

25 November 2008

Minister for Sport and Recreation

THE SPORT AND RECREATION PORTFOLIO

Congratulations on acquiring the Sport and Recreation portfolio. The Ministry for Culture and Heritage has had a role in supporting previous Sport and Recreation Ministers and we look forward to discussing your expectations in this area.

The current relationship does not involve providing you with policy advice or Ministerial servicing, functions this Ministry undertakes with respect to the Arts, Culture and Heritage and Broadcasting portfolios. Sport and Recreation New Zealand (SPARC) provides policy advice for the whole portfolio, and responds to most of the portfolio's Ministerial servicing requirements.

We have instead had a limited role as a 'Vote adviser': we have administered the Vote, monitored the performance of the two sports Crown entities (SPARC and Drug Free Sport New Zealand), and assisted the previous Minister with governance and appointments processes for those two agencies.

This briefing covers the Ministry's role regarding Vote Sport and Recreation and your role as Minister. SPARC and Drug Free Sport New Zealand are preparing separate briefings which will explain their roles and functions, and those of the Sports Tribunal of New Zealand, which is funded and serviced by SPARC.

We will be seeking your views on how you wish to manage the Vote and I look forward to meeting with you as soon as possible.

Bronwyn Dalley
Acting Chief Executive

THE MINISTRY FOR CULTURE AND HERITAGE

1. The Ministry provides services to its Responsible Minister, the Minister for Arts, Culture and Heritage, to the Minister of Broadcasting, and to you as the Minister for Sport and Recreation.
2. The 110 staff of the Ministry serve the government of the day by implementing and overseeing its programme of support for culture. The Ministry's role, in support of the government's programme and priorities, is to help make culture visible and accessible and we provide wide-ranging advice to the government on the shaping and implementation of its programme of involvement in culture; this includes identifying new opportunities for cultural activities to contribute to the government's cultural and non-cultural outcomes.
3. With respect to your portfolio, we manage the funding and accountability responsibilities you have for two agencies in the sport and recreation sector. The range of services we supply in this regard is detailed in the section below; the Ministry currently receives annual funding of \$98,000 (GST exclusive) for these purposes.
4. In 2008/09 we are administering a total appropriation of \$75.387 million for Vote Sport and Recreation, subject to approved transfers and changes made in the Supplementary Estimates.
5. Further information about the Ministry's programmes and services, its work units, and the agencies it funds, can be found in the attached Statement of Intent and on our website: www.mch.govt.nz

CROWN ENTITIES IN THE PORTFOLIO

6. As Minister for Sport and Recreation you have formal relationships with the Crown entities SPARC (Sport and Recreation New Zealand) and Drug Free Sport New Zealand, both of which are funded through Vote Sport and Recreation.
7. Information about each of the organisations is provided in the appendix. More detailed briefings about their purpose and operations will be supplied as required. You will be briefed separately by SPARC as the sport and recreation policy advice agency.

The Relationship Between You and the Sport and Recreation Organisations

8. The responsibility for many activities that support and enhance New Zealand's sport and recreation sector lie with relatively independent organisations. Locating such activities outside central government places an onus on both parties. Government's successful management of its relationships with the agencies depends upon its making good appointments to the boards; on its provision of appropriate funding to support the role the agency is required to undertake, or the services it is to provide; and on the establishment and maintenance of open, timely and effective two-way dialogue with each organisation about its strategic direction and priorities.

9. As Minister, you are responsible for conveying the government's expectations to the relevant agencies. Despite their 'arm's length' status, these agencies need to bear in mind the interests of the government from which they obtain their funding and their mandate, and to which they are accountable.

10. Your roles in relation to the funded agencies within the portfolio are referred to in their enabling legislation, and in various Cabinet directives; you have a collection of responsibilities which together define the way government and the agencies relate to each other. As both SPARC and Drug Free Sport New Zealand are Crown entities the nature of their relationships with government is also set out in the Crown Entities Act 2004.

11. Under this Act, Ministerial responsibilities such as appointing and removing Board members; determining the remuneration of Board members; reviewing each entity's operations and performance; and participating in a process for setting the strategic direction for each entity are specifically identified. The Act further addresses the power of Responsible Ministers to give directions to Crown entities.

12. This power varies with the category of Crown entity each organisation is defined as – whether they are Crown entity companies; Crown agents (which must give effect to government policy when directed by the Responsible Minister); autonomous Crown entities (which must have regard to government policy when directed by the Responsible Minister); or independent Crown entities (which are independent of government policy).

13. Under the Act, SPARC is classified as a Crown agent. This means that it can be directed to 'give effect' to a government policy, following consultation with the Board. This power is limited by the fact that, under its own legislation, SPARC cannot be directed in relation to 'a policy, practice, procedure, or decision ... regarding the allocation of funds to, or for the benefit of, any person'.

14. Drug Free Sport New Zealand is classified as an independent Crown entity, which means that it cannot be directed to give effect to or have regard to a government policy, with regard to the performance of its statutorily independent functions.

Funding

15. As Minister, you have a key role in determining the appropriate level of government funding for the organisations in the portfolio, and in bidding for any additional funding in the annual Budget round. Each year a contractual agreement (a Memorandum of Understanding) between you and each of the agencies is developed; this stipulates the funding to be made available from the Crown and the services to be provided by the agency.

Accountability

16. Organisations are required to meet planning and reporting requirements, and can expect their operation and performance to be monitored and, if necessary, reviewed. This process ensures that the government, in the first instance, and subsequently Parliament and the public, can be provided with the assurance that each entity is effectively and efficiently undertaking the role for which it has been created and/or funded. As Responsible Minister you are answerable in the House and publicly for the expenditure of Vote Sport and Recreation.

Ministry Assistance for Previous Ministers

17. The Ministry has in place a range of programmes that are designed to support ministerial engagement with funded agencies, and these are outlined below.

Participating in a Process for Setting the Strategic Direction of each Crown Entity

18. The Crown Entities Act 2004 has introduced the requirement for each Crown entity to produce an annual Statement of Intent that outlines its activities for the next three years. This enables the Crown to participate in the process of setting the entity's medium term intentions. The Act specifies some elements of this participation, and the process tends to flow more smoothly when there are clear communications between the Minister and the Chair of each entity in the months leading up to the point where the board signs the Statement of Intent.

19. A 'Letter of Expectations' from the Minister can be helpful. As the Ministry is not the policy adviser in the sport and recreation area we have had only a limited role in the Statement of Intent process. The Ministry has, however, ensured that SPARC and DFSNZ are kept informed of government's expectations with respect to the form and content of these documents.

Supporting the Budget Round Process

20. The Ministry has assisted with managing Budget proposals from the agencies and has ensured that the agencies are briefed on Budget processes and timetables. Once the Minister's decisions were made on the final set of Budget proposals, the Ministry facilitated the completion of templates for submission to the Minister of Finance.

21. The Ministry has prepared and submitted the returns required by the Treasury both in relation to the Budget round, and for fiscal updates during the financial year.

Managing Relationships with the Crown Entities

22. The formal mechanism for managing the relationship between the Responsible Minister and each organisation is an annual Memorandum of Understanding (MOU). The Ministry has drafted these documents, which record the Government's expectations of the entity and enable both parties to record their

understanding of the basis for the monitoring of, and accountability for, the organisation's performance. Memoranda follow a standard pattern but usually include some matters specific to each organisation. An MOU needs to be signed prior to payments being made to an organisation. Where the completion of MOUs has been delayed, the Ministry has prepared an interim Funding Agreement, usually providing for the first month of payment.

Accountability of Crown Entities

23. Agencies report to you as specified in the reporting requirements in the MOU. Each agency is responsible for preparing an Annual Report and for helping you meet the statutory requirements associated with presenting this to Parliament. The Ministry has alerted previous Ministers to any matters associated with the completeness or accuracy of these reports, and on matters that may arise from them.

24. From time to time the Ministry has, at the Minister's direction, become involved in specific agency performance issues, or has proposed that some aspect of an organisation's operations or performance is reviewed in more detail.

Meeting with the Agencies

25. The previous Minister met regularly with the Chair and senior management of SPARC to discuss current issues, but rarely with Drug Free Sport New Zealand.

26. The Ministry facilitates joint monthly meetings with the Chief Executives of all agencies across the sectors supported by funding through the Ministry, including SPARC, to enhance communication between the organisations and alert organisations to new government initiatives. The Chief Executive of Drug Free Sport New Zealand rarely attends these meetings, as that organisation is located in Auckland. The Ministry's monitoring team has met with the management of both agencies throughout the year, as necessary.

Discretionary Fund

27. The Ministry has also administered payments from your discretionary fund of \$44,000 per annum (GST exclusive). This provides funding for groups, individuals, and organisations that are unable to obtain support for their participation in sport and recreation activity from bodies such as SPARC, local government, or the NZ Lottery Grants Board. Decisions on allocation of the funding have been assisted by advice from SPARC but are made in your Office.

DRUG FREE SPORT NEW ZEALAND

Drug Free Sport NZ is an independent Crown entity that was established under the New Zealand Sports Drug Agency Act 1994 which was replaced by the Sports Anti-Doping Act 2006. Its functions are:

- to develop and implement policies, rules and procedures which give effect to the World Anti-Doping Code in New Zealand in order to protect athletes' fundamental right to participate in doping-free sport;
- to prepare, maintain and disseminate a schedule of drugs and doping methods that are banned for competitive athletes;
- to develop an annual testing programme (in consultation with national sport organisations) which operates at a national and international level to detect, deter and prevent doping in sport;
- to ensure that New Zealand complies with all international agreements and arrangements concerning doping in sport to which New Zealand is a party; and
- to provide leadership in drug education for schools, athlete groups and the New Zealand public.

Governance

The Ministry has been responsible for overseeing the appointments process for Drug Free Sport New Zealand since March 2008. The board of DFSNZ is appointed by the Governor-General on the recommendation of the Minister for Sport and Recreation. There are no current vacancies on this board.

Name	Region	Date Appointed	Term ends
Dr David Gerrard	Otago	1 July 1999	30 June 2010
Michael Heron	Auckland	1 December 2004	30 June 2010
Melodie Robinson	Auckland	1 July 2002	30 June 2010
Dr Leslie Rumball	Auckland	1 October 2004	30 June 2010
Dr Stewart Walsh	Auckland	1 October 2007	30 June 2010

Chief executive: Graeme Steel

Funding

Projected operating revenue sources (\$000 excl GST)

		Vote	Other	Total
DFSNZ	2008/09	2,085	199	2,285

SPORT AND RECREATION NEW ZEALAND (SPARC)

SPARC is a Crown agent established under the Sport and Recreation New Zealand Act 2002, following the recommendation of the 2001 Ministerial Taskforce on Sport, Fitness and Leisure. It has a wide variety of statutory functions, including:

- developing and implementing national policies and strategies for physical recreation and sport;
- allocating funds to national organisations and regional bodies;
- promoting and advocating the importance of participation in physical activity by all New Zealanders for their health and well-being;
- providing policy advice to the Minister on the sport and recreation sector;
- working with schools, regional, central, and local government, and physical recreation and sports organisations to ensure the maintenance and development of the physical and organisational infrastructure for physical recreation and sport;
- providing advice and support for organisations working in physical recreation and sport at national, regional, and local levels; and
- facilitating co-ordination between national, regional, and local physical recreation and sport organizations.

Governance

The Ministry has been responsible for overseeing the appointments process for SPARC since March 2008. Under the Sport and Recreation Act 2002 and the Crown Entities Act 2004, the Minister for Sport and Recreation appoints the Board after consultation with a Nominations Advisory Group. The terms of four members, including the Chair, expire in 2009. There is currently one vacancy on the board due to a recent resignation.

Name	Region	Date Appointed	Term ends
John Wells (Chair)	Auckland	May 2001	30 June 2009
Paul Allison	Otago	31 August 2007	30 August 2010
Christopher Doig	Christchurch	1 July 2006	30 June 2009
Rob Fisher	Auckland	1 July 2005	30 June 2011
Tina Karaitiana	Gisborne	1 July 2004	30 June 2009
Dr Sarah Sandley	Auckland	1 July 2006	30 June 2009
Donald Stewart	Auckland	1 April 2007	31 March 2010
Nichola Turner	Auckland	31 August 2007	30 August 2010

Chief Executive: Peter Miskimmin

Funding

The appropriation for SPARC in 2008/09 is \$73,159,000 (66% of total revenue). \$4.250 million per annum of this is provided for the Prime Minister's Sport Scholarships and

\$7,153,000 is appropriated for Mission-On (Children and Young People's Lifestyles).
\$53,176,000 is appropriated for sport and recreation programmes run by SPARC.

Projected operating revenue sources (\$000 excl GST)							
	Year	Vote	LGB	Commercial	Sponsorship	Other	Total
SPARC	2008/09	73,159	30,890	6,056	-	1,450	111,555

SPORTS TRIBUNAL OF NEW ZEALAND

The Sports Tribunal is an independent, statutory body that hears certain disputes on sporting matters and handles anti-doping cases brought by Drug Free Sport New Zealand. The Tribunal was established in 2003 by the Board of SPARC and continued under the Sports Anti-Doping Act 2006, although it has jurisdiction to hear disputes other than anti-doping matters. The Act sets out the sorts of disputes the Tribunal can hear and allows the Tribunal to determine its own practices and procedures for performing its functions under the Act. The matters the Tribunal can hear include:

- anti-doping violations;
- appeals against decisions of national sports organisations or the NZ Olympic Committee (such as appeals against disciplinary decisions or appeals against not being selected for a New Zealand representative team);
- other sports related disputes if all parties agree to refer the dispute to the Tribunal and the Tribunal agrees to hear it; and
- matters referred to it by the Board of SPARC.

The Sports Tribunal is funded, housed and serviced by SPARC under a memorandum of understanding between the Minister, the Board of SPARC and the Chairperson of the Sports Tribunal.

Governance

The Tribunal consists of at least five, but no more than nine members. Each member must be appointed by the Governor-General on the recommendation of the Minister, made after consultation with the Board of SPARC.

Name	Region	Date Appointed	Term ends
Hon Barry Paterson CNZM OBE QC (Chair)	Auckland	1 April 2005	31 August 2012
Nicholas Davidson QC (Deputy Chair)	Christchurch	12 February 2003	21 August 2011
Alan Galbraith QC (Deputy Chair)	Auckland	13 May 2008	31 August 2012
Timothy Castle	Wellington	12 February 2003	21 August 2010
Ron Cheatley MBE	Wanganui	12 February 2003	31 August 2012
Dr Lynne Coleman	Auckland	13 May 2008	31 August 2011
Adrienne Greenwood	Auckland	12 February 2003	31 August 2011
Carol Quirk	Opotiki	12 February 2003	31 August 2010
Anna Richards MNZM	Auckland	13 May 2008	31 August 2012

Registrar: Brent Ellis