

# **COMPETITION LAW AND PROFESSIONAL TEAM SPORTS: LESSONS FROM RUGBY UNION'S CELTIC FRINGE.**

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# BACKGROUND.

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- Rugby Union removed ban on professionalism in 1995.
- Different national bodies responded differently.
- Irish rugby fully vertically integrated structure.
- Wales repeated disputes between WRU and clubs.
- Scotland bedevilled by financial problems.
- Pro 12 – Teams from 3 (now 4) different countries. Fan base too small to support separate national leagues.
- ECJ *Bosman* Judgment – leagues compete for talent in order to increase broadcast income. (Palomino and Sakovics, 2004)
- “The French league will get more than €70 million per season due to the foreign players who have come to improve the level of competition here and enhance its appeal to the general public”. (Mourad Boudjellal, Toulon Club President).

## 2 ISSUES ADDRESSED IN PAPER

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1. Comparison of Pro12 team performances in light of different business models.

On field results and attendances.

2. Ability of Pro12 to compete with Premiership and Top 14.
  - Rugby traditionally viewed as the major sport in Wales.
  - Considered very much a minority sport in Ireland and Scotland.

# Evolution of Pro 12

1995	IRB revokes ban on professionalism.
1999	Welsh-Scottish League established.
2001/02	Pro 12 established - 15 teams: 9 Welsh, 4 Irish and 2 Scottish. Teams split in 2 sections and play other teams in their section once. Top 4 in each section qualify for knock-out phase.
2002/03	Third Scottish team, Borders, joins increasing league to 16 teams.
2003/04	Mergers reduce Welsh teams from 9 to 5, reducing league to 12 teams. Switch to standard league format – teams play each other home and away.
2004/05	WRU wind-up 1 of 5 regions - Celtic Warriors – after 1 season, leaving 11 teams.
May 2007	SRU winds-up Borders leaving 10 teams.
2009/10	Introduction of end of season play-offs to decide league champions.
2010/11	2 Italian teams admitted bringing number of teams back up to 12.
2012/13	1 Italian team, Aironi, collapses, replaced by another, Zebre. Welsh teams adopt salary cap.
2014/15	ERC replaced by European Champions Cup.

## Pro12 Performances by Country.

	Ireland	Scotland	Wales
Champions (2001/02-2013/14)	8	0	5
Top 4 Finishes (2003/04-2013/14)	23	6	15
Win Ratio (%) (2003/04-2013/14)	54.6	41.7	51.5

ERC Performances by Country.				
	Country	1995/96-2002/03	2003/04-2013/14	1995/96-2013/14
Champions	Ireland	1	5	6
	Scotland	0	0	0
	Wales	0	0	0
Quarter-Finals	Ireland	8	22	30
	Scotland	0	2	2
	Wales	11	8	19
Pool Stage Win Ratio (%)	Ireland	54.8	67.1	62.6
	Scotland	28.9	32.6	31.1
	Wales	44.6	43.1	43.8
ERC Ranking Points (Average per team per season)	Ireland	3.8	4.9	4.4
	Scotland	1.5	1.9	1.7
	Wales	3.3	2.6	2.9

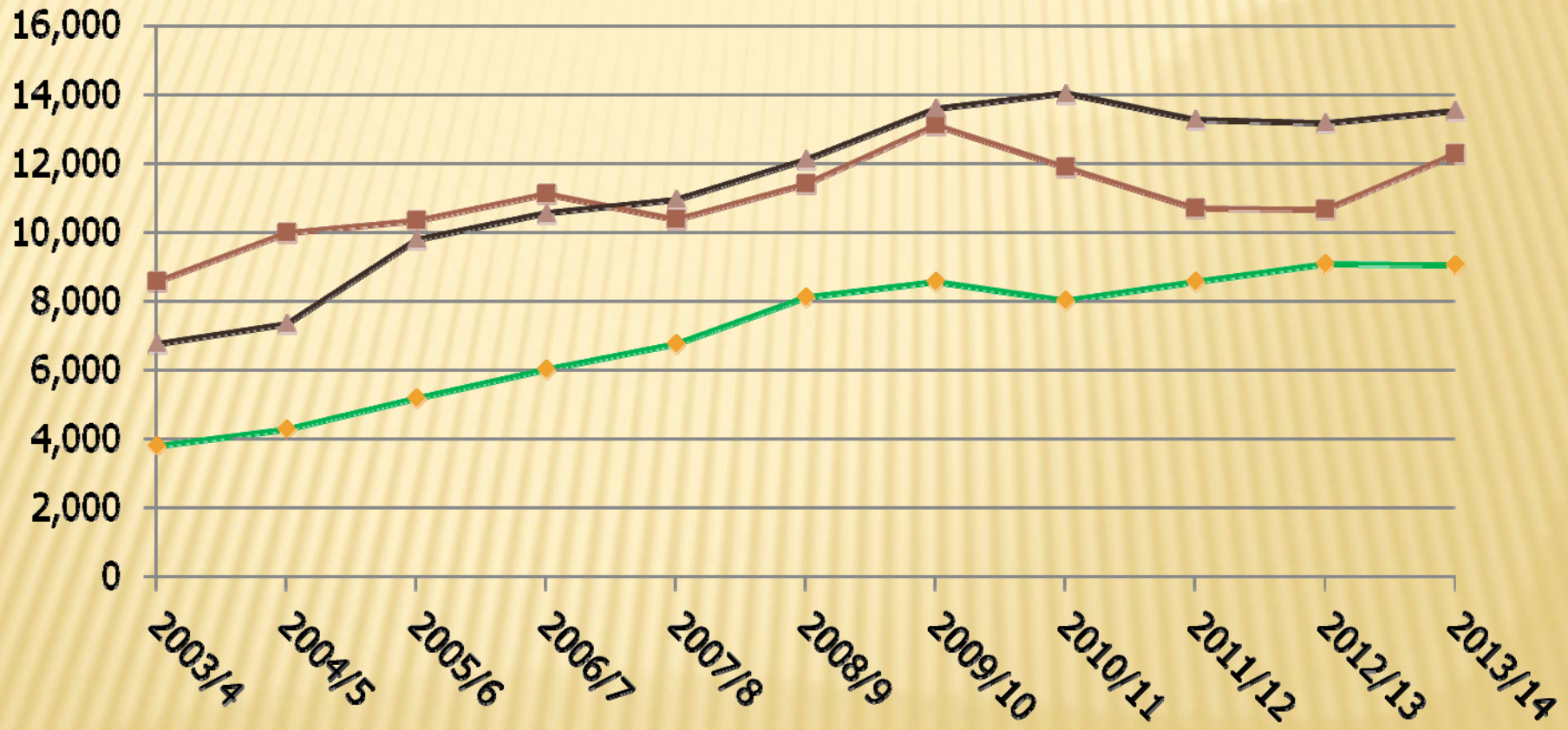
RELATIVE PERFORMANCES NOT EXPLAINED BY LACK OF TALENT.

## 6 Nations Championship Wins.

	1883-1914	1920-1939	1947-1972	1973-1995	1996-2003	2004-2014	1883-2014
Wales	9	6	13	7	0	4	39
England	9	10	7	5	4	1	36
France	0	0	9	9	3	4	25
Scotland	11	7	1	4	1	0	24
Ireland	6	5	3	5	0	2	21
Italy	dnp	dnp	dnp	dnp	0	0	0

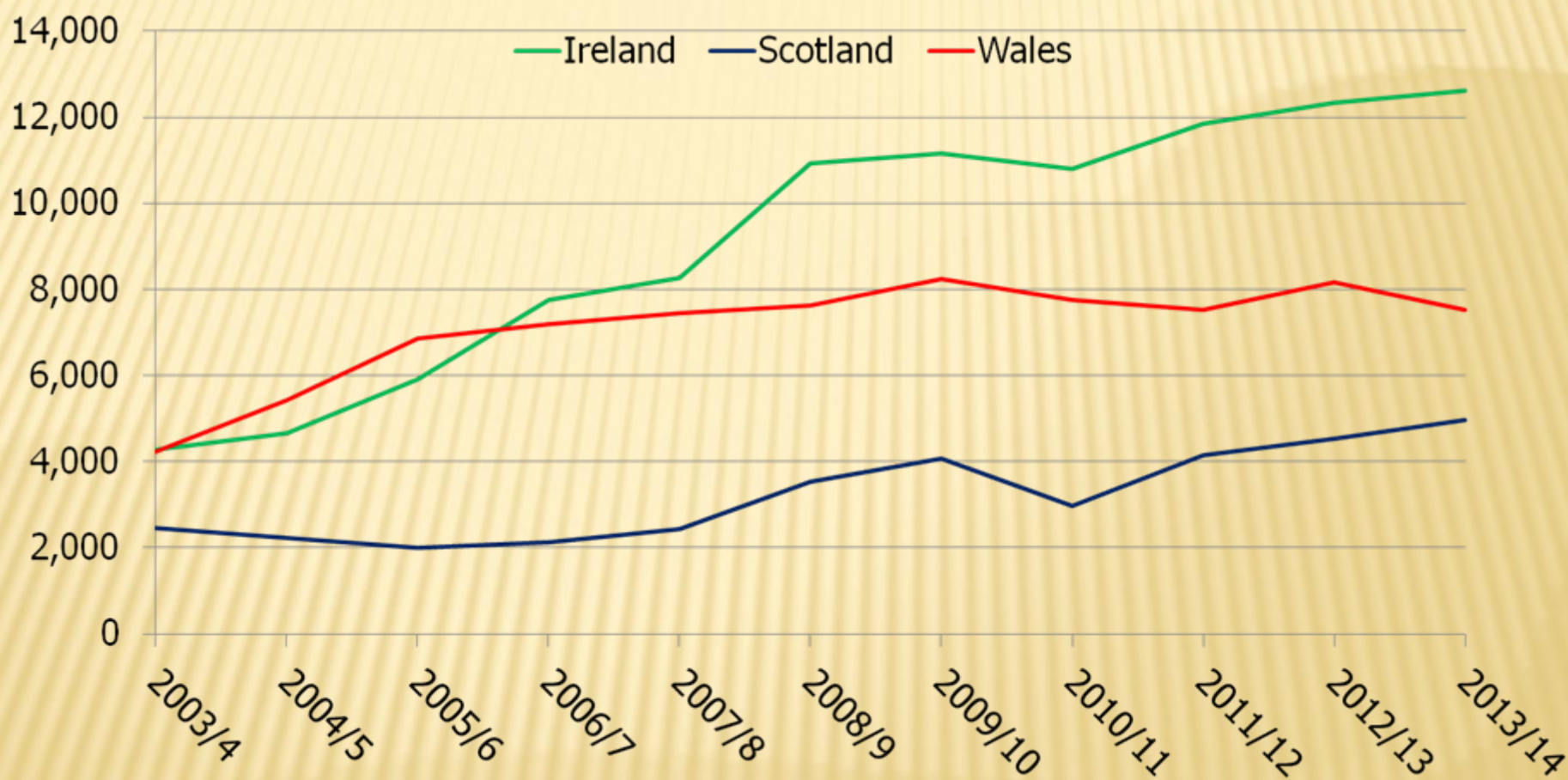
# AVERAGE ATTENDANCES BY LEAGUE

Pro 12    Premiership    Top 14

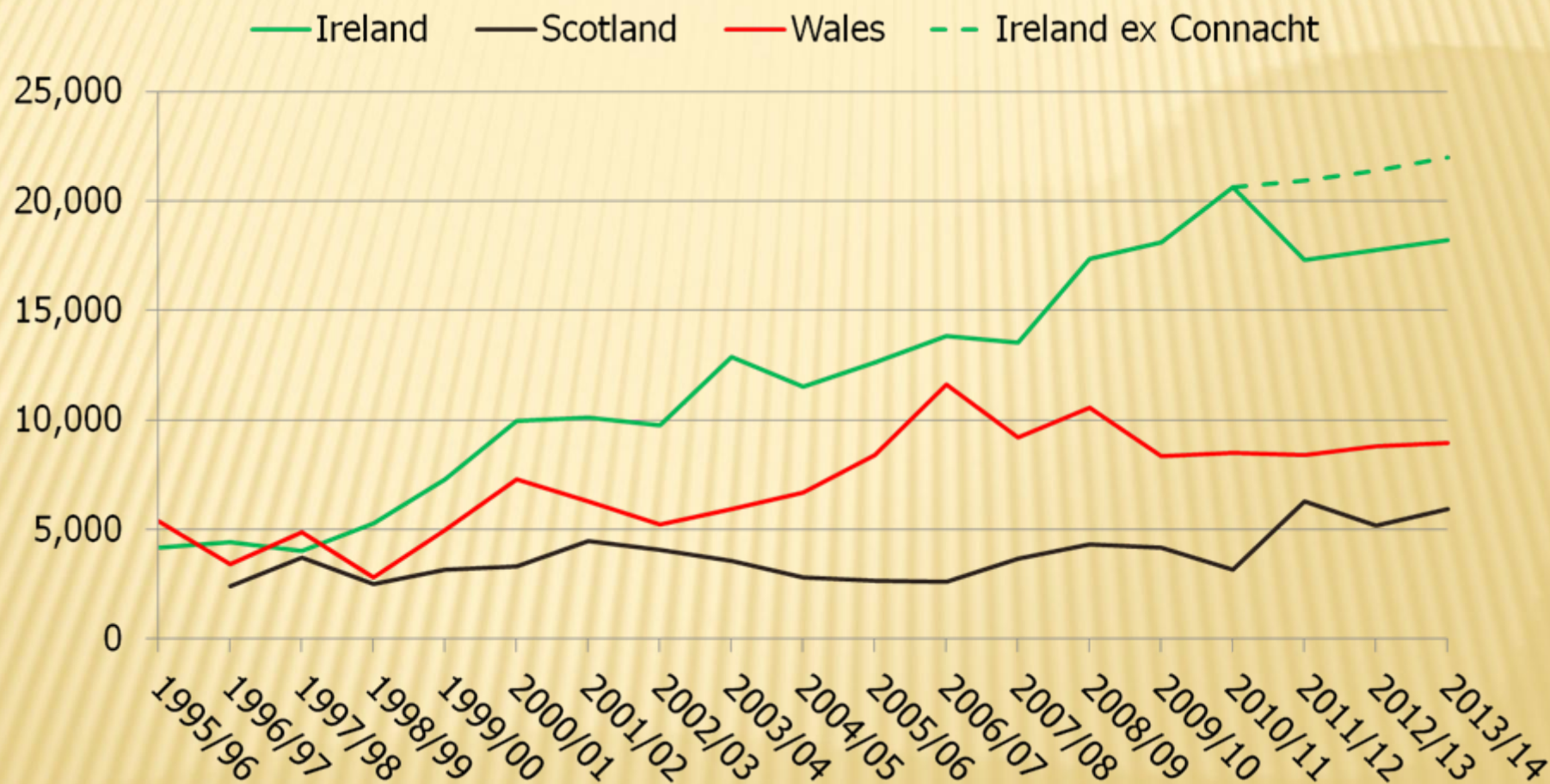




# AVERAGE PRO12 ATTENDANCES BY COUNTRY.



# AVERAGE ATTENDANCE AT ERC POOL MATCHES BY COUNTRY



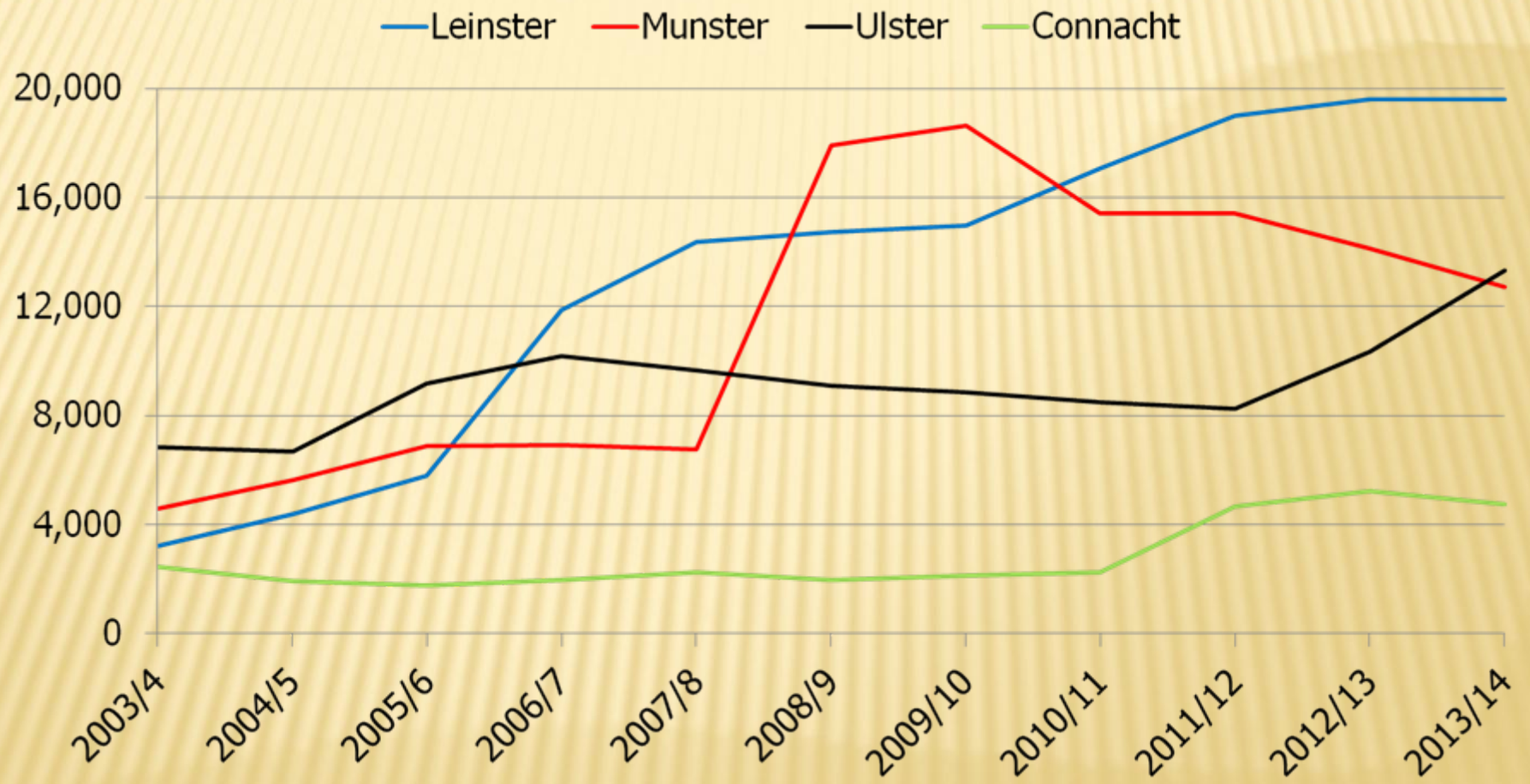
Top 10 Average League Attendances 2013/14		
Team	League	Average Attendances
Leicester	Premiership	22,852
Leinster	Pro12	19,595
Bordeaux	Top 14	19,546
Harlequins	Premiership	18,842
Toulon	Top 14	18,589
Clermont	Top 14	17,074
Stade Francais	Top 14	17,037
Toulouse	Top 14	16,355
Saracens	Premiership	15,426
Gloucester	Premiership	13,984

# PROBLEMS MOUNTING FOR IRFU

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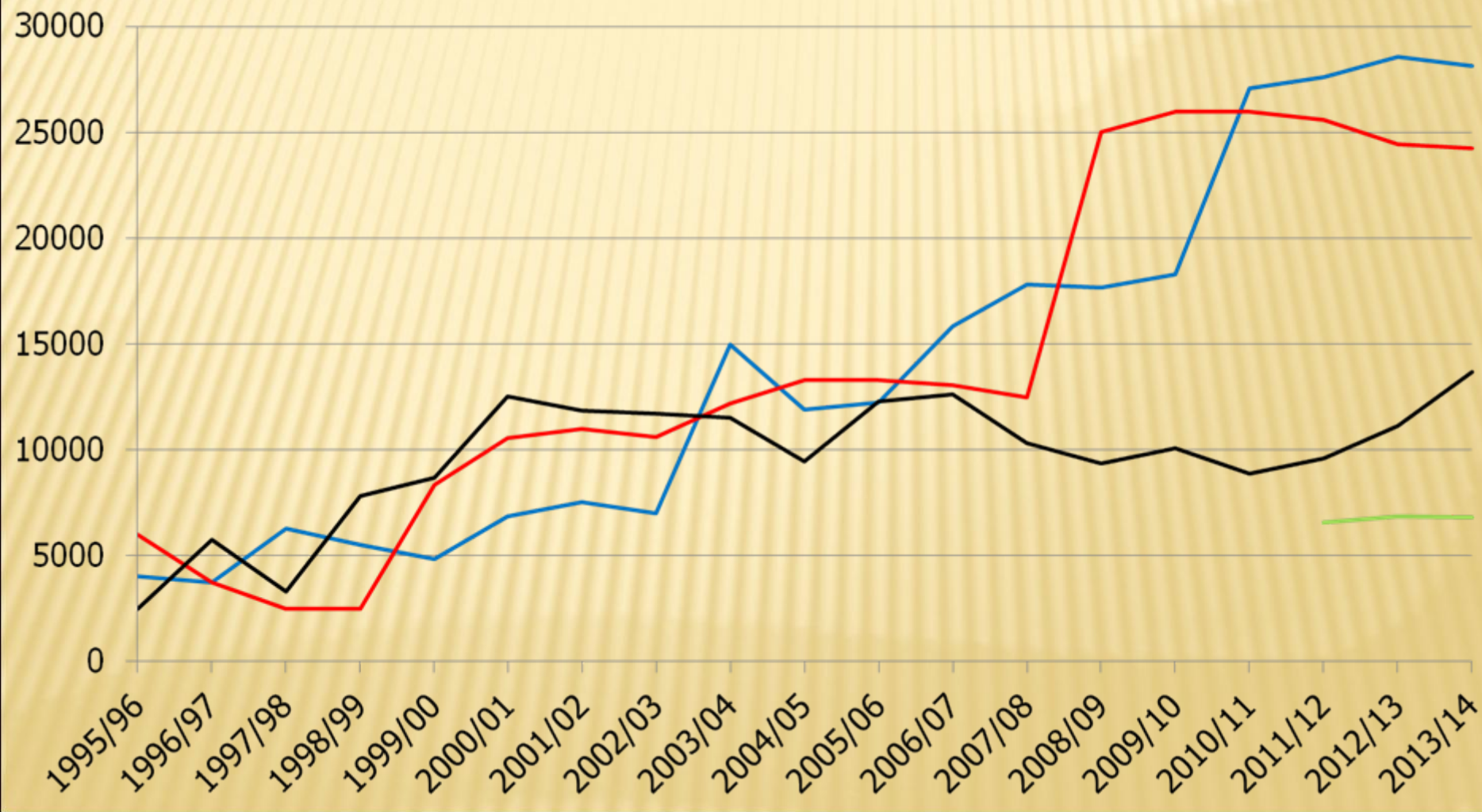
- “Professionalism has no part to play in the game in Ireland and could not be sustained.” (Van Esbeck, 1986, p. 234).
- To date IRFU strategy has proved successful even if it “stumbled upon the current system of centrally contracted players attached to four conveniently placed provinces” (Thornley, 2012)
- Some mistakes but most quickly reversed.
  1. Proposal to close Connacht.
  2. Restrictions on foreign players – almost certainly illegal.
  3. Player salaries – the Sexton saga.
- Irish attendances may have peaked.
- Can Pro12 continue to compete?

# IRISH TEAMS' AVERAGE PRO12 ATTENDANCES

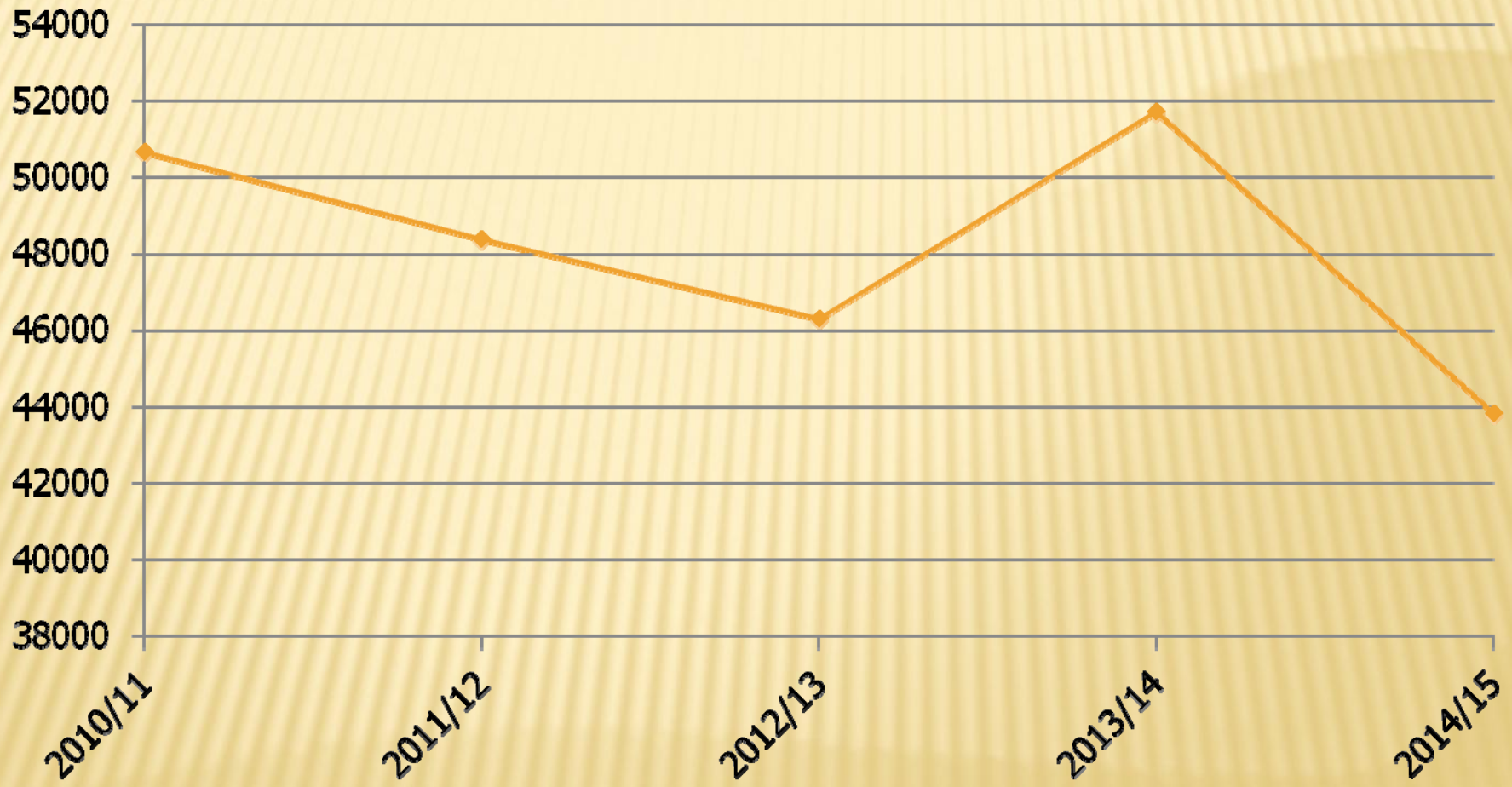


# IRISH TEAMS' AVERAGE HOME ATTENDANCES AT ERC POOL MATCHES

— Leinster — Munster — Ulster — Connacht



# LEINSTER V MUNSTER AT THE AVIVA



# WHAT IF THE FANS STOP COMING?

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- Tradition important influence on attendance in many leagues.
- Pro12 only 13 years old.
- Previously current Irish professional teams played about 3 matches per season and getting tickets was not a problem.
- “In 1995 I played for Munster against Leinster in Thomond Park with maybe at best 1,000 supporters who were passionate and typically drawn from the clubs and families that provided the players on show.” (Toland, 2014).
- 10 years ago Leinster and Munster drew crowds of around 4,000 at their respective home matches.
- Majority of today’s fans were not going to matches 10 years ago.



# TROUBLE WITH THE CELTIC COUSINS

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- Poor performance of Scots and Welsh teams.
- Both unable to retain top players.
- Weaker league may make it difficult for Irish teams to retain top players and attract overseas recruits.
- Negative implications for Pro12 broadcast revenue.
- Ongoing disputes between Welsh clubs and WRU.
- “The clear inference is that the Union want the regions to go broke so they can take the players over and put an alternative system in place.” (Former WRU CEO Dave Moffat, *The Rugby Paper*, 24.12.2013).
- Risk Welsh teams might switch to Premiership.
- “The Pro12 has always been shrouded in negativity. But if we are in it then we have to face up to it”. (G. Davies, CEO Newport Gwent Dragons, *Sunday Times*, 2.3.2014)
- Possible loss of Italian teams – one third fewer matches.

## BIGGER PROBLEM – PRO 12 ITSELF.

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- “The Board recognised that, unlike other northern hemisphere nations, professional rugby in Scotland has struggled since the sport turned professional in 1995. In that period, Scottish Rugby has invested around £30 million in its various pro teams, yet the concept of pro team rugby in Scotland has never fully taken off.” (SRU, 2007b)
- “The Celtic League is vitally important for rugby in this country. We have to take it seriously and we have to encourage Ireland to take it seriously. If the Celtic League is to go head-to-head with the Zurich Premiership, the Irish Rugby Football Union - in particular - have to get on board.” (WRU Annual Report 2003/04).
- “Dragons’ undoubted fire doused by a competition that’s all over the place.” Stephen Jones, *Sunday Times* 2.3.2014

# IS THERE A GOVERNANCE PROBLEM?

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- League has lost 9 teams in 13 years.
- Borders and Celtic Warriors – Unilateral decisions by SRU and WRU - had significant implications for entire league. 10 teams instead of 12 reduces number of matches from 132 to 90 per season. Would independent league have closed them down?
- Structure may prevent league from maximising profits.
- Teams ultimately dependent on national unions to ensure their financial viability.
- Is Pro12 maximising broadcast potential?
- “The genius of the NFL was to recognise that television wanted more than a game, it wanted a myth and a spectacle of Hollywood proportions, an ‘appointment to view’ and an epic narrative.” (Szymanski, 2009).
- National broadcasters show local teams – no epic narrative.

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- IRFU may run its business very well but that unlikely to be enough.
  - “In the last six/nine/12 months, our business model has been under pressure and we to continue to look at it and we do continue to look at it.” (IRFU CEO Philip Brown *Irish Times*, 12.4.2014).
  - Nature of team sports is that teams need their rivals to be successful commercially.
  - Can Pro 12 be saved?
  - Time running out and no obvious solution in sight.
  - Clubs dependence on Unions makes any governance reforms difficult.
  - Faced with risk Welsh (and Italian) clubs might jump ship merger with Premiership may be only alternative.

THINK ITS ALL OVER...

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It is now.

Thank you.