

Rugby CODESA needed to halt the downward slide of the game

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Former SARU president Oregan Hoskins, says the application of an amateur mindset is a key cause of South Africa's poor performance on the field. Rugby should be run as a business and equity partners need to be allowed to take a majority stake in the various franchises so they can be more involved in the running of the game.

After the Springboks 1995 World Cup victory, South African rugby turned professional. It was a high point for the game and the future looked golden, but two decades down the line a different picture is emerging.

Under intense pressure to transform, sponsorship for the game is drying up and television viewership is shrinking, top players are taking up lucrative foreign contracts, and many of the provincial unions are struggling financially. Part of the malaise, says former South African Rugby Union (SARU) President Oregan Hoskins, is that the game is mired in an amateur mindset that is preventing it from moving forward.

Speaking at an event in Umhlanga hosted by the UCT Graduate School of Business at the FNB Acacia House in May, Hoskins said the victory of the Francois Pienaar-led team on home soil in 1995 may have given players ammunition to demand a bigger slice of the pie, but the country was caught off-guard by the players demands.

"You must remember that before the 1995 World Cup our structures were run on an amateur basis following our readmission into the international fold in 1992. When the success came in 1995, Pienaar led a revolution in getting the players awarded professional contracts. To avoid a boycott from the players, then SARU president, Louis Luyt, agreed.

"But we were not ready and the way we moved forward in implementing the professional route became chaotic. We are yet to recover from that," said Hoskins.

With more than 35 years as an administrator, including 10 years in the highest office, Hoskins has unparalleled insight into the workings of SA Rugby, as well as strong opinions as to how it can re-structure to halt its current downward slide.

Rugby forms part of the sporting codes that contribute at least 3% to the country's gross domestic product (GDP) per annum. Hoskins said with South Africa having between 500 and 600 professional players in the system, the country should be producing much better current results.

He explained that today South African players have professional contracts with their franchises like the Sharks, Stormers, Bulls and Lions, and a separate contract with the National Association if the players get selected for the Springbok team.

However, the improved player remuneration packages haven't translated into better performances on the field. "South Africa has the talent in abundance but it will go to waste if we don't address the challenges in the game," he said.

"There is simply too much interference. We still want to apply an amateur mindset in the running of a professional business. The various stakeholders are not in tune with one another and at the end of the day, the game and the players suffer."

In 2016, a survey conducted by BusTech stated that Currie Cup contracted players with limited Super Rugby experience earn between R500,000 and R700,000 per annum, while those with Super Rugby experience earn between R1.5m and R2m.

In Europe the stakes are higher, with salaries reported in the region of R3m to R5m, an incentive that has led many top players to leave SA rugby in search of better pay. Springboks Bryan Habana and Duane Vermeulen moved overseas to ply their trade and were reportedly earning £474,600 (R10.7m) and £450,000 (R10.1m) respectively when they signed for Toulon in France.

According to Hoskins, SA Rugby needs to consider ways to unlock business acumen in the administration – especially by leveraging equity partners that flowed into the sport after 1995. “Equity partners possess the business acumen, skills and an understanding of the issues of corporate governance – something that some of us, as administrators, have been struggling with for years,” said Hoskins.

The top four franchises in the country - Lions, Sharks, Bulls and Stormers - have equity partners, but those partners hold minority stakes in the franchises which limits their decision-making.

Until recently, equity partners were only allowed to have 49% maximum stakes in the franchises, but in December last year SA Rugby announced that it would be allowing a maximum of 74% shareholdings in commercial arms of rugby unions by private equity partners.

“We want [equity partners] to be more involved in running the game,” said Hoskins. “Too much interference and a lack of stakeholder engagement has had a negative impact on players and the game of rugby as a whole, but South Africa can still arrest the slide if all the stakeholders can come together.”

He suggested that a Rugby CODESA involving politicians, administrators, players and private equity partners would go a long way towards helping address some of these issues “for the good of the game”.

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