-sports funds

ISSUES ACROSS ALL THEMES

- Financial sustainability
- Capability at all levels
- Standards and culture for the game

C. SUMMARY OF ONE-ON-ONE SUBMISSIONS

1. PROFESSIONALISM/INTEGRITY

- The game needs to change its culture as well as its structure
- Players say what they like and do what they like; there is no discipline or accountability
- RL has major image problems which need to be addressed
- The game is predominantly working class so lacks the depth of professional acumen. Rugby League needs leadership and integrity (this is different from some other sports where participant profiles are different e.g. equestrian)
- Being on a Board (Club, District, and NZRL) has a big status component e.g. a working class person can be Club Chair/President and be important. Independence is critical.
- Need to replicate NZRL governance roles in Districts

2. "TICKET CLIPPING"/PERSONAL ADVANTAGE

- "Rugby League has a culture of "clipping the ticket" at most levels from the top down over the past decade
- Numerous examples were given (and evidence provided) of parties involved in governance roles (within both NZRL and Districts) being associated parties in transactions with the potential for significant personal gain, and these transactions being carried out without best practice arms length independent and transparent protocols and processes
- These relate to major property transactions and the supply of products and services to NZRL and other parties within Rugby League
- At best these transactions can be described as poor, naïve governance and inappropriate Conflict of Interest policies and processes
- "The problem with Rugby League is nearly everyone wants to "clip the ticket". At a national level votes have been obtained by promises of money for a District or promotion or demotion for a District (i.e. input to Review and voting power lost)"

3. RETRIBUTION

- Numerous examples were shared of bullying by people holding governance positions both within the sport and externally
- "Everyone in NZRL over the past years (and some management) has the 'oil' on each other so the status quo continues"
- Examples were shared where retribution practices have been used to secure desired outcomes for people in senior positions in governance
- Many commented that in Rugby League you do not speak up about inappropriate/unfair behaviours/practices because if you do, you/your District/Club/activity will be disadvantaged. Conversely examples were given where incentives (money) are given between components of the game to secure support for initiatives, voting outcomes etc
- "There is a climate of fear here as if you don't accept the deal then you have to pay for your own gear with the small funds you have"
- People who speak up are exited from the game (evidence based examples were provided)

4. GOVERNANCE

- The key is a proper Board at the top of the game. Currently the game is crumbling without this
- Trusts will not provide future funding to NZRL until they have a proper Constitution and election process for the Board. More skilled Directors needed
- Strong high integrity Chair is needed
- The first Chair post the Review is critical - it needs to be from independents
- Competent experienced Chief Executive is essential
- Need to Review the Constitution and the provision for Districts to go into Review
 - There have been Districts in Review for a number of years and have no say
 - There are Districts with nil or few teams who are not in Review and have a say
- Also need to look at the Associates, (some of whom have larger player bases but are treated differently from Districts e.g. there are examples of timetabling Maori games vs. Auckland games where Auckland had more influence)
- We currently see NZRL as an “ad hoc” structure, no clear leadership or vision, no pathways for the game to progress, no forward planning
- Over the past year the Board has established an Audit Committee Charter and Delegated Authorities
- Now no Board member can singularly instruct staff to pay anything. It needs Board approval/delegated authority power
- Current NZRL Board is a great improvement
- Current Board isn’t helped by past Board members maligning it
- PWC report was never made available despite many people and organisations within the game asking for it
- NZRL requires Districts to have audited accounts and a business plan but there is no requirement for this on NZRL.
- “The NZRL chair is too accessible and able to be influenced”
- Rugby League people do not trust non-Rugby League people running their sport
- The new Constitution has flaws – its process for adoption was not robust
- The management of the democratic system has been exasperated by each of the Associates having a vote. The appointment of zonal Directors is also counterproductive (nine Associates elect 1 Director; Auckland and Waikato elect 1 Director; Central and Southern elect 1 Director)
- The Districts have been hoodwinked at the last 3 AGM’s on elections. This has led to lack of trust

5. STRATEGIC PLAN

- Trusts will not consider funding NZRL again until there is a demonstrated strategy and NZRL knows “where it is at”
- Need to clarify role of NZRL urgently – need strategy for game and NZRL

6. OPERATIONAL PERFORMANCE

- Zone managers were appointed without resources, authority, positions descriptions, direction, governance, policies, and processes. After one or two years the positions were dis-established
- After position was dis-established, person still using NZRL car and telephone
- Numerous examples given of poor operational performance, lack of accountability, poor communications, programmes without structured plans/policies etc
- Opportunities exist for controlling coordinated services e.g. finances, player's databases

7. INTERNATIONAL

- NZRL can play a greater role in influencing the international game
- Internationally the rules for players' eligibility needs Review (learn from soccer)

8. GAME STRUCTURE

- High Performance has been "outsourced" to Australia
- Serious work needs to be done at District level - needs to be better organised and a structure and support is needed to help them grow the game
- If Clubs come under pressure the key area to suffer first is the 6-12 year old players
- When NZRL created the franchise competition this undermined the focus of most Clubs
- Numerous inputs needed to have strong Districts supporting on the ground Rugby League activity. At the moment many Districts are broke and have small team numbers (they really are Clubs) (see Ineson Report)
- Need a national competition based on geographic zones and clear pathways from youth to "Kiwis"
- Junior:
 - In some Districts the game is fractionalised where the junior Rugby League and senior Rugby League have separate Boards. This applies in Waikato and in Taranaki.
 - Junior structure is

Mini	age 5-9	small field/small ball
Modified	age 10-11	smaller field/larger ball
International	age 12-13	through to senior

- No real organisation - everyone has their own version of the rules. In central region there are 4 sets of different rules in playing "mini-mod"

9. AUCKLAND REACH

- Auckland is the key, for Auckland's strength they must be part of any solution (for the Review)
- "Auckland ensured Associates were controlled by people loyal to Auckland"
- There is potential to carve up Auckland into two areas separated by Tamaki Estuary
- Auckland District is too big - players can travel 2.5 hours each way for games

- There are significant opportunities for Rugby League to work with Manukau City Council but Auckland Rugby League is not actively pursuing this
- Sport is a solution for Manukau City - Rugby League is a key sport.
- Auckland want to run Rugby League but they aren't the only ones doing things (e.g. Canterbury and Wellington are also).
- Auckland Rugby League is doing a "quasi" NZRL role in the absence of leadership from NZRL.

10. FUNDING

- Trusts' own reputation is at stake. All Golds Kiwi tour was an extravaganza and the \$1.2 million deficit and associated media hype were all unacceptable for the Trust and its own reputation.
- "Trust funding is vital for Districts and as such there is a tension between NZRL and Districts chasing the same funds.
- There were demonstrable cases where it was inefficient to fund NZRL versus Districts/ Club directly (e.g. \$40,000 to the NZRL versus \$4,000 to Clubs to achieve the same outcome).
- Trusts support legacy not dependency.
- Trusts stopped funding NZRL because:-
 - They were not sure that the funding was going to where NZRL had applied for it to go
 - There is no sustainable value proposition for the Trust
- "In the end it took the Board a nano-second to decide to pull all ongoing support for NZRL"
- Trusts will continue to provide funding to Districts to support the "grass roots" game
- "Unacceptable behaviours have been experienced between NZRL personnel and the Trust"

11. SPONSORSHIP

- There is no sponsorship plan and sponsorship has been poorly managed. NZRL organise some and Districts do their "own thing" – the best they can
- Districts don't always know who the sponsors are for NZRL
- Sponsors are managed poorly (e.g. 3 days before a provincial championship NZRL will tell the District who the sponsor is and this cannot be leveraged to benefit the sponsor)
- It is great NZRL have signed Maori TV but there is no money from this and it should be on national TV like other sport finals
- Sky TV sees the opportunity for more New Zealand games to be broadcast provided timing is right
- Sponsors are ready to talk to NZRL if there is quality leadership in place and a clear strategy

12. SCHOOLS RUGBY LEAGUE

- Statistics for Auckland over last 10 years show that schools participation has halved (College Sport)
- While there is conflict with RU but the biggest issue is not having a teacher to champion Rugby League in the school. School participation is directly related to interested staff
- Small school numbers participating limits player participation
- Even if schools have a teacher they will need help with coaching/referees
- Examples exist of Clubs using schools for their own advantage and Clubs fighting each other to be involved and schools asking them to leave
- One District invested in helping schools but there were issues of poor organisation (e.g. gates at grounds locked when teams in finals arrive, cold showers, referees not turning up etc.). Teachers can't be bothered with this compared to options of being involved with other sports
- "The junior Wednesday league works OK but it is poorly set up, poor information flow, management poor"
- There is a total lack of pathways for senior players at school
- "Rugby League is appalling by comparison to Rugby Union"
- Clubs will compete with schools and make it impossible for kids to participate in school team (e.g. timing of Club practice conflicts with schools competition)
- Varying views re schools Rugby League should compete directly with RU versus work around Rugby Union
- Rugby League has to be supported by the Secondary Schools Sports organisations (e.g. College Sport Auckland, SSC Canterbury) for it to be offered as an option at school
- Canterbury RL worked with SSC and has positive improvement in school participation
- Need to link competitions with schools tournament week
- NZRL and Districts could have a programme of activity that proactively builds relationships and provides resources with schools and the coordinating teacher
- There is opportunity for the Warriors to help with the development of schools' Rugby League
- There is no sustained plan or commitment to build schools Rugby League
- Districts can be more interested in primary and intermediate schools because it is easier to make the numbers look good
- Money has been wasted in school Rugby League (e.g. an Auckland team travelled to Southland and won 70-0. The money would have been better spent on building secondary school infrastructure and support for schools).
- No-one at NZRL or ARL has ever asked "him" how to grow the game for school kids.

WARRIORS

- If an Australian NRL club signs a New Zealand player the New Zealand Club gets 45% of the fee/District 45% of the fee/NZRL 10%. There is an established scale according to ability. Warriors do not pay this to New Zealand Clubs/Districts if they sign a New Zealand player

- Opportunities exist for Warriors to partner with NZRL activities and programmes
- Warriors want competitive teams for their under 20 year olds to play. Want to participate in a strong national Club competition (8-10 teams). They would be happy to play but be unable to win it (e.g. Wellington A and B, Warriors, Auckland A and B, South Island A and B – could be representative teams). (May include strong Auckland Club team)
- The Warriors are prepared to do more to assist in the promotion, high performance and general development of the game with New Zealand. This would need to be led by a game wide strategy developed in consultation with the Warriors and NZRL; and implemented by the NZRL and Districts

WIDER REACH

- Opportunities between Rugby League and Sports Trusts to support growth/quality of sport (e.g. Sports Trusts could run coaching/refereeing seniors, partner in programmes like “active schools,” etc.).

LEARN FROM OTHERS

- Small Whites-soccer
- Rugby Union:
- Paid administrators and people to undertake programmes at grassroots
- Coach/administration/referee development programmes are needed to support on the ground Rugby League
- Australia Rugby League

A4.3 Leadership Progress May 2008 – Present

Post the 2008 AGM three new independent Directors were appointed to the Board and Mr Ray Haffenden was appointed as the Chair (by the Directors with voting rights). The new Board is co-operating fully with this Review and has focused on addressing many of the outstanding issues identified in the previous governance and capability Reviews. Examples of progress made during 2008 not covered elsewhere in the report include (but are not limited to):

- An Audit Committee has been established (with Charter)
- A Remuneration Committee has been established (with Charter)
- The recruitment process for a Chief Executive has commenced (but subsequently put on hold pending the outcome of the Review)
- The delegations authority framework has been Reviewed as is consistent with good governance process
- Improved Board papers format
- Investment has been made in trying to rebuild relationships with sponsors
- Investment has been made in working more closely with Australian Rugby League and the RLIF
- Prudent financial controls have been implemented
- The Ineson report was commissioned
- Managed the “Kiwis” successful win at the World Cup including obtaining sponsorship for this

Appendix 5–Background Information On The Game In New Zealand Including NZRL

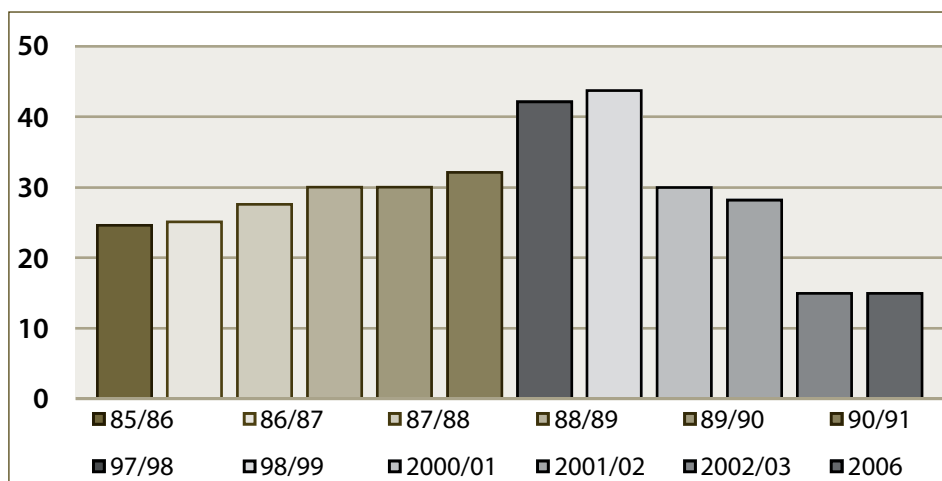
A5.1 Player Statistics

New Zealand District Team Census 2002-2008 (Source NZRL)

Table 1 - NZRL Districts - Team Census

District	# of Senior Teams				# of Junior Teams (U13 to U18)				# of Mini/Mod teams (U6 to U13)				Total Number of Teams				% of (2008) Total	% growth over 2002
	2002	2006	2007	2008	2002	2006	2007	2008	2002	2006	2007	2008	2002	2006	2007	2008		
Whangarei	7	5	5	9	4	0	15	15	18	0	n/a	23	29	5	5	47	5%	62%
Auckland	91	84	95	106	135	131	106	82	211	199	233	211	437	414	434	399	41%	-9%
Waikato	16	16	16	17	22	22	9	9	44	44	n/a	39	82	82	16	65	7%	-21%
Bay of Plenty	11	11	10	12	12	15	13	10	26	13	14	26	49	39	37	48	5%	-2%
Coastline	7	6	2	7	5	3	7	5	20	9	25	25	32	18	34	37	4%	16%
Gisborne	6	6	8	6	0	0	2	2	0	6	6	6	6	12	16	14	1%	133%
Taranaki	5	17	5	8	5	12	5	6	14	15	18	16	24	44	10	14	1%	-42%
Manawatu	22	14	13	14	3	0	0	6	3	0	0	0	28	14	13	20	2%	-29%
Hawkes Bay	10	16	19	21	0	0	3	8	0	0	0	0	10	16	22	29	3%	190%
Wellington	17	22	37	37	11	24	16	22	33	50	51	49	61	96	104	108	11%	77%
Tasman	11	0	0	0	0	0	0	0	0	0	0	0	11	0	0	0	0%	-100%
West Coast	5	5	5	5	8	11	4	7	19	14	24	25	32	30	33	37	4%	16%
Canterbury	35	47	44	51	24	26	21	30	40	44	53	60	99	117	118	141	14%	42%
Otago	1	6	0	0	12	0	0	0	0	0	0	0	13	6	0	0	0%	-100%
Southland	3	5	4	5	1	0	4	4	0	0	0	0	4	5	8	9	1%	125%
Totals	247	260	263	298	242	244	181	206	428	394	424	480	917	898	868	984		

Table 2 - Summarises participation statistics 1985 – 2006. The increase in number in the mid/late 90's was associated with the focus on the Winfield Cup)



(Source - 3 x SPARC - Sport and Physical Activity Surveys 85-91, NZRL)

Table 3 - Summarises participation in school representative sports (compared to other sports)

(Source SPARC)

Sports	2001	2002	2003	2004	2005	2006	2007
Rugby League Total	1,797	1,253	1,592	1,367	1,393	1,100	1,572
Rugby League Girls	25	33	67	38	204	73	140
Rugby League Boys	1,772	1,220	1,525	1,329	1,189	1,027	1,432
Netball	29,435	28,992	29,584	29,617	28,971	29,214	28,606
Rugby	29,351	28,313	29,153	30,683	31,073	30,123	30,148
Football	19,217	19,358	21,103	21,742	20,787	20,742	22,464
Hockey	14,048	13,514	13,812	14,041	13,868	14,013	13,553
Table Tennis	1,929	2,030	1,929	2,182	2,255	2,356	1,931
Multi Sport	1,537	1,441	1,538	1,515	2,087	2,399	2,373
Canoe Polo	1,035	1,044	1,205	1,173	1,169	1,178	1,030

**Table 4 - Summarises participation roles in Auckland Secondary Schools from 1998 – 2008
Rugby League competition (Source – ASB College Sport)**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Open Weight 1ST XIII	10	10	4	9	4	Missing data			9	8	8
Under 85 kg College A	15	14		16	3				6	10	10
Under 16 years	15	14		9	10				NA	NA	NA
Under 15 years	10	8		8	11				5	6	8
RUGBY LEAGUE TEAMS TOTAL	50	46	35	42	28	0	0	0	20	24	26
Total participants based on 20 players per team	1000	920	700	840	560	0	0	0	400	480	

Note: In 10 years participation has halved

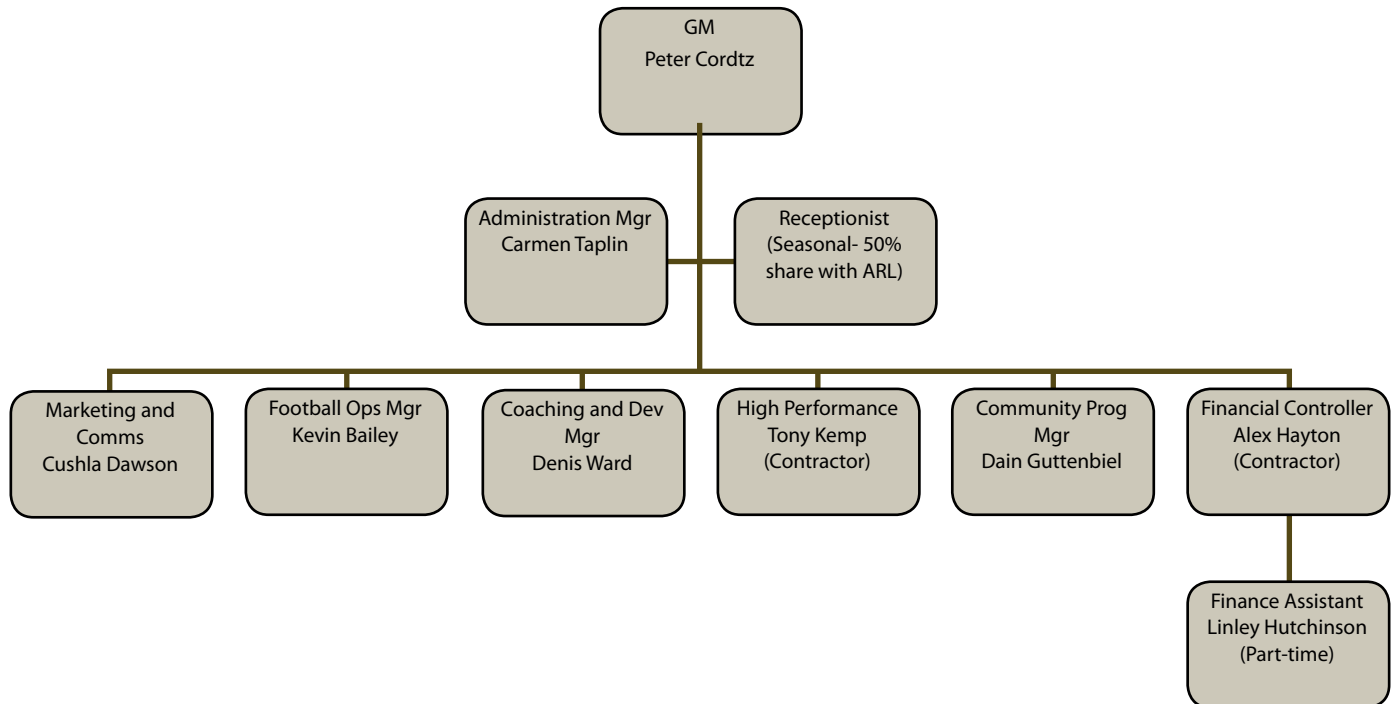
**Table 5 - Summarises Canterbury Secondary School Rugby League participation 1997 - 2008
(Source Canterbury Secondary School Association)**

Year	Teams
1997	15 teams
1998	9 teams
1999	10 teams
2000	5 teams
2001	5 teams
2002	No competition
2003	No competition
2004	No competition
2005	No competition
2006	No competition
2007	No competition
2008	5 teams

Note: In 2008 the Canterbury District organised an additional competition for secondary teams at the end of the season with five junior and seven senior teams competing

Like Auckland, participation has almost halved in 10 years

A5.2 Organisation Structure for NZRL



A5.3 NZRL Past Chairs

- Gerald Ryan - Chairman, March 1997 - March 2001
- *Selwyn Pearson - Executive Chairman, April 2001 - March 2006
- Selwyn Bennett - Chairman, April 2006 - November 2006
- Andrew Chalmers - Acting Chairman, - December 2006 - March 2007 (appointed as caretaker Chair following Bennett resignation)
- Andrew Chalmers - Chairman, May 2007 - December 2007 (first Chairman appointed by Board under new Constitution - resigned)
- Ray Haffenden - December 2007 - present (appointed by Board following A Chalmers resignation and re-appointed post 2008 AGM)

*S Pearson initially was elected as Chairman in April 2001 but after the sudden departure of the newly appointed GM Barry McAlister, Selwyn was endorsed by the Board as Executive Chairman and assumed senior executive authority. This role was performed initially on a part time basis (for Chairman's Honorarium) during the first year, before transitioning to a full time role. In March 2006 he stood down from the Chairmanship 1 year before the end of his term, clearing the way for Vice Chairman Selwyn Bennett to be elected Chairman. At this point Selwyn Pearson was appointed to the role of Chief Executive until the position was disestablished in 2007.

Appendix 6–Executive Overview of PWC Review and Follow-Up Review

A6.1 Executive Summary of Feb 2007 PWC NZ

In accordance with our engagement letter dated 14 December 2006 we set out below the report of our Review of Corporate Governance within New Zealand Rugby League (NZRL).

Objective and Scope

The objective of this Review was to assess NZRL's corporate governance controls against good applied practice.

Approach

We have interviewed selected Board members and key management in order to assess current governance controls against our view of good applied practice.

We have formed our view of good applied practice based on the internationally recognised standards of corporate governance and internal control developed by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission, an internationally recognised committee (COSO was used as the basis for the Sarbanes Oxley Act) and after considering the relevance and applicable to NZRL as an incorporated society.

We have also reflected on the key attributes of governance which we believe are most important to the NZRL. These are based on our knowledge of other National Sports Organisations.

Key findings and Recommendations

We have summarised below our observations of the key attributes and Recommendations for improving governance controls. Overall we found fundamental areas requiring development. These are discussed and expanded on in the detailed report which is structured as follows:

- Section 1 of this report provides an outline of the background, scope, and approach to the Review.
- Section 2 of this report provides our view of the key governance attributes we believe are most important to NZRL.
- Section 3 of this report provides an overview of our view of good applied practice together with a high level summary of NZRL's current corporate governance arrangements and our Recommendations.

We identified the key governance attributes we believe are most important to NZRL, based on our work with our knowledge of National Sports Organisations. These attributes are the basis for Board of Directors providing leadership, direction and oversight to the General Manager and management with respect to defining, resourcing and securing the strategic goals and outcomes agreed.

- **Quality of people at a governance level** - the success at governance level is largely determined by the quality of the people attracted to the governance role. Good sports organisations need to attract people with a strong empathy for the sports code but with the ability to bring business disciplines to the table.
- **Clarity** - there is a need for the Board to be clear about what it is aiming for NZRL to achieve, what is expected of management and the parameters within which management are expected to operate in order to achieve the required outcomes. Directors need to be able to communicate their expectations for the players, administrators, fans, and sponsors.
- **Quality of Management** - as in any organisation, the quality of management is paramount.
- **Communication** - Directors need to be visible in their communications. They need to be seen as the leaders of the sport and be available so people, and in particular the Clubs, can determine whether the Board members warrant their support.
- **Ability to take decisions** - it is critical that the Directors are empowered to take decisions.

The NZRL is lacking formal governance structures, processes and procedures. There is a need to address these issues across a broad range of areas. The key Recommendations are listed below categorised by the attributes discussed above. We have also- included our understanding of their current status based on our discussions.

Key Recommendations	Status
Quality of people at a governance level and Ability to take decisions	
1. A Board Review for approval at a General Meeting, in respect of the process for electing the members of the Board; including: <ul style="list-style-type: none"> - processes to ensure the elected Board includes the diversity of skill and knowledge required - setting out the process for appointing or co-opting independent member 	A Review of the Constitution has been commissioned to be completed by the end of February 2007. A Special General Meeting is planned for March to amend the Constitution.
2. Where Board members wish to, and have the skills to assist management with the implementation of initiatives or projects, the appropriateness of the use of Board members should be discussed and then specific approval given by the Board.	This is included in the Board Charter which will be drafted by the end of February 2007.
3. Where Directors have little or no prior experience as Directors, they should attend appropriate training on governance. Seminars are offered by the Institute of Directors or SPARC.	The newest Directors have been enrolled on SPARC courses.
4. Establish a charter for the Board and any sub-committees	A Board charter is currently being drafted to be completed by the end of February 2007.
5. Determine appropriate mechanisms for regular consultation with the Districts and affiliates, including establishing appropriate terms of reference.	The Stakeholders Advisory Panel has been established and will meet 4 times each year.
6. Development and documentation of Board and staff policies and	The code of conduct will be

<p>procedures including:</p> <ul style="list-style-type: none"> - delegated authorities from the Board to management - conflicts of interest - acceptable business practices - expected standards of ethical and moral behaviour. <p>7. Establish an induction programme for new Directors</p> <p>8. Implement an annual Board self-evaluation process</p> <p>9. Develop criteria for events required to be advised to the Chairperson immediately.</p>	<p>Reviewed by the end of February 2007.</p>
<p>Clarity and Communication</p>	
<p>10. The Board should consider and renew the existing Strategic Plan. A communications plans should then be agreed by the Board for communication of this strategy with all stakeholders.</p>	
<p>11. Develop an Annual Plan linked to the Strategic Plan and budgeting processes.</p>	<p>The acting Chairman and the General Manager have begun developing an Annual Plan. This should be linked to the Strategic Plan. This will be completed by 15 February 2007.</p>
<p>Improve the administrative functions of the Board including:</p>	
<ul style="list-style-type: none"> - determining an annual work programme - timely distribution of Board papers and minutes - recording within the minutes of agreed actions together with those responsible and accountable. 	
<p>Quality of Management</p>	
<p>13. Clarify the organisation structure to ensure responsibility and accountabilities are clear.</p>	<p>The organisational Review is scheduled to be discussed at the 2 February Board meeting.</p>
<p>14. Improve management reporting to the Board including reporting of:</p> <ul style="list-style-type: none"> - past outcomes and results - progress against the Strategic and Annual Plans - papers analysing the risks and potential rewards of projects before committing - reporting deviations from policies and procedures 	<p>To be included in the Business Plan</p>
<p>15. Introduce formal reporting relationships within NZRL management and regular structured meetings of the executive team.</p>	
<p>16. Implement an annual re-confirmation process for the Code of Conduct.</p>	
<p>17. Implement a staff performance appraisal system, linked to staff benefits</p>	
<p>18. Develop and document job descriptions for all roles</p>	<p>Job descriptions will be completed by the end of February 2007.</p>
<p>19. Periodic re-evaluation of the organisation structure by the Board and management</p>	

A6.2 Executive Summary of May 2007 PWC New Zealand Rugby League – Corporate Governance Follow-up Review

Background

We completed a Corporate Governance Review in January 2007 and reported our observations and Recommendations to the Board of Directors on the 2 February 2007.

This follow-up report provides an update of progress against the key Recommendations identified in that report.

This report should be read in conjunction with the original report dated 2 February 2007 and our engagement letter dated 14 December 2006

Objective and Scope

The objective of this Review was to comment on NZRL's progress in implementing the key Recommendations identified in our Corporate Governance Review report dated 2 February 2007.

Approach and Findings

We meet with Andrew Chalmers (Acting Chairman) and Peter Cordtz (General Manager) on the 16 April 2007 to discuss progress on implementing the key Recommendations.

Significant progress has been made in implementing the specific Recommendations principally related to establishing framework documents. Two of the most significant areas still requiring implementation are:

- implementation and communication of the new organisational structure
- improving management reporting to the Board.

We set out below the current status of our earlier Recommendations:

Key Recommendations	Status
Quality of people at a governance level and Ability to take decisions	
20. A Board Review for approval at a General Meeting of the Constitution, in respect of the process for electing the members of the Board; including: <ul style="list-style-type: none">– processes to ensure the elected Board includes the diversity of skill and knowledge required– setting out the process for appointing or co-opting independent member	An revised Constitution was approved at the Special General Meeting held on 3 March 2007 and including: <ul style="list-style-type: none">– an appraisal of the nominated Directors by the Institute of Directors or another reputable professional appointments service.– a process for the Board to elect independent Directors following short listing by the Institute of Directors or another reputable professional appointments service.
21. Where Board members wish to, and have the skills to	In progress – note we recommend that the

assist management with the implementation of initiatives or projects, the appropriateness of the use of Board members should be discussed and then specific approval given by the Board.	Board are involved in discussions in advance of the General Manager and Acting Chairman committing the organisation.
22. Where Directors have little or no prior experience as Directors, they should attend appropriate training on governance. Seminars are offered by the Institute of Directors or SPARC.	Management have yet to determine the training requirements of the new Board members elected in late April 2007.
23. Establish a charter for the Board and any sub-committees	We have sighted the draft Code of Conduct which has been prepared and outlines: <ul style="list-style-type: none"> - The objectives of the league - Expectations, qualities and role of Directors - Board Structure and procedures - Board relationships
24. Determine appropriate mechanisms for regular consultation with the Districts and affiliates, including establishing appropriate terms of reference.	The Stakeholders Advisory Panel (SAP) has been established which is intended to meet 4 times each year.
25. Development and documentation of Board and staff policies and procedures including: <ul style="list-style-type: none"> - delegated authorities from the Board to management - conflicts of interest - acceptable business practices - expected standards of ethical and moral behaviour. 	We have sighted the draft Code of Conduct. We understand that it will be considered by the Directors at the May Board meeting.
26. Establish an induction programme for new Directors	We understand that a Board Induction Process is scheduled for the May Board meeting.
27. Implement an annual Board self-evaluation process	Board Member appraisals are scheduled for February 2008 in connection with the Constitution requirements.
28. Develop criteria for events required to be advised to the Chairperson immediately.	The Board are yet to develop the criteria.
Clarity and Communication	
29. The Board should consider and renew the existing Strategic Plan. A communications plan should then be agreed by the Board for communication of this strategy with all stakeholders.	We understand that the Stakeholders Advisory Panel discussed the Draft Strategic Plan 2008-2012 on the 3 March 2007 at an overview level. The Strategic Plan is scheduled to be discussed by the Board at the 25 May 2007 Board Meeting.
30. Develop an Annual Plan linked to the Strategic Plan and budgeting processes.	We have sighted the draft 2007 Business Plan drafted by the acting Chairman and the General Manager.
31. Improve the administrative functions of the Board including: <ul style="list-style-type: none"> - determining an annual work programme - timely distribution of Board papers and minutes 	We have sighted the draft Board Planning Schedule which includes dates for the delivery of Board Papers, the dates of meetings for 2007 and the papers expected to be presented.

- recording within the minutes of agreed actions together with those responsible and accountable.

Quality of Management


<p>32. Clarify the organisation structure to ensure responsibility and accountabilities are clear.</p>	<p>We have sighted a revised organisation structure, but note that has not yet been fully implemented:</p> <ul style="list-style-type: none"> - The new structure has the General Manager reporting to the Board, removes the existing Chief Executive position. - We noted a letter dated 1 March 2007 which was sent to key funding partners was signed by the Chief Executive. <p>It is important that the revised organisational structure is implemented to ensure responsibility and accountabilities are clear, particularly at the senior management level.</p>
<p>33. Improve management reporting to the Board including reporting of:</p> <ul style="list-style-type: none"> - past outcomes and results - progress against the Strategic and Annual Plans - papers analysing the risks and potential rewards of projects before committing - reporting deviations from policies and procedures 	<p>Management have yet to focus on improving the Board reporting.</p>
<p>34. Introduce formal reporting relationships within NZRL management and regular structured meetings of the executive team.</p>	<p>We understand that informal weekly meetings have been instigated between the senior management team, but that these are not attended by the Chief Executive.</p>
<p>35. Implement an annual re-confirmation process for the Code of Conduct.</p>	<p>Management have yet to implement the re-confirmation process. We have sighted an expanded staff Code of Conduct.</p>
<p>36. Implement a staff performance appraisal system, linked to staff benefits.</p>	<p>Management have yet to implement a staff performance appraisal system.</p>
<p>37. Develop and document job descriptions for all roles</p>	<p>We have sighted job descriptions for all direct reports to the General Manager.</p>
<p>38. Periodic re-evaluation of the organisation structure by the Board and management</p>	<p>The Board have yet to include a re-evaluation process on the Board Planning Schedule.</p>

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Our game is a gladiatorial game, it's the hits you take and the tackles you make. Every week you put your body on the line.

Acknowledgement

The NZRL Review Committee acknowledges the tremendous willingness of all parties approached to contribute to the Review. Everyone had only one objective - to make Rugby League a successful sustainable sport in New Zealand.