

Lifting the Lid: WRU Finances 2007 - 2013

Info taken from: Public WRU accounts, 2007&2013 (2007 represented the first year of the incumbent CEO's tenure).

Headline – The Truth

In the period 2007 – 2013, total WRU revenue (money in) increased by **39%**, driven by an increase in ticket prices and additional TV revenue.

In the same period, operating costs (increased pay/bonuses and additional staff) increased by a staggering **41%**, without explanation.

The WRU claim that during 2007-2013 money passed onto the game in Wales rose by 48% (referred to in the annual report as 'allocation') - *however*, what they neglect to tell you is that 94% of this money (which was already due to the regions) came directly from sponsors and TV companies – the WRU simply passed it on.

Despite therefore claiming in their annual report to have increased 'Allocation' in Wales by £5.4m, the WRU only directly increased their funding to the four Regions by £500,000.

Staggeringly, comparing the revenue in FY2007 with FY2013, despite revenues rising by record levels of £17.1m, the WRU also only invested an additional £500,000 in the amateur and community game.

In the same period, staff numbers have risen by 28%, wage costs have gone up by 50% and cost per employee has risen by 20% - an increase of £7,355 per person.

The salaries of the Chairman and CEO have risen by 67% from £229,000 to £383,000 during this period.

Facts & Figures

- The WRU claimed recently in a letter to clubs that any attempt to renegotiate its bank loans would result in an increase in interest rates. They also claimed that their interest cost had fallen from 6.5% to 4.1% - a reduction of 58%. The reduction is actually 37% - this was a mistake. Their claims simply do not stack up – and no-one is holding them to account. The Bank of England base rate covering the same period has dropped from 5% to an all-time low of 0.5% - yet the WRU herald this as an 'achievement'.
- The WRU's financial position when compared with 2007 is extremely healthy – they have developed significant reserves of over £11m, and have not stated their intended use of this money to the clubs. This has been achieved through putting up the cost of an international ticket and additional TV revenues.
- In addition the WRU made a windfall gain of £3.7 million following agreement with HMRC for tax liabilities it had made provision for in prior years.

- At the end of FY2013, the WRU declared an Operating Surplus of £6.9m. After accruals and provisions, there should still be up to £2.8m available for immediate investment where the game needs it most.
- Accounting for the above, the WRU can release at least £6m of investment into the game NOW, retaining over £5m in reserves.

In future years, the WRU will be in a position to maintain this strong financial position through known revenues and strong cost controls – they should be increasing subsequent distributions for the benefit of the clubs and the whole game in Wales.

Stuff you might not know

- Total match income has increased by 33% despite 15% less people watching Wales. WRU income per attendee has increased by 56% due to an increase in ticket prices and TV revenue – the WRU have not commented on this and are unlikely to change their ticketing policy. Tickets are simply too expensive – there were 10k empty seats at Wales v Italy, and 12k empty at Wales v Australia in November – which is having a direct effect on clubs.
- Commercial and other event income has increased, but is exactly the same % of match revenue as FY2007. This shows an inability to raise other forms of income as a % of match income and is a matter of concern.
- Stadium naming rights have still not been sold despite an offer from the National Lottery to discuss a way forward. (MS events dramatically down from era prior to 2007)
- The CEO inherited an operating surplus of £6.2 million through the hard work done prior to his arrival. Despite 2x Grand Slams, 3x Championship wins and a World Cup semi-final, this has only increased to date by £700,000.

REMEMBER:

1. All WRU revenues belong to the Welsh Rugby Clubs – NOT the union.
2. The clubs entrust the WRU to manage those funds in the best interests of all Welsh rugby and especially themselves.
3. There is extensive evidence the clubs and regions have been short changed by the current administration.

I can only conclude that the WRU are knowingly keeping the clubs poor. Their policies are detrimental to the club game and it is not good enough. You – as owners – have the power to change this for the good of your clubs, and the game in Wales. It's time to hold the Board and Exec to account. An immediate EGM is the only answer.