

STATEMENT OF WAYNE ROSS SMITH

Introduction

1. My full name is Wayne Ross Smith I am currently employed as All Blacks Assistant Coach by the NZRU. I have been in this role since February 2004.
2. In that role I am responsible for:
 - Helping select the All Blacks and Junior All Blacks teams.
 - Giving guidance in Super 14 and NZ U21/U19 selections.
 - Developing of coaching knowledge and sharing coaching ideas around all the provinces.
 - Coaching the All Blacks attack.
 - Assisting Graham Henry and Steve Hansen to coach in their areas of responsibility.
 - Helping the structuring of the NZRU high performance plan and assisting in its implementation.
 - Providing expertise in the area of analysis systems and IT development.
3. A brief summary of my involvement in rugby is set out below:
 - I first played for the Canterbury NPC team in 1979 and played 69 matches for them between 1979-1985.
 - I first played for the All Blacks in 1980 and over the next five years played 35 matches for the All Blacks.
 - I was New Zealand Sevens Captain from 1984-1986.
 - I played representative rugby in Italy for three years in the late 1980's and returned briefly to play for Canterbury 'A' in 1989.
 - I have held player/coach roles for Casale Sul Sile in Italy from 1986-1988. I was also player/coach for Canterbury 'B' in 1989.
 - Following the end of my playing days I became heavily involved in coaching initially coaching the Sevens team for Canterbury 1989-1991.
 - From 1988-1992 I was employed as the Canterbury Rugby Development Officer.

- From 1994-1996 I was CEO of the Hawkes Bay Rugby Union.
- In 1997 I returned to Canterbury and from 1997-1999 I was employed full time as the Crusaders Super 12 Coach during which the Crusaders were the 1998 and 1999 champions.
- In 1998 and 1999 I was also Assistant All Blacks Coach and in 2000 and 2001 I was appointed All Blacks Chief Coach.
- In 2001 I went to the UK and coached Northampton in their Premier League, returning to New Zealand in 2004 to take up the All Blacks Assistant Coach role that I now hold.

4. In terms of my coaching career it can be summarised as follows:

- Canterbury B 1991
- Canterbury Sevens 1989-1991
- New Zealand Sevens 1991-1992
- Benetton – Italy 1992-1994
- Crusaders 1997-1999
- New Zealand Under 19 and New Zealand A 1997
- All Blacks Technical Advisor 1998-1999
- All Blacks Coach 2000-2001
- Northampton Saints (England) 2001-2004

5. In my role as All Blacks Assistant Coach, I am in regular contact with all New Zealand based Franchises i.e. Super 12/Super 14 coaches and all national provincial coaches.

6. Whilst I was coach at Northampton, the competition in which Northampton played was governed by a salary cap so I am familiar with the implications of coaching teams, contracting players, and how they perform under a salary cap and what the effects of introducing a salary cap on player performance, team performance and player skill levels are.

7. I also believe that I and my fellow All Blacks coaches are in a very good position (given our experience and track record in coaching around the world) to know what brings out the best in players. I am also familiar with how clubs, coaches and provinces operate in developing talent, what makes for a favourable environment for developing All Blacks talent and the individual capabilities and skills of all of New Zealand's top players.

Player Performance Under a Salary Cap

8. When I arrived at Northampton, the Salary Cap was already in place and we were hard up against it as were the majority of the clubs in the competition. We had a roster of professional players numbering 32 plus 8-12 paid academy players. The main features of the cap as I recall were:

- (a) The cap was set at £2 million.

- (b) There were exemptions for injury and international duty.
 - (c) An exemption for academy players currently £180,000.
 - (d) All players were contracted directly by Northampton – no central contracting.
 - (e) Player image payments were outside the cap.
 - (f) There was a discount for former rugby league players.
9. My observations of the effects of a salary cap on player performance, skill levels, motivation to train and migration in the English premier competition can be summarised as follows:
- I never noticed any negative impact on players' willingness or motivation to train even though we were hard up against the cap. In my experience, it is simply not in the spirit of a rugby player to slacken his training, playing, or motivation to improve or develop by reason of a salary cap or any "impact" a cap might have on that player's remuneration.
 - The English national team were playing the best rugby in the world from 2001-2003, yet their players played in a competition covered by a salary cap.
 - It is the team environment that is the major determinant of success on the field. Whilst I agree that some players like playing with certain other players, I do not agree that redistributing some talent within a competition lowers the overall skill levels within that completion. On the contrary, I have coached teams where we have benefited hugely from bringing in new players, who have come from a winning culture and they have really lifted their new team mates. The best example was the Crusaders in the early days when we introduced a couple of Auckland/Blues players who had only experienced winning in the mid 1990's.
 - The evenness of the competition was a very important factor in the increase of player skills in that competition. There were no easy games – even the teams that faced relegations were hugely competitive and the players had to "front up" every week. There is no better environment to develop in as a player and as I have said above, this contributed to the English team being the best in the world at that time. An example of the evenness of the competition was that Bath were playing for relegation one year and won the competition the next year.
 - All clubs in the English league put a lot of time and investment into player development especially through their academies for those clubs who were hard up against the cap, developing local talent was seen by those clubs as a way to get an edge.
 - My philosophy as a coach has been that it is the role of the coach to establish an environment in which players can excel and be the best they can be. I also believe that the only way that a team can play well is to work "bloody hard". In

my experience, that is what excellent performance is driven off and it applies whether there is a salary cap in place or not.

- In summary, in my experience, the fact that a salary cap in place has no negative impact on a rugby player's skill levels, his motivation to train hard and play well, his team's overall performance, or the performance of a national representative team picked from a competition covered by a salary cap. Neither does it impact on the level of migration to other leagues or clubs, which is determined by players on a case-by-case basis and occurs (or does not occur) for a variety of reasons.

Structure of the New Zealand Domestic Competition

10. I understand that the Commerce Commission is concerned about the effect of extra teams on skill levels and competitive balance within the new Air New Zealand Cup competition. I can speak on behalf of all the All Blacks selectors and say that we are strongly in favour of both the new competition format and the expanded number of teams. I made submissions on behalf of my fellow selectors during the Competitions Review run by the NZRU advocating the adoption of the new format and structure of the competition.
11. From the All Blacks view in particular, we see the new competition structure resulting in two crucial benefits:
 - The replication of the Rugby World Cup finals format, i.e. ¼ finals, semi finals, and a final.
 - More matches involving the best teams playing each other.
12. From the perspective of creating better Super Rugby Teams, we see that there will be a number of other key benefits from the new competition format and structure:
 - More teams at the top level for players returning to New Zealand to play in.
 - More players playing top level rugby.
 - More teams for players to be able to be loaned to – i.e. more players actually getting more game time.
 - An aspirational pathway to the finals rounds for the so called “lesser” Teams.
13. The All Black Selectors do not see the proposed salary cap detracting from these features in any way. We only envisage higher skill levels, more players in the Super 14 selection frame and a greater number of more even contests resulting from the competition structure and the salary cap. Tasman is a good example of this. With a player such as Greg Feek leading the Tasman challenge, and his ability to enhance the team's performance, we expect to see Tasman outperform many people's expectations.

Player Welfare and Player Development

14. I understand that one of the Commerce Commission's concerns is that there may be less money spent on player development particularly by teams who are hard up against the cap and that this may have negative implications for player skill development. My experience at Northampton was exactly the opposite as I have noted above. Every club in the UK had a very strong academy structure including Northampton. Nearly all of the clubs in the UK considered that having a strong academy was the way in which they were going to get an edge in the future. One of the reasons for this in my experience was that players securing professional contracts having been through academies were likely to show more loyalty i.e. be prepared to contract for longer terms and on better arrangements.
15. I personally experienced many failures in trying to attract players (for reasons like those that I have alluded to above) and hence developing our own talent became a core strategy for us in terms of maintaining our competitiveness. The competition was so tough that there was no room for teams to go through a so called rebuilding phase without risking relegation. It was essential to have access season after season to talented players to maintain and enhance our competitive edge and the academy was hugely successful in achieving that for us. I certainly see the academies that are attached to each of the provincial unions competing in the Air New Zealand Cup fulfilling a similar role and becoming equally as crucial in the development of talent for that competition.
16. I also understand the Commission is concerned that the wealthier Provincial Unions will spend their money on better coaches, medical specialists and facilities which would be seen as a benefit by players and as a result players would not move and the cap would be undermined. My experience in the UK competition was that as the competition got more even, the crowd sizes increased and the clubs got wealthier and were prepared to spend more money on facilities and hiring better coaches and management teams including medical specialists. However rather than undermine the cap, in my experience it complemented the salary cap as it led to an overall improvement in the standard of play both in the Premier League and the development teams below that league. There was more competition within squads and a much more seamless set up when bringing players up to top grade.
17. Also, I would say that expenditure on facilities, was done to accommodate the increasing attendances as the evenness of the competition led to more and more people turning up each week. For Instance, Northampton's stand capacity when I was there was approximately 10,000 but by the end of this year I understand it will have been increased to about 15,000 capacity and it is sold out for every home game.
18. The final point that I'd like to make at this stage is that in my experience, the greatest cause of player migration in New Zealand professional rugby is the Super 12/14 selection process. That is the time when most players decide whether or not to stay or play their rugby outside of New Zealand (at the professional level anyway). In effect, I have always regarded the Super 12 or Super 14 selection protocols as a type of salary cap in that they place a restriction on the number of players that can be selected for a team roster i.e. 28 players currently. That is a type of cap and has some similarity to a salary cap with the obvious difference being that it is the number

of players that is capped as opposed to the number of players that you can buy within a fixed dollar amount. That "capped" environment in New Zealand has had no adverse impact on skill levels, expenditure on player development, motivation to train or motivation to excel on the field as evidenced by the unparalleled results of New Zealand Franchises in the Super Rugby Competition. As All Blacks Selectors, we only expect that position to be enhanced under the new competition format backed up by a salary cap.



Wayne Smith

31 March 2006

Date