

New Zealand Rugby to pay \$3 million of owed Covid wage subsidies amid proposed provincial funding cuts



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- NZR has agreed to pay the almost \$3m of wage subsidies provincial unions owe the Ministry of Social Development - to end a year-long dispute.

- NZR has, however, told unions that it will be cutting its total annual distribution by \$1.8m in 2024 and by the same amount in 2025.

- Provincial unions reveal that they want the current NZR board to stand down as part of the governance review process.

- Unions aiming to call an Special General Meeting later next week to vote on their own proposal for NZR governance change.

New Zealand Rugby (NZR) has stepped in to pay the almost \$3 million of Covid wage subsidies member unions have been ordered to repay the Ministry of Social Development (MSD), but separately, the national body is also proposing to cut provincial funding by \$3.6m over the next two years.

That the unions have been released from their obligation to pay back the MSD will come as a major relief, as some individual provinces were potentially going to have to reimburse amounts that would have caused them financial distress.

The unions have long argued they were advised by NZR that they should apply for the subsidies, despite the union also making an application.

NZR, however, did seek advice from the MSD in 2020 prior to informing the unions they could also apply to receive payments, and so there has been an elongated negotiation to reach this point - one that has been tense and fraught.

But the victory the unions have struck with the Covid wage subsidy repayments has not been celebrated on account of NZR's decision to cut their annual distribution this year and next.

NZR has an agreement to pay 17 per cent of its revenue to the unions annually, but it has notified its members that it won't be able to meet that obligation in both 2024 and 2025.

The national body is facing up to its own strained financial position with its income not growing in line with expectations and costs rising more than forecast.

The challenging financial picture has led to NZR having to make cost savings across the business, with total union funding - which was around \$42m last year - to be cut by \$1.8m in 2024 and again by the same figure in 2025.

Wellington chairman Russell Poole described the cut as "exceptionally disappointing" and warned that the health of grassroots rugby will be endangered by the funding reductions.

But the concern for the unions is not so much about the impact of reduced annual distributions - the cut is unlikely to have a material impact on provincial budgets - but more what it says about NZR's overall financial strategy and stakeholder management.

The unions voted yes to doing a deal with US fund manager Silver Lake on the premise it was going to flood the game with money and now, two years after that agreement was reached, provincial funding is being cut, not increased.

Separately, Poole also confirmed that the unions are likely to finalise their proposal to reform the national body's governance structure on Friday and that it would probably contain a revised clause to recommend that NZR's current board resign, and that those who wish can stand for re-election through whatever new system is agreed.

This new position comes after the New Zealand Rugby Players’ Association made the same call for the board to resign in its restructuring proposal, details of which the *Herald* published on April 3.

The unions and NZR have been locked in an eight-month negotiation process to agree a new governance structure [after an independent review found the current system is not fit for purpose](#).

The review recommended that NZR appoint nine independent directors, chosen by an independent panel.

But while NZR and the provincial unions broadly agree with the conclusions of the review, [neither has wanted to adopt all the findings](#).

Poole says that the unions continue to support the appointment of nine independent directors, but with the stipulation that three of them have at least two years’ governance experience in community rugby.

NZR chair Dame Patsy Reddy says [she won’t support any proposal](#) that continues to seek the inclusion of that specific clause, and last week issued a revised proposal that would set up an interim appointments panel to elect a new board - but on the proviso current directors are allowed to see out the remainder of their three-year terms.

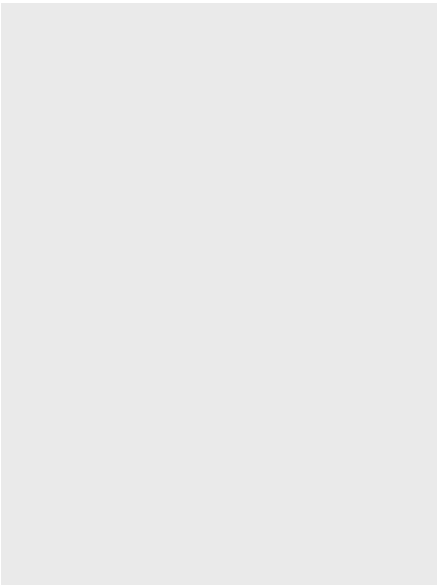
Reddy is understood to want to bring matters to a head next week and kill this situation where there are multiple proposals under consideration and instead meet with the working group of union chairs and reach a final agreement that can be put to the members in a vote.

NZR said it would be in a position to comment on this story later on Friday.

Gregor Paul is one of New Zealand’s most respected rugby writers and columnists. He has won multiple awards for journalism and has written several books about sport.

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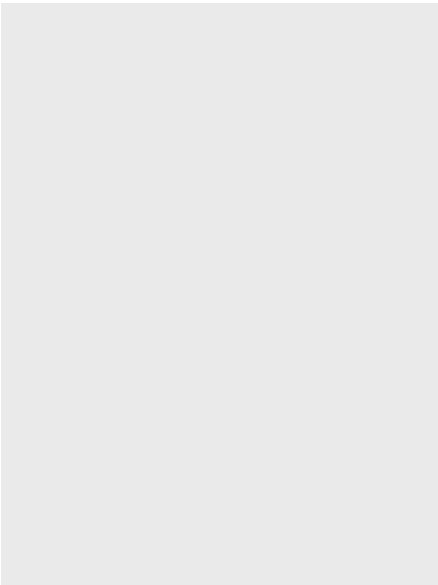
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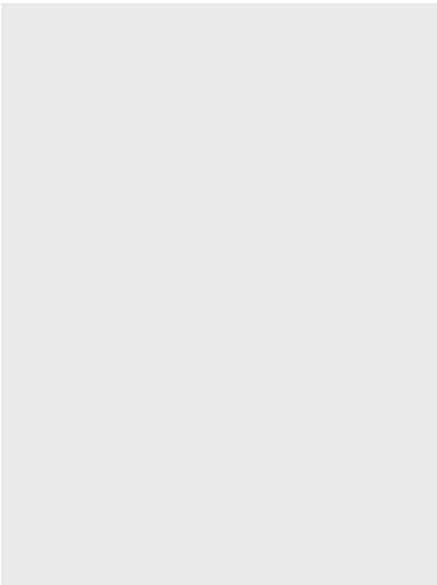
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