



SANZAR

**REQUEST FOR
EXPRESSIONS OF
INTEREST TO BE THE
15TH TEAM IN SUPER
RUGBY FROM 2011**

INTRODUCTION

The proposed Super Rugby competition structure involves the addition of a 15th team from 2011. SANZAR is calling for Expressions of Interest from potential applicants.

This document details the new competition format and sets out the process for SANZAR to determine the 15th team and grant a license to an applicant to participate in Super Rugby from 2011.

SANZAR is a Joint Venture between the Australian Rugby Union (ARU), New Zealand Rugby Union (NZRU) and South African Rugby (SA Rugby) and is the owner and organiser of the annual Super Rugby (currently known as the Super 14) competition involving teams from Australia, New Zealand and South Africa. SANZAR also owns and organises the annual Tri Nations Series between the All Blacks, Springboks and Wallabies.

The decision on who should be invited to participate as the 15th team in Super Rugby from 2011 will be made by the SANZAR Executive Committee. The SANZAR Executive Committee consists of two representatives from each of the three SANZAR member Unions. SANZAR will accept the most compelling bid taking into account all of the relevant factors and criteria as set out in this document.

One key point SANZAR wishes to emphasise at the outset is that this 15th team will be playing in the Australian Conference. The geographical location and time-zone of any new team, in relation to the existing four teams all based in Australia, will be a key consideration when deciding on the granting of this new licence. →

The ARU, NZRU and SA Rugby will identify and liaise with any potential Super Rugby applicants from within their country to determine whether they wish to bid to become the 15th team in Super Rugby.

The successful applicant, as a participant in the Super Rugby competition, will be subject to the requirements of various arrangements that presently exist, or may exist in the future, with the existing 14 participants and the three National Union members of SANZAR.

It needs to be recognised by any potential applicant that SANZAR is proposing significant change from 2011 over and above the competition format and the addition of a 15th team. SANZAR has had a working party, involving representatives from all three National Unions and the Players Associations from each country, established since mid-2008. The work in relation to the Commercial Properties, SANZAR Organisation Structure, Competition Rules and Regulations and Competition Innovation is ongoing.

Applicants must be confident they can perform strongly against the criteria outlined in this document and must complete the Expressions of Interest document included as Appendix A.

Applicants do not necessarily need to be affiliated to the National Union of the territory in which it is based. However, in the case of applications from Australia, New Zealand and South Africa, SANZAR will only consider Expressions of Interest that the relevant National Union has endorsed to be considered by SANZAR.

Therefore, applicants from within Australia, New Zealand and South Africa must provide their Expression of Interest to the relevant National Union in the first instance. The National Union will then consider the Expression of Interest, taking into account the

criteria included in this document, and determine whether it wishes to endorse the Expressions of Interest going forward for consideration by SANZAR.

In the case of any Expressions of Interest from outside the SANZAR member Unions, this will go directly to SANZAR and does not require the endorsement of the ARU, NZRU or SA Rugby.

STRATEGIC CONTEXT

SANZAR has spent the last 12 months undertaking a comprehensive and detailed review of its competitions and Test match properties. The aim of the review was to ensure that SANZAR stayed at the forefront of world rugby by having the best provincial competition and the most competitive international series in world rugby.

SANZAR has made a strategic decision to alter the Super Rugby competition format to move away from a traditional round robin to the use of three conferences based around each of the three SANZAR members. This provides a new and innovative competition structure that emphasises the local aspect of "home derby" matches while still retaining the unique international reach of Super Rugby.

Critically this conference structure will also provide SANZAR with "scalability" – a format that will allow for future expansion through the addition of new teams to the Australian, New Zealand and South African conferences or through the addition of a fourth conference.

Using conferences to drive any future expansion will ensure that:

- the competition length does not necessarily need to be increased to allow for the inclusion of additional teams and conferences. This is of critical importance to protect the international and domestic programmes for the SANZAR members; in particular the flagship Tri Nations tournament;
- the extent of international travel for teams can be managed which has player welfare, logistical and cost benefits

SANZAR sees the change in the competition format from 2011 as only a first step in positioning Super Rugby to allow for future expansion. The intention of SANZAR is to consider further Super Rugby expansion in the medium term.

SANZAR will carefully manage the expansion of Super Rugby to ensure that the quality of the competition is not diluted. This is why SANZAR is taking a managed approach through the realignment into conferences and the addition of a 15th team to play in the Australian Conference.

Super Rugby is also the selection ground for the All Blacks, Springboks and Wallabies, the teams that have dominated international rugby since rugby turned professional in 1995.

PROPOSED COMPETITION FORMAT

- Appendix B outlines the detail of the new competition format.
- Appendix C outlines the annual season structure for 2011 to 2015.
- Appendix D provides an indicative Super Rugby draw for 2012 (any final draw will depend on the location of the 15th team).

PROCESS TO DETERMINE 15TH TEAM

The process that SANZAR will follow to determine the 15th team is set out below.

Timelines are provided but SANZAR reserves the right to alter the dates at its discretion.

STEP 1 – EXPRESSIONS OF INTEREST

SANZAR is seeking Expressions of Interest from applicants for the 15th team license to play in Super Rugby. SANZAR will only consider Expressions of Interest from Australia, New Zealand and South Africa where the relevant National Union has endorsed the application for consideration by SANZAR.

Therefore, any applicants from within Australia, New Zealand and South Africa must provide their Expression of Interest document to their National Union in the first instance.

Attached as Appendix A is the standard form Expressions of Interest document that any applicant must complete and lodge as follows:

- Applicants wishing to locate a team in **Australia** should submit the Expressions of Interest document by **5:00PM Friday 24 July 2009** (Australian Eastern Time) to:

John O'Neill
Managing Director and CEO
Australian Rugby Union
29 – 57 Christie Street
St Leonards
PO Box 188
North Sydney 20605

- Applicants wishing to locate a team in **New Zealand** should submit the Expressions of Interest document by **5:00PM Friday 24 July 2009** (New Zealand Time) to:

Steve Tew
CEO
New Zealand Rugby Union
1 Hinemoa Street
Harbour Quays
PO Box 2172
Wellington 6140

- Applicants wishing to locate a team in **South Africa** should submit the Expressions of Interest document by **5:00PM Friday 24 July 2009** (South African Time) to:

Andy Marinos
Acting Managing Director
SA Rugby Pty Limited
5th Floor
SA Sport Science Institute Building
Boundary Road
PO Box 99
Newlands

The National Union will then consider the Expression of Interest, taking into account the criteria included in this document, and determine whether it wishes to endorse the application to go forward to SANZAR.

In the case of any other Expression of Interest, this will go directly to SANZAR and does not require the endorsement of the ARU, NZRU or SA Rugby.

- Applicants from outside of Australia, New Zealand or South Africa should submit any Expressions of Interest document by **5:00PM Friday 24 July 2009** (New Zealand Time) to:

Cameron Good
SANZAR Competitions Review Project Manager
c/o New Zealand Rugby Union
1 Hinemoa Street
Harbour Quays
PO Box 2172
Wellington 6140
NEW ZEALAND

STEP 2 – FULL APPLICATIONS FROM SELECTED APPLICANTS

SANZAR will consider the Expressions of Interest documents received and determine which applicants will be invited to submit a full application.

The selected applicants will be provided with an Information Memorandum and will be asked to provide a full application to SANZAR.

The Information Memorandum will include:

- A draft Business Plan to be populated by the applicant
- Details of any additional information the applicant will be asked to submit

SANZAR anticipates that the Information Memorandum will be issued by SANZAR before 7 August 2009 and applicants will be required to submit a full application by **5:00PM 18 September 2009** (Australian Eastern Time).

Please note that selected applicants will be asked to sign a Confidentiality Deed prior to receiving the Information Memorandum.

STEP 3 – SANZAR INVITES PREFERRED APPLICANTS TO PRESENT

SANZAR may then invite the preferred applicants to make a presentation to the SANZAR Executive Committee.

It is anticipated that this presentation would occur during late September or early October 2009.

STEP 4 – SANZAR DECIDES ON THE LOCATION OF THE 15TH TEAM

The SANZAR Executive Committee will make a decision on the granting of the license for the 15th Super Rugby team.

SANZAR considers it highly desirable that a decision be made on the location of the license for the 15th team before **31 October 2009** to provide an opportunity for the new


team to prepare for the recruitment of suitable staff and players throughout 2010. However, SANZAR reserves the right to alter this timeline as appropriate.

Any inquiries in relation to the above process can be directed to the SANZAR Competitions Review Project Manager Cameron Good:

- Email – cameron.good@nzrugby.co.nz
- Phone - +64 4 498 5919
- Mobile - + 64 27 280 4933
- Fax - +64 4 499 4303

For completeness, the summary of the key dates are as follows:

Submission of Expression of Interest Document to National Union or SANZAR	24 July
National Union confirms endorsement of Application and provides to SANZAR	24 July – 7 August
SANZAR selects preferred applicants and asks them to sign confidentiality deed	7 August
SANZAR Issues Information Memorandum to preferred applicants	7 August
Applicants submit full application to SANZAR	18 September
SANZAR may ask applicants to present to SANZAR Executive Committee	To Be Confirmed
SANZAR offers license to 15 th team	31 October



IMPORTANT INFORMATION FOR APPLICANTS

The successful applicant, as a participant in the Super Rugby Competition, will be subject to the requirements of various arrangements with the parties involved in Super Rugby. These include the requirements of SANZAR, ARU, NZRU, SA Rugby, and third parties such as sponsors, rights holders.

These requirements are added to and change from time to time as a result of:

- broadcast arrangements;
- the Collective Bargaining Agreements in place between the respective National Unions, the existing teams in each country and the respective Players Associations; and
- other arrangements agreed by the Member Unions.

This document does not include the details of these requirements.

Applicants must not commit to any arrangement (conditional or otherwise) with a third party in relation to the applicant's possible involvement (directly or indirectly) in Super Rugby (including venue owners, sponsors and licensees). ✓

INITIAL BACKGROUND INFORMATION FOR APPLICANTS

The information provided in this section is to give potential applicants guidance in determining whether they wish to make an application for the license for the 15th team in Super Rugby.

Following the initial Expressions of Interest process SANZAR will provide more detail to preferred applicants as part of the Information Memorandum.

Central Revenue

SANZAR retains ownership of all broadcasting rights including mobile and internet as well as central competition sponsorship properties including competition naming rights and ball supplier. These central revenues are then distributed to the three National Unions (net of the central expenses).

Central Expenses

- All team travel and accommodation expenses for away matches including the Finals is arranged centrally by and paid for by SANZAR. The new team would be responsible for any travel and accommodation costs when the team is playing at home and outside of the competition including assembling its squad and any pre-season programme.
- Match officials including travel and accommodation
- Judiciary
- Competition administration
- Competition marketing

Team Revenue

The key revenue sources available to the team are:

- Match day revenue (ticketing and hospitality);
- Commercial sponsorships (including apparel)
- Local or central government grants;
- Capital investment;
- Merchandising and royalties;

Presently the team also retains the Match Day Revenue from any playoff matches (with the exception of a payment to the visiting team). SANZAR is presently considering the financial model for playoff matches.

Another key source of revenue for participating teams is the relevant National Union who distributes a share of the central revenues. This model differs across Australia, New Zealand and South Africa and can take the form of a direct financial distribution (Australia and South Africa) or the payment or part payment of player salaries (all three countries). Therefore, the distribution model to the 15th team will depend on the team's location and SANZAR will provide more detail as part of the Information Memorandum.

Team Expenses

The following table provides the indicative costs of running a professional rugby team in Super Rugby based on the existing 16 week competition format (meaning that with the increase in the competition length at least some of these costs will increase). This will differ depending on where the team is based as Australia, New Zealand and South Africa teams all having differences in the financial model, number of players contracted etc.

	US\$ Millions
Player Payments	5 - 7
Team Management	0.6 - 1
Match Day Expenses	1 - 1.5
Other Team Costs	0.6 - 1
Administration	1 - 2
Total	8.2 – 12.5

This should be used as a guide only and the applicant will be required to build a detailed financial model.

Note that in relation to player payments all three National Unions have a variation on a centralised contracting model. This recognises that players are contracted to play Super Rugby but also to be available for selection to the All Blacks, Springboks and Wallabies. All three countries make additional payments to international players when they play test matches over and above the team player payment range of \$5-\$7m referred to above. Again, SANZAR will provide more detail on the contracting model in the relevant country or countries as part of the Information Memorandum.

Rugby Operations

- Match Schedule – as set out in Appendix B the new team will host eight matches season. An indicative draw is included as Appendix D but the actual draw is still in development (with the location of the 15th team needing to be confirmed before any draw can be finalised);
- Competition Rules and Regulations – are still in development with the change to the competition format of Super Rugby from 2011;
- Playing Kit – all playing apparel is to be procured by the new team. This provides the ability to secure an apparel sponsor;

SUMMARY OF CRITERIA

Applicants will be assessed against the following criteria. At this stage of the process SANZAR does not require the applicant to provide information on each of the assessable criteria, rather the criteria have been provided to assist applicants in assessing their ability to submit a compelling bid to be granted the licence to play in Super Rugby.

The Expressions of Interest document included as Appendix A outlines the key information that SANZAR is seeking at this point in the process.

1 Infrastructure

Demonstrate to SANZAR that the applicant has the appropriate infrastructure; in particular:

- Modern stadium suitable for international rugby standards including;
 - Seated capacity of a minimum 25,000 patrons
 - Corporate entertainment facilities
 - International broadcast and media facilities
 - Large screen video board
 - Public address system
 - Modern quality team facilities for both home and away teams and match officials
 - Stadium lighting of 2000 lux for digital broadcast
 - Match scoring and timing systems
 - Availability for the entire competition period;
- Appropriate international standard training facilities for the team and for visiting teams

The Information Memorandum will set out more details on the minimum Super Rugby venue standards. At this point in the process the applicant needs to identify the stadium or stadiums where it intends to play its home matches. In addition it needs to identify the international standard training facilities for both the applicant and visiting teams.

2 Geographical Location

SANZAR advises that with the new competition structure, the licence holder will be participating in the Australian Conference.

The key drivers for the conference based structure is to increase the number of local derbies which are valuable to broadcasters and engagement with fans, manage the costs of travel and the impact on player welfare. Therefore, the geographical location and time-zone of the 15th team will be a consideration. In particular SANZAR will consider:

- The proximity of any new teams base to Australia, in particular, but also New Zealand and South Africa;
- The time-zone of any new team in relation to Australia, in particular, but also New Zealand and South Africa;
- The potential costs to SANZAR of teams travelling to and from the location of the new team;
- The proximity to an international airport;
- The number and frequency of international flights and the travelling time to and from the four Australian Conference teams in particular, but also the five teams in each of the New Zealand and South African Conferences;

- The population base (within an approximate 50km radius of the stadium);
- The local climate from January to August;
- Ability to provide outside broadcast facilities and satellite up link

3 Financial Viability

Applicant will need to demonstrate the ability to provide a complete business plan if invited to make a full application.

SANZAR intends to provide a draft business plan for the applicant to then populate as part of the tender process.

This draft business plan will require the applicant to demonstrate:

- (i) The confirmed revenue that any applicant has in place for an initial five year period (subject to acceptance into the competition) including (with any third party deals having to be substantiated):
 - Commercial sponsorships
 - Local or central government grants;
 - Capital investment
 - Guarantees.
- (ii) The budgeted "at-risk" revenue including:
 - Commercial sponsorships;
 - Match day revenue (ticketing and hospitality);
 - Apparel sponsorships;
 - Merchandising and royalties;
 - Local or central government grants;
 - Capital investment;
 - Guarantees.
- (iii) The budgeted expenditure including:
 - Head office and high performance costs;
 - Player costs;
 - Infrastructure spending required;
 - Travel and accommodation costs;
 - Administration costs;
 - Match day costs;
 - Other costs.

For the financial forecasts under (i) to (iii) above SANZAR will require a detailed explanation of the assumptions that have been made.

- (iv) Market Analysis:
 - Provide an overview of the market for professional rugby including detailed analysis of the potential fan base and corporate sector along with Strengths / Weaknesses / Opportunities / Threats (SWOT) analysis;
 - Applicant's proposed course of action to resolve Weaknesses and counteract Threats.
- (v) Marketing Plan:
 - Advising how the applicant intends to market the team and to attract and retain sponsors, fans and players.

The applicant will be asked to provide any supplementary information to support the draft business plan.

4 Commercial Value to SANZAR

The commercial contribution (fans, viewers, sponsorship) that any new team could bring to SANZAR through:

- The expansion of the key existing markets of Australia, New Zealand and South Africa;
- The expansion of other existing markets outside of the SANZAR countries; or
- The opening of new markets

5 Proposed Organisational Structure and Governance

The proposed new organisation, or modification of an existing organisation, to successfully build a professional sports team including:

- Proposed ownership model
- The proposed organisational structure;
- The proposed constitutional framework;
- The balance of skills and experience on any Board;
- Evidence that there will be a suitable staffing structure in place including proposed management and high performance/team staffing;
- Any organisational strategic plan

6 Rugby Readiness

The rugby readiness of any new team and ability to be competitive;

- The number of potential Super Rugby level players who are eligible to represent the National Union of the country in which the team is located;
- The rugby heritage of the country in which the team is located;
- Any existing player development and high performance structures in place;
- The applicant's coaching, team management and player recruitment plan.

7 Other

- Local Broadcast Capabilities – the ability of matches to be broadcast to the required standard
- Compliance with any relevant IRB and National Union rules and regulations

APPENDIX A – EXPRESSIONS OF INTEREST DOCUMENT

Name of Applicant/s:	
Proposed Team Location:	
Key Contact Person:	
Contact Details (including e-mail):	

Infrastructure

Details of the stadia where the applicant intends to play its home matches:
Details of the international standard training facilities:

Geographical Location

Details of the population within an approximate 50km radius of the proposed location:
Details of any support from local or central government for the application:

Initial Information on the Proposed Ownership and Organisation

Details of the Proposed Organisation (including whether it is an existing organisation or a new organisation to be established for the purpose of running the Super Rugby team):
Details of the key principles currently involved in the application:

Initial Information on Rugby Readiness

Any existing player development and high performance structures in place:
Any existing coaching, team management and player recruitment plans in place: