

2.3 A proposal to enter into and give effect to a Salary Cap with the features set out in the table below (defined terms in the table are those used in the draft Salary Cap Regulations) and given effect to in the Collective Employment Agreement between NZRU and Rugby Players Collective Incorporated dated 1 November 2005, a complete copy of which is attached as Confidential Schedule E (along with the NZRU press release and summary document), and in the Salary Cap Regulations, a current draft of which is attached as Confidential Schedule A.

Level of Cap
<ul style="list-style-type: none"> ▪ \$2.0m in 2006. ▪ \$2.0m plus CPI in 2007. ▪ Subsequently, the previous years Cap plus annual CPI adjustment.
Remuneration Included in Salary Cap
<ul style="list-style-type: none"> ▪ All Salary Cap Remuneration Payments Paid by a Provincial Union (including those paid by third parties) to a Player (or to a third party on behalf of a player) are included. ▪ Non-financial benefits are included. Policies re valuation will be developed and applied via the Salary Cap Regulations.
Provincial Union Salary Cap
<ul style="list-style-type: none"> ▪ If a Player is Paid Salary Cap Remuneration Payments of less than or equal to \$7,500 no amounts are included. ▪ If a Player is Paid Salary Cap Remuneration Payments of more than \$7,500 the total amount of that remuneration (and not just the amount above \$7,500) is included.
Excluded Remuneration
<p>The following forms of Remuneration are excluded:</p> <ul style="list-style-type: none"> ▪ Remuneration Paid pursuant to a Genuine Employment or Player Agreement; ▪ Finals Bonuses; ▪ Player Apparel; ▪ Relocation expenses for Loan Players; ▪ Financial Loans and interest (provided interest is paid at or above the "Interest Rate"); ▪ Remuneration Paid in settlement of an Employment Relationship Problem; ▪ Meals and match tickets; ▪ Travel assistance; and ▪ Educational Fees waived.
Notional Values
<p>Notional Values (i.e. the value to be included in a Provincial Union's Salary Cap Payments in respect of NZRU salaried players):</p> <ul style="list-style-type: none"> ▪ 10+ capped (tests) All Black and has played a test in the last three years = \$50,000. ▪ 3+ years Super Rugby = \$35,000. ▪ Less than 3 years Super Rugby = \$20,000. ▪ Party to NZRU Contract but not selected in Super Rugby = \$10,000. ▪ Party to a Wider Training Group Contract = \$10,000.

Discounts

- 60% discount on Salary Cap Remuneration Payments for Current All Blacks.
- 40% discount on Salary Cap Remuneration Payments for Former All Blacks.
- 40% discount on Salary Cap Remuneration Payments for Veteran Players.
- Current All Black discount applies regardless of availability and is not pro-rated per game.

Injured Player Payments

Where a Player is injured for three or more games a pro-rata amount of that Player's Salary Cap Remuneration Payments is excluded.

Provincial Union Performance/Win Bonuses

Discretionary payments contingent on teams making the playoffs are excluded to a maximum (payable to all Players in total) of:

- \$15,000 for playing an away Match in the quarter finals of the Premier Competition in a Contract Year.
- \$20,000 for playing a home Match in the quarter finals of the Premier Competition in a Contract Year.
- \$25,000 for playing an away Match in the semi-finals of the Premier Competition in a Contract Year.
- \$50,000 for playing a home Match in the semi-finals of the Premier Competition in a Contract Year.
- \$50,000 for playing an away Match in the final of the Premier Competition in a Contract Year.
- \$75,000 for playing a home Match in the final of the Premier Competition in a Contract Year.
- \$25,000 for winning the final of the Premier Competition in a Contract Year (irrespective of whether the Match is a home or away Match).

Relocation Allowances for Premier Division Loan Players excluded

- Up to \$1,500 for reasonable relocation and travel (including 3 return trips home); and
 - Up to \$250 per week for costs for rental accommodation and associated utilities (excluding telephone and food),
- are excluded.

Liability for Borrowed Player Payments

- Borrowing Provincial Union attributed with full value of Salary Cap Remuneration Payments and Notional Value if Loan is for entire Season.
- Apportionment of value of Salary Cap Remuneration Payments and Notional Value between Borrowing and Lending Unions if Loan for Part-Season.

Penalties

- Penalties for breach to be provided for in Regulations.