

# **GOVERNANCE REFORM PROPOSAL SUMMARY**

26 March 2024

# OVERVIEW

## Background

There is agreement across the rugby system that we need to realise the full potential of rugby in New Zealand to best position the sport for the future, from the grassroots up.

Critical to realising that potential is having a best practice governance structure that enables effective decision-making, driven by a single-minded focus on the execution of strategy to deliver in the best interests of the game overall.

With that in mind, an independent Governance Review was undertaken that involved extensive consultation with a wide range of rugby stakeholders. The outcome of the independent review was several recommendations to improve the governance of NZR.

Key recommendations included a shift to an independent model of governance, with a process for Board appointments that is also more independent.

To support a more independent governance model, it was also recommended a Stakeholder Council be established to ensure our stakeholders right across rugby could have meaningful input into our game.

## NZR Proposal

The changes in the revised governance proposal are intended to be put to voting members, which we will encourage them to support so that NZR might evolve and realise the huge opportunities ahead of us.

NZR acknowledges the views of our voting members, the Provincial Unions, and the New Zealand Māori Rugby Board (NZMRB), who have strongly advocated to ensure the Board composition and appointment process demonstrates lived experience of community rugby and Te Ao Māori.

We believe this approach can meet the perspectives of our voting members, while staying true to the principles of independence in the review recommendations, by including the following in our proposal:

- Entrenching a requirement in the Constitution that the Board must have sufficient rugby knowledge and expertise relating to rugby at all levels of the game in New Zealand, including experience and understanding of the issues and challenges facing NZR, as well as tikanga / Te Ao Māori expertise and strong relationships across Māori and Pasifika.

# OVERVIEW *(continued)*

- A Transitional phase that will give our rugby stakeholders the opportunity to consider, have input on, and pilot, the design of:
  - a. A Rugby Council (*Stakeholder Council*)
  - b. The Appointments Panel – we are proposing a Transitional Appointments Panel be established in the meantime to provide members certainty in the upcoming Board appointments process.

We anticipate this transition period would apply until the 2025 Annual General Meeting (AGM).

We understand change is confronting, but it also presents opportunity. Under this proposal, having provincial rugby governance experience remains an advantage for Board candidates who also meet other criteria, including strong governance capability and demonstrable awareness of diverse perspectives.

In addition to this, the new structure enables much greater representation of key rugby stakeholders' views from the entrenched focus in the Constitution for the Board to have collective rugby knowledge and expertise relating to rugby at all levels of the game in New Zealand.

## Next steps

In order to implement the changes in an efficient and orderly manner, the new process to appoint Board members would commence immediately.

To give voting members more certainty we would look to agree the members of the Transitional Appointments Panel in advance, and then the following to be undertaken;

- a. Develop the NZR Board Skills & Competencies Framework and Needs & Priorities Statement, to be agreed by the Transitional Appointments Panel and communicated to Affiliated Bodies.
- b. Members would be required to vote on these changes at a Special General Meeting (SGM), prior to an AGM.
- c. The 2024 AGM could then be held dealing with all matters except the Board selections
- d. Ratification of Board appointments in 2024 to occur by postal ballot (electronically)
- e. The term of Board Members retiring by rotation in 2024 to be extended until the completion of the ratification vote.

# 1. BOARD COMPOSITION & TENURE

REVIEW PANEL RECOMMENDATION	NZR PROPOSAL
Board members remain at 9	<u>Same.</u>
<p>All Board members are independent (no representatives)</p> <ul style="list-style-type: none"> <li>• Appointment is on merit &amp; open to any individual.</li> <li>• Diversity of thought and background is demonstrated.</li> <li>• Must have sound commercial skills, financial acumen, deep knowledge of the game and experienced leadership capability.</li> <li>• Collectively have the skills to interact with the wide range of stakeholders within the game.</li> <li>• Members make the final decision on all persons seeking Board positions at AGM.</li> </ul>	<p><u>Same</u> - all Board members are independent.</p> <p>Existing Board members will continue in office until they are due for retirement by rotation.</p> <p>The Constitution will entrench the following in the Skills &amp; Competencies Framework:</p> <ul style="list-style-type: none"> <li>• The Board must have diversity across gender, background, and ethnicity,</li> <li>• Have expertise in tikanga and Te Ao Māori and strong relationships across Māori and Pasifika</li> <li>• Collectively have sufficient rugby knowledge at all levels of the game in New Zealand.</li> </ul>
Maximum Board tenure is 3 terms of 3 years	<u>Same.</u>

## 2. APPOINTMENTS PANEL

### REVIEW PANEL RECOMMENDATION

The Appointments Panel will have 5 members:

- 2 independent members appointed by the Institute of Directors (1 of whom shall be Chair)
- 1 independent member appointed by the NZR Board
- 2 members appointed by The Council, not subject to the same independence criteria and not necessarily current members of The Council
- The Chair of NZR engages with the Appointments Panel

The Panel will exhibit diversity across gender, background and ethnicity including knowledge of Māori and Pasifika rugby.

### NZR PROPOSAL

A Transitional Appointments Panel of 5 members will be established to carry out all the functions contemplated by the Review Panel, until The Council is established.

Members of the Transitional Appointments Panel will be agreed with voting members.

The composition of the Appointments Panel will be reviewed and agreed during this transitional period.

Same.

# 3. APPOINTMENTS PROCESS

## REVIEW PANEL RECOMMENDATION

The NZR Board draws up a draft competency framework which is provided to The Council for comment before being finalised.

The NZR Chair advises The Council of the need and priorities of the Board.

The Appointments Panel engages an external recruitment company to run the process, providing the Panel with a shortlist and the reasoning behind it.

The Panel selects a group of candidates for interview. Following reference checking, it selects those most aligned with the competency framework.

Candidates matching the number of vacancies (agreed by majority) are forwarded to the NZR Board who recommends them at the AGM.

Members ratify Board appointments at AGM by vote (1 vote per voting member)

## NZR PROPOSAL

Same.

As previously stated, until such time as The Rugby Council is established – the Transitional Appointments Panel will undertake the necessary functions intended to be performed by The Council in the future.

Same.

## 4. STAKEHOLDER COUNCIL

### REVIEW PANEL RECOMMENDATION

Stakeholder Council of 15 members (maximum)

The purpose of The Council is to create a cross-sector body that can provide meaningful input on Board selection by providing feedback on the competency framework and succession plan and appoint 2 members to the Appointments Panel.

An independent chair, and:

- 3 nominees from NZR's AGM (min. 1 from Heartland)
- 1 nominee from the NZ Māori Rugby Board
- 1 nominee from the NZR Pasifika Advisory group
- 1 nominee from Super Rugby Clubs
- 1 nominee from NZ Secondary Schools Rugby Union
- 1 nominee from the NZ Rugby Foundation
- 1 nominee from Women in Rugby Aotearoa
- 1 nominee from Local Government NZ
- 1 nominee from Sport New Zealand

### NZR PROPOSAL

Rugby Council (members TBC)

The purpose, responsibilities and membership of the Council would be co-created with our rugby stakeholders, and subject to approval from our Affiliated Bodies at the 2025 AGM.

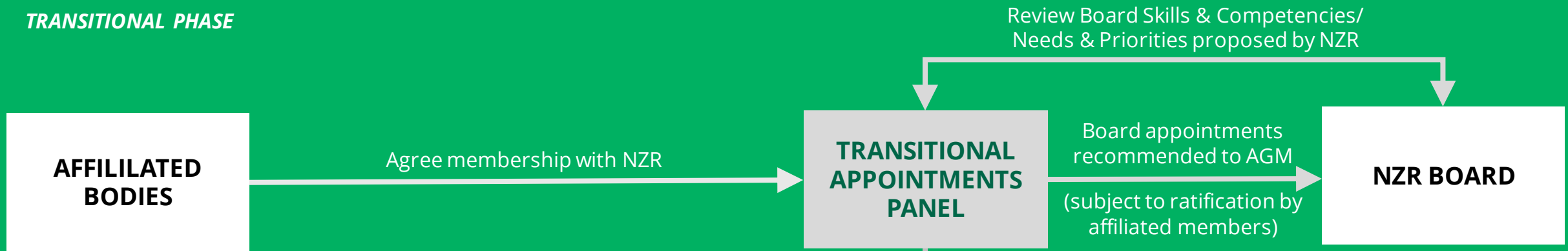
The Council will be made up of representatives of rugby stakeholders in New Zealand, and include an independent Chair appointed by NZR in consultation with other members.

The size and make up of The Council would be determined once the purpose and responsibilities are established as part of the co-creation process.

The responsibilities of the Stakeholder Council contemplated in the review recommendation will be undertaken by The Transitional Appointments Panel until The Council is established.

# 4. PROPOSED GOVERNANCE STRUCTURE

## TRANSITIONAL PHASE



## PROPOSED GOVERNANCE REFORM MODEL

