



Embargoed until 10am

Background information

16 February 2009

Background information on Independent Review of the New Zealand Rugby League and rugby league in New Zealand

1. Rationale for the review
2. Review timeline
3. Independent Review Committee members
4. Summary of recommendations
5. Implementation plan

1. Rationale for the review

SPARC contacted the New Zealand Rugby League (NZRL) in December 2007 registering concerns about the health of the sport in New Zealand. Issues relating to governance, management, financial sustainability and the lack of a strategic plan were raised. Among the concerns raised were;

- NZRL accumulated losses of \$2.2 million for the 2006 and 2007 periods and no cash reserves.
- Registered playing numbers falling to fewer than 17,000 (down from 30,000 – 40,000 registered players in the 1990's).
- No national competition and the majority of the district competitions struggling (with no teams in the Otago and Tasman districts).
- Loss of support of key funding partners and sponsors.
- No strategic plan for the sport.

In May 2008, SPARC proposed an independent review would be a positive step in exploring ways to address the significant challenges which faced rugby league in New Zealand. SPARC's position was that the independent committee's recommendations would be binding and would need to be implemented for SPARC to have confidence in significant investment in the sport in future.

2. Review timeline

- May 1, 2008; SPARC Chairman John Wells wrote to NZLR Chair Ray Haffenden with a proposal for an independent review of NZRL and rugby league in New Zealand.
- May 23, 2008; NZRL met with SPARC to discuss the review proposal and terms of reference.
- June 18, 2008; NZRL Board gave unanimous support for an independent review to proceed.
- July 18, 2008; NZRL and SPARC announced the review committee and terms of reference.
- August 2008; Review committee commenced work.



- February 3, 2009; Draft review was presented to NZRL Board.
- February 12, 2009; NZRL Board endorsed the Independent Review report.
- February 13-15; Workshops presenting review recommendations to NZRL District CEOs/Chairs/Associates/Life Members.
- February 16; Public release of the report.

3. Independent Review Committee members

- Sir John Anderson KBE (Chair) – Company Director.
- Elizabeth Coutts – Company director, former SPARC board member.
- Don Mackinnon – Partner Swarbrick Beck Mackinnon Solicitors, Chair Netball New Zealand (2004-07).
- Cameron McGregor – Chairman Auckland Rugby League Board of Directors.
- Wayne Scurrah – CEO New Zealand Warriors.
- Graeme Sole – Canterbury Rugby League General Manager.
- Howie Tamati – CEO Sport Taranaki, Convenor Selectors NZRL, former Kiwis captain and coach.
- Peter Wilson – Chartered accountant, consultant MGI Auckland.

4. Summary of Recommendations in the Review

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

- 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

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.



5. Implementation plan

- **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
- **Special General Meeting 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 \$452,500 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
 - 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/District responsibilities.

Ends

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SPARC is the government agency charged with promoting, encouraging and supporting sport and physical recreation in New Zealand. For more information, visit www.sparc.org.nz.