

PUTTING RUGBY FIRST

Mr Bernard Lapasset
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via email: Bernard.lapasset@irb.com

26th September 2008

Dear Bernard

Thank you for your letter in response to the report "Putting Rugby First" and the accompanying press release.

Suspecting that neither of us wishes to conduct a lengthy debate in correspondence, this reply will be restricted to addressing and correcting errors in your letter to avoid any misunderstanding and misapprehension. Please do not consider its brevity as an unpreparedness to debate the issues – there is simply too much to say in a letter and that is why the Report was produced.

You assert that the Report is flawed, indicating your belief that rugby, and its global management, are in good shape. However, Putting Rugby First has been read in over 76 countries and the overwhelming support for its contents, and conclusions, demonstrates that the views expressed in your letter can only be shared by a small minority.

The Report is underpinned by a vast amount of supporting evidence. In other words, it is backed up by substantial, verifiable and validated research from independent experts. We are pleased to note that you have not sought to repudiate any of the factual information presented in the Report.

In trying to understand how there could be such a divergence, when all commentators (including you, me and my co-authors) are devoted to the welfare, prosperity and growth of rugby, it seems as though a fundamental issue may be in your statement that "Democracy is in the eye of the beholder". It is not!

Chambers Dictionary describes democracy as "A form of government in which supreme power is vested in the people collectively, and is administered by them or by officers appointed by them; a state of society characterised by recognition of equality of rights and privileges for all people." I return to this aspect below.

As you will be aware, in 2006, the IRB received advice that (a) rugby has grown exponentially but is still relatively small; (b) rugby basically breaks even but there are variations between Unions; (c) polarisation of revenues and results is continuing; (d) the international game must remain attractive to stimulate growth, with Argentina properly integrated into an annual Tier 1 tournament; (e) rugby needs to act as one business to optimise growth for the global game; and (f) rugby should target the major world markets to achieve the next stage of growth, essential for the long-term future of the game. Sound observations but, two years later, how far has rugby really progressed? The whole of rugby must combine to address these points urgently.

There are some principal errors in your letter when you state:

- "No mention of the US\$50m invested by the IRB each year". **Not true.** This is mentioned several times in the Report (see pages 27 - 29) with reference to the 05/08 Strategic Investment Plan and our concern over the way it is distributed. \$24m to Tier 1, \$16m to Tier 2 and \$1.8m to Tier 3 plus \$14m predominantly on competitions to benefit Tier 2. Democratic? Investment is the use of revenue derived from the World Cup to support /develop the game around the world – it is not the dispensation of largesse nor should it be discretionary distribution. There should be transparent management.
- "Scant regard to the many competitions funded/created in Oceania, the Americas, Asia and Europe". **Not true.** See Chapter 4 of the Report. Exhibit 7 is a whole page devoted to this precise point. However, as the Report suggests, development is about so much more than tournaments. Some regions need more sophisticated investment, as they have told us, especially for the grassroots and promotion of the game to new audiences.

- › "You do not properly recognise that the size and scope of the RWC has grown exponentially". **Not true.** See Chapter 3. The Report focuses on where we are, where we need to go and how to get there – rather than where we have been.
- › You claim we have missed one of the IRB's strategic goals – the one about working to re-join the Olympic Games. **Not true.** See Chapter 4 and, in particular, page 43. The failure to achieve the goal is a matter of public record and comment including from IOC officers as is the IRB's proposal for inclusion in 2016. There is no basis for your assertion that we claimed Olympic inclusion as our idea.

Turning to your comments on the six goals suggested in the Report:

- › Democracy: you say that "those that provide the bulk of players and money into the Game should have the bulk of the representation". But those are neither the significant economies of the world nor where the bulk of the money resides to grow the game. Heed the advice given to the IRB in 2006 and target Russia, China, India, Japan, USA and Mexico. Such important new and emerging markets need to be properly represented to ensure maximum benefit from their vigour and innovation. The subsequent message from the IRB about globalisation would then be clear and unambiguous.
- › Good corporate governance: you say that this about "good working relationships with stakeholders", evidenced by something signed with IRPA (which comprises professional players' associations in the eight Foundation Unions) and a forum in Woking. There must be more? We have suggested a transparent, modern, management structure that works for all members not just a dominating elite.
- › Five Year Plan: you allege that we have not read the IRB's Strategic Plan which must mean that you have not read Chapter 4 of the Report. The Strategic Plan has some good ideas which we have not sought to deny. Instead, we have asked fundamental questions about delivery, implementation and measurability – no doubt, you have too? Presumably, the Strategic Plan published in 2004 is to be up-dated?
- › Specific Plans: the Report's fourth goal had specific regard for prioritised territories. Great to hear about "KPIs and KMDs". It is not disputed that the IRB is active just that many believe the investment to be targeted poorly, that there is limited accountability and, a constant theme, inadequate transparency. Why not publish annual operational plans, KPIs, etc.?
- › RWC 2015 in a prioritised territory: you say that bundling 2015 and 2019 "increases the likelihood that a RWC would go to a non-traditional territory" but go on to say that "an unsuccessful RWC in a non-traditional territory would be a disaster for that Region and the Game". But New Zealand, a "traditional territory", is already scheduling a loss of \$30m. Why will a two-cycle approach make a difference when separate, minimum, guarantees are required? Why not aggregate the financial target across the two events? There surely needs to be clear leadership from the IRB to the intention you describe when the eight bidders for 2015 comprise six Foundation Unions plus Italy and Japan and in 2019 they are the same countries plus Russia but without England. Who could possibly predict now what might be a (safe) prioritised territory in eleven years' time?

Might the scheduled losses for New Zealand in 2011 be considered a "disaster for that region"? It certainly could be for "the Game". If the event is not a commercial success, raising increased revenue to support developing needs, Olympic ambition and inflation, there must be a serious risk of rugby going backwards. Publicly reported tension between the IRB and the host nation on, for example venues, is very worrying. Where would responsibility lie?

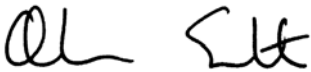
For RWC 2015 and even 2019 (if they are to be awarded at the same time to host nations), why not commission independent, economic, analysis on the impact for candidate economies such as has been undertaken, for example, in connection with the FIFA World Cup?

- › Rugby in the Olympics: you invite us to watch a promotional video on YouTube. The Report addresses the wider criteria for inclusion. Any due diligence would reveal the concerns which we have raised. Following the failure of the 2012 application, we assume that the IRB understands that the IOC's decision is not just about presentation but about a sport's underlying structures, contribution to Olympic ideals, legacy benefits, etc.. We are watching the competitor sports. We support rugby and hope it succeeds.

We do not seek to undermine the IRB but wish to see it soar with justifiable authority for the recognised benefit of all. We believe that it can lead with credibility and integrity but that changes are necessary to ensure confidence and trust. The greatest challenge is the ability to recognise the need for improvement and the courage to act especially when it might be contrary to an individual's, or their nation's, narrow interests for the greater good. The fact that your letter was only circulated to Council Members and Tier 1 CEOs demonstrates that the debate remains limited – was it only to be shared with the other unions through the press?

Putting Rugby First is a conduit for concerned people engaged with rugby, at all levels, from around the world. We would be happy to meet you and will support rugby in every way we can. We hope that you, as a new Chairman, your executive colleagues and the all powerful Council will listen and act at the November meeting. You concluded your letter by reflecting on "the last 10 years". We have asked you to look at the next ten years.

Regards,



Quentin Smith

cc: IRB Council Members
T1 CEOs
William Field