



17 December 2014

Mr Andrew Larratt
General Manager
Community Rugby
Australian Rugby Union

and

Mr Bruce Worboys
Executive Officer
NSW Rugby Union

Via Email

Andrew and Bruce,

The fact that this is the first letter I have felt obliged to write to you during my five year chairmanship of the NSW Suburban Rugby Union (NSWSRU) should alert you to the seriousness and urgency I place on its subject matter.

I write to you regarding the introduction of the National Insurance Levy (NIL) and National Participation Fee (NPF). Monday was the first opportunity for the NSW Suburban Rugby Union Board to meet and review these items which have a significant impact and impost on our Union, member clubs and participants.

I have outlined below our position in relation to these items.

National Insurance Levy (NIL)

With the exception of one season the Australian Rugby Union National insurance scheme has operated quite successfully on a per team basis for 20 years. The new \$75 per person NIL capped at 30 people would see our clubs liable for a 25% increase in insurance, with 41 of 51 Suburban Clubs paying the maximum rate. I acknowledge that late Monday night the premium was reduced to \$60 per person with no cap. This will still see insurance increase by 18%, with 40 of those 51 clubs still experiencing an increase in insurance costs.

Rugby has always been an inclusive game where “registration to the ARU/State” was free. There was no disincentive to register, whether you were a regular player, irregular player, new player to the game or someone that just wanted to try it once. Clubs could also charge accordingly on a pro-rata basis as they saw fit. There is now a \$93 (\$60 + \$33) disincentive to register. This surely must be contrary to ARU’s own recruitment and retention strategies. For the ARU to introduce a scheme that leads to a reduction in registered players is a disgrace and this Union cannot be part of it. Our team numbers have been dropping steadily since 2005, with 2014 seeing the biggest drop off in team numbers in our history.

Our Union has been working hard to ensure that numbers stabilise through restructuring of competitions, length of season and a new amateur policy. However, the new NIL and NPF undermines all this hard work.

It is simply wrong and naive to suggest that the players will now be liable to cover these new per person charges through the on-line registration and payment system, when by your own admission only 10-15% of participants will sign-up and pay in this fashion. This will leave clubs with a larger insurance liability than 2014, as it is the clubs - **not the individual** - that will ultimately receive the invoice to cover the insurance premiums not settled online. I cannot stress to you enough how strongly my Board feels about this point. Take it from a Board with a combined experience of hundreds of years of direct, on-the-ground club administration that this will result in fewer players registering and/or players and clubs attempting to circumvent the registration/insurance system. As I said previously, this surely must be contrary to the ARU’s recruitment and retention strategies.

NSWSRU asks the ARU to reconsider its approach to the cost and collection method of these fees with a view to returning to a per team insurance premium that is in line with 2014 figures. We would be happy to review this arrangement in 12 months once everyone is aware of player and club registration behaviours in the new system.

The NSWSRU Board has instructed our management to obtain alternate insurance quotes including the NSW Sporting Injuries Insurance Scheme with a view to not subscribing to the ARU Policy in 2015.

National Participation Fee (NPF)

NSWSRU does not have a philosophical problem with supporting the State or National Union via an NPF. Whilst we would obviously prefer the former “trickle-down” model which is still in place with a number of our sporting competitors we acknowledge that in the best interests of rugby we need to assist. However, we cannot agree to an NPF under the current conditions. We have a number of concerns:

The Amount

The NPF has increased 600% from \$200 per team to \$33 per player (or over \$1000/team) based on our 2014 registration numbers. This equates to \$214K (inc. GST) being collected from NSWSRU Clubs. Like the NIL, only 10-15% of players will pay online, with the burden for this liability then shifting to the clubs. For example, one of our larger clubs will now receive a new invoice for over \$11K whilst some of our small one team clubs will be expected to pay \$2500. To even propose such figures is ludicrous.

Reduction in community rugby grants nationally is naturally disappointing, although understandable given the ARU's much publicised financial woes. However, to impose such a large "tax" nationally on all players as a way of covering the grant cuts is arrogant in the extreme. To assume that players, but in reality the clubs, can afford to shoulder the burden when the ARU cannot is the wrong assumption. The questions now being asked are: what is the ARU doing for grass roots rugby? Does the ARU realise where the future Super Rugby and Wallabies come from? Does the ARU realise where the supporters of the game come from? Does the ARU have any idea of what the volunteers already put into the game for no financial reward?

This Union, and others, already subsidise clubs that cannot afford the current financial commitments involved in playing rugby. Similarly, clubs subsidise players that are in the same position. It is the **clubs** that are best suited to assess an individual's capacity to pay and to set an appropriate player fee – it should not be Head-Office unilaterally setting a National Levy, which can never be appropriate for all circumstances.

Timing

Last December we were notified of a club participation levy. Eleven months went by with little, or certainly no formal, consultation with affiliates. We acknowledge that there may have been some confidential matters that were unable to be formally discussed. However, to be advised only on 19 November 2014 about the greatest changes that community rugby has ever experienced is unacceptable and unprofessional. This has hampered our Union's ability to review, consider and properly act and react to this matter. Be assured we will take as long as is necessary to ensure that this is not rushed, without proper consideration of the repercussions.

NSWSRU and its member Clubs have not had the appropriate time to revise budgets and player fees or refine their method of collection, which has after 20 years shifted away from a per team basis. Significant changes to management practices such as this need careful consultation, planning, notice and education - particularly when we are dealing with volunteer boards, clubs and players. We have been let down in all these areas. Presenting these massive changes as a fait accompli is **not** consultation.

Value Proposition

NSWSRU will not agree to pay the NPF until a full and transparent disclosure has been made as to how the NPF funds are to be spent and what value this will provide to NSWSRU.

Shute Shield

It is concerning that even though ARU's funding of the Shute Shield has been reduced to zero, Shute Shield's 2015 funding has reportedly been quarantined and guaranteed through the payment of the NPF. NSWSRU cannot and will not agree to pay a NPF where our players/clubs are subsidising the operations of the Shute Shield competition. If the ARU cannot see the value of supporting the Shute Shield why should we?

The Future

NSWSRU could not agree to a NPF where there has been no discussion around the processes, procedures and notice periods for future fee increases. We are concerned that a reduction in the remaining ARU funding in 2016 could double the NPF overnight.

I note that our friends in soccer introduced an NPF in 2004, when times were tough, however some 10 years later this fee is still in place and has increased over the years. At least Soccer's NPF was tied to the implementation of new **agreed** strategic directions and budgets. None of this has occurred yet in rugby. Why not?

All we ever hear about is this poor financial position of the ARU, where is the vision, the strategic plan to address the issues and move rugby from the fourth ranked winter sport to number one. If the best the ARU can come up with is the NPF then we may as well give up now.

RugbyLink

Unfortunately, RugbyLink has now been tarred with the introduction of the NIL and NPF, both of which this Union does not agree with. We also have concerns that the competition management side of the system has not been adequately piloted in a proper seasonal 15 aside competition environment.

We are instructing our clubs to not attend RugbyLink training courses, nor will we be encouraging clubs to pass on bank details. We will be advising clubs not to register their players on-line in this new system until such time as the above matters have been satisfactorily resolved.

It is obvious that RugbyLink has been built to facilitate the collection of the NIL and NPF whilst losing sight of its original priorities of easing administration for clubs and competition administrators. An example of this –

Players must pay the compulsory NIL and NPF but can opt out of paying the club levy. This exposes in the starkest of detail the ARU's skewed priorities. How does this feature assist my clubs?

Therefore, NSWSRU will make alternate arrangements for player registration and competition management services for 2015.

My Board questions the due diligence and planning that went into this whole process. The original Insurance premiums were grossly over inflated and have now finally, begrudgingly been reduced. We fear that similar figures and assumptions were used to formulate critical National Policy and these must now be closely scrutinised.

NSWSRU prides itself on being quiet achievers and self sufficient - we are not agitators or renegades and we have never previously considered taking such drastic action. However, we cannot sit idly by and simply roll out National Policy that will have serious and detrimental impacts on grass-roots rugby which will then have an impact on the future of rugby at all levels.

We would be happy to be involved in any further discussion at State or National level regarding the NIL and NPF - both require urgent review. We cannot and will not support the NIL or NPF in their current format.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paul Timmins', with a stylized flourish at the end.

Paul Timmins
Chairman – NSW Suburban Rugby Union

CC -

Tony Fisher (President Sydney Junior Rugby Union)

John Hamilton (President NSW Country Junior Rugby Union)

Barry Ruddy (President NSW Country Rugby Union)

Terry Woodward (Executive Officer NSW Country Rugby)

Rob Millner (Chairman Sydney Rugby Union)

Bill Pulver (CEO Australian Rugby Union)

Nick Farr-Jones (Chairman NSW Rugby Union)