

Independent review of the constitution, governance structure and processes of the New Zealand Rugby Union Incorporated.

Terms of Reference

Background

- 1.1 The sport of rugby is at a crossroads. The global game faces the prospect of substantial, and rapid change which provides both challenge and opportunity for rugby in New Zealand. The issues faced are not simply those that have periodically challenged the administration of rugby in New Zealand in other areas including:
- participation and engagement in an environment where social and employment changes are challenging the status quo
 - the health, safety, and wellbeing of all involved in the game
 - the balance and provision of pathways between community and high-performance
 - the growing diversity within the game and continued growth of women's rugby
 - the ongoing professionalisation of the game and the need to develop and retain talent to succeed on the global stage
 - staying true to the game's legacy and what it means to our culture, country and people
 - maintaining the game's integrity and enhancing its reputation
 - fostering strong relationships
 - growing competition from other sports and entertainment
 - emergence of large-scale capital providers seeking to exploit commercial opportunities
 - the need to ensure the whole game is financially sustainable and well governed; and
 - the need for management and governance capabilities that successfully address these issues.
- 1.2 Rather, the sport faces significant and fundamental change that will alter the global game and, of equal significance, the revenue that may be generated from it. The size and complexity of the New Zealand Rugby Union's (NZR) operations, and its value, has grown significantly since professionalism. It is now a complex global sports business of significant scale, operating in a dynamic and growing global industry, balancing commercial and not-for-profit objectives.
- 1.3 NZR has embarked on a new business plan requiring major investment to drive uncertain growth. To that end it has entered into an agreement to sell part of its

future revenue to a third party ('Silver Lake'). It has established a separate limited liability company (NZR Commercial LP) for that purpose.

- 1.4 NZR should have the best possible governance structures, processes and organisational capabilities fit for its needs and the parties agree it should be run by the best possible mix of qualified directors with relevant experience. It requires directors who can deliver the matrix of knowledge, experience and skills required to govern NZR and its subsidiaries effectively, and who, together, can engage authentically with the diversity of perspectives and interests that should inform NZR's decision making.
- 1.5 How NZR responds to these challenges and opportunities will largely determine its success or failure – and the health of the sport in this country - in coming decades.

2 Governance of other New Zealand rugby stakeholders

- 2.1 It is acknowledged that, through NZR's constitutional structure, its members (particularly the Provincial Unions) have significant influence over NZR governance, and through the rugby players collective employment agreement, the Rugby Players Association (RPA) has significant influence over New Zealand rugby's professional game, in particular. It is in the best interests of rugby in New Zealand that the Provincial Unions, Māori Rugby Board, RPA and other New Zealand rugby stakeholders are also well governed.
- 2.2 Provincial Unions and other New Zealand rugby stakeholders should be encouraged to take learnings from this review as they seek to consider if their governance is also fit for purpose.
- 2.3 The Māori Rugby Board is completing a review of its own governance structures and the findings from this will form part of the considerations of this review.
- 2.4 To this end in 2022 the RPA/RPC will also be carrying out a review of its constitution and governance as part of a wider business planning process and will consult with NZR in the course of that review.

3 The purpose of this review

- 3.1 The purpose of this review is to answer a simple question:

Is the Constitution and Governance structure of the New Zealand Rugby Union fit for purpose to:

- ensure the appointment of a Board that has the required matrix of skills, experience and qualifications to govern effectively; and
- confront the challenges, and maximise the opportunities, that will present themselves (including the establishment of a new commercial entity)?

If not, what are the changes that should be made to allow it to be so?

4 The key issues which underpin this

- 4.1 It is contemplated that, in providing its answer to the fundamental question posed above, this Review will consider, and express a view on at least the following things:
 - 4.1.1 Who are the stakeholders of the game of rugby / NZR in New Zealand?
 - 4.1.2 Are stakeholder voices heard, and their interests adequately represented, when decisions about the future of the game in New Zealand are being made?
 - 4.1.3 What, if any, role should each stakeholder group have in the governance of NZR?
 - 4.1.4 What is the best practice process to achieve the appointment of directors / Board members and board chairs for the NZR Board and its subsidiaries moving forward?
 - 4.1.5 If an Appointments and Remuneration Committee is best practice, how should it be structured to achieve the outcomes from the review?
 - 4.1.6 How can the governance structure and the way in which the Board interacts with stakeholders ensure that a diversity of stakeholders' interests are represented appropriately to support the best overall interests of the game in New Zealand?
 - 4.1.7 Is the current structure conducive to a collaborative, all of game approach, where diverse perspectives are encouraged and respected, their interests adequately represented, and debate encouraged?
 - 4.1.8 Are the current governance structures and processes conducive to attracting the best people to govern the game in New Zealand? This requires consideration of the type of person (and their skillset) that is required to govern the game, and whether the best people available with that skillset are being attracted (and if not, why not).
 - 4.1.9 What structures and processes are best able to meet emerging expectations that governing boards should contain a diversity of thought and a membership overall that is credible in the eyes of key constituencies.
 - 4.1.10 Do the current structures and processes provide the best way of ensuring the organisation of functions needed to achieve the purposes of NZ Rugby? This includes, but is not limited to, the appointment of a Board that has the qualifications, knowledge and skills required to be fit for purpose. This will further require consideration of what appointment structures and processes other organisations similar in scale, scope, complexity and size, employ. This includes as potential examples the governance organisations of Iwi, other sports organisations, Health Trusts and listed companies.

5 Outcome of the review

- 5.1 The required outcome of the review would be to make a recommendation about any required change to the Constitution and Governance structure of NZR, which shall include the changes that are required, and reasons for those changes

6 Commissioning party

- 6.1 This review is commissioned by the New Zealand Rugby Union Incorporated. NZR acknowledges the importance of the review to NZRU's member Provincial Unions, the Māori Rugby Board, and the RPA, in particular.
- 6.2 Any costs associated with this review will be borne by NZR.

7 Review Panel

- 7.1 This review will be undertaken by a panel of four individuals significantly experienced in sports governance and governance generally. As invited to do so, the provisional members of the panel have reviewed the Terms of Reference previously agreed by NZR/RPA. Minor modifications recommended by the panel for the sake of clarity are contained in this document.

8 Public nature

- 8.1 This review process is not per se a confidential exercise. The recommendations that result from it will be made publicly available, and any participants in the review should be provided with appropriate notice of this.

9 Obligation to act on recommendations

- 9.1 New Zealand Rugby Union Incorporated, its member Provincial Unions and the Māori Rugby Board have agreed that any recommendations arising out of this review will be considered in good faith and acted upon by them to the extent practicable. It is acknowledged that any recommendation that requires a constitutional change would need to be approved by a majority of at least two-thirds of the votes cast at a General Meeting.

10 Timing

- 10.1 The final report will be presented to the New Zealand Rugby Union Incorporated, its member Provincial Unions, the Māori Rugby Board and the RPA by 31 August 2023, with interim updates each month from the commencement of the Review until delivery of the report. The panel will provide a progress report to NZR members at the April 2023 AGM.
- 10.2 The indicative stages and provisional timeframe for the work is as follows:
 - 10.2.1 The panel will invite written submissions from key NZR stakeholders. The submission period will run from December 2022 until February/March 2023. Provision will also be made for others interested in the review - including members of the public – to make written submissions by that date.
 - 10.2.2 After consideration of the written submissions the panel will undertake a period of consultation. This is to enable the panel to inquire more deeply into matters

raised by submitters and key stakeholders, in particular. However, the panel is expected to consult any organisation, group, or individual which in the panel's judgement may be able to inform it on the matters set out in this Terms of Reference. Development and consultation on options will be integral to the consultation process. It is expected that the consultation phase may need to extend until June 2023.

10.2.3 Research and study of relevant documentation will be ongoing throughout the period of the review.

10.2.4 The panel will finalise and submit its conclusions and recommendations to NZRU no later than 31 August 2023.