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**GOVERNMENT INVOLVEMENT IN NEW
ZEALAND SPORT – SPORT POLICY,
A CAUTIONARY TALE**

A thesis
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Abstract

Government involvement in New Zealand sport spans over 70 years from provisions of the Physical Welfare Act in 1937 to current provisions of the Sport and Recreation Act 2002. Thousands of volunteers in non-profit organisations continue to underpin New Zealand's sport system. It is axiomatic that sport defines part of what it means to be a New Zealander. Governments frequently use the rhetoric of community cohesion, national pride, life skills and public health benefits to justify its involvement. This thesis examines the impact of government intervention on the sport sector, its funding paradigms and the extent of sector engagement in a policy for sport.

Through an examination of available government and sport sector records, and the author's own experience as a participant in events, the thesis recounts a sequence of five milestones for the New Zealand sport system and views them through a public management system lens. The passing of the Physical Welfare and Recreation Act in 1937, the establishment of a Ministry and Council for Recreation and Sport in 1973, the ministerial Sports Development Inquiry in 1984, the Prime Minister's Review of High Performance Sport in 1995 and the Sport, Fitness and Leisure Ministerial Taskforce. Government funding of sport now stands at around \$100 million annually from small beginnings of \$3,295 in 1945/1946, despite the absence of a comprehensive national policy for sport.

By examining the chronology through a wider state sector lens, the thesis opens a window to the practical effect of public policy processes on

matters of importance to the New Zealand sport sector and its voluntary sector foundations.

This thesis also provides a rationale for revitalising the engagement between government and the New Zealand sport sector to meet the expectations of a modern state sector to meaningfully engage citizens and the non-government sector in the formation of policy and planning its implementation.

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My privileged career in the New Zealand sport sector brought me into contact with many hundreds of athletes (beginner, club and elite), skilled coaches and dedicated sport administrators: mostly volunteers and all professional. You provide the inspiration for this work. I also placed this work in the context of the wider non-profit and public management sectors. Accordingly, I acknowledge the contribution to my thinking of many

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List of Abbreviations

CAS	Confederation of Australian Sport
DIA	Department of Internal Affairs
GST	Goods and Services Tax
KRA	Key Result Area
LGB	Lottery Grants Board
NGO	Non-Government Organisation
NZAHPER	New Zealand Association of Health Physical Education and Recreation
NZOC	New Zealand Olympic Committee
NZOCGA	New Zealand Olympic and Commonwealth Games Association
NZSF	New Zealand Sports Foundation
OAG	Office of the Auditor-General
OCHR	Office of the Clerk of the House of Representatives
OTSP	Office of Tourism and Sport
PSC	Public Service Commission
Quango	Quasi national (or non-) governmental association
SPARC	Sport and Recreation New Zealand
SSC	State Services Commission
SOI	Statement of Intent
SRA	Strategic Result Area

Chapter One - Introduction

Partnership suggests a personal relationship in which each partner knows who they are dealing with. The state, however, is impersonal and owes its very existence to assuming burdens and tasks that individuals cannot, and would not, assume for themselves. Caution should be exercised when partnering with the state. (Runciman, 2003, 12)

My involvement in the New Zealand recreation and sport sector started in the early 1970s, as a volunteer coach, a volunteer administrator at local and national levels, a paid administrator and an unpaid board member. Over the years, my involvement included national and international activity, much of it still as a volunteer. Governments' funding for sport never seemed enough, strategies appeared as an imposition 'from the top down', and many sport leader colleagues felt left out, without a say in the national sport system which so deeply affected their sports. I was, with others, a trenchant critic of the government's involvement in the sport sector. The phrase, "If I had my way..." started many conversations with colleagues in the sport sector about our views on improving government funding of sport. As sport administrators, we rarely examined our understanding of government policy. Our involvement in government-led processes only addressed the narrow concerns of our organisations. We had little sense of government structures, public sector financial accountability requirements. We remained ignorant of the impact of major economic and public sector reforms during the 1980s and 1990s.

Public discourse about government involvement in New Zealand sport seems to replicate similar commentary to that in other western countries. Sport participation in New Zealand is a matter of private choice as in these countries. New Zealand's national sport system comprises community-based sport organisations delivering services and benefits to members, and relying on volunteers for their administration and survival. The development of the state's funding policies for sport, however, often bypass meaningful engagement with the sport sector. As a result, sport administrators and government officials are frequently ill-informed about each other's worlds and experiences.

Modern governments in western democracies now seek to strengthen the legitimacy of public policy by providing citizens with access to the policy process. This goes beyond merely informing the public. Instead, governments adopt more deliberative techniques such as focus groups to build a consensus on a particular policy proposal (Althaus, Bridgman & Davis, 2007, 100). While New Zealand has been slow to adopt deliberative democracy, Hughes and Calder (2007, 55) cite Chen's observation in 1997, that recent legislation in the 1990s contained 373 references to "consultation". Hughes and Calder also comment that "a good consultation process will increase the likelihood of a policy being understood. It allows for stakeholders to 'buy in' to aims and support the policy, or suggest changes if necessary" (p. 55).

There are no universal answers to when governments should use more or less deliberative practice when developing policy. A sport policy for New Zealand, however, requires the support and participation of the non-

government organisations (NGOs) which administer sporting codes.¹ Their ownership of rules, development and training of coaches, referees and administrators provide a direct ownership interest in their codes. They are the organisations to whom citizens turn for access to sport and, even when a private sector provider is involved, the sports' national bodies retain an oversight of sport provision. Governments engage with NGOs generally and the sport sector particularly, in many ways. This engagement represents an important component of modern democracies in the 21st century. In this context, the study examines:

- the chronology of government's involvement in the New Zealand sport sector from 1937-2002
- the extent to which government sport reviews sought common ground and consensus across the sport sector and between government and the sector on how to proceed
- government's policy development processes as they relate to sport and in particular, the challenges inherent to seeking out and nurturing a voice for sport to speak in those processes
- the chain of delegation extending from ministers to the government sport funding agencies which leads to interactions between government funders and sport NGOs.

¹ The term non-government organisation or NGO is an internationally accepted term for community-based non-profit organisations. In New Zealand, the sector from which these organisations come is also termed variously as community and voluntary, non-profit, not-for-profit, voluntary or third sector. This study uses the term NGO.

The study also provides signposts to a different way of working and to the goal of achieving a consensual policy between government and the sport sector.

The literature on the interface between sport and government in western democracies such as New Zealand on public policy pays little attention to the NGO foundations of sport. Many New Zealand commentators point to the benefits of involving NGOs in the development of public policy areas relating to service delivery such as health and social services (Ministry of Social Development, 2001, 51; Kelsey, 1997, 292; Boston et al, 1999, 104). Kelly (2007, 1010) summarises the benefit to government of NGO participation in public policy in three main categories: resources, procedures and organisation. When applied to sport, these categories reveal potential advantages of government engaging with sport NGOs.

Resources and knowledge – NGOs have a deep knowledge of and ability to advocate for their members needs and expectations. The NGO networks provide government with access to ready-made expertise which may be recruited to assist in policy development and to monitor the efficacy of government's actions.

Procedures – The sport NGOs are strong contributors to social capital and social cohesion. They represent coalitions of interest which in New Zealand, involve 400,000 or 48% of all volunteers (Sport and Recreation New Zealand, 2006a, 2).

Independence – By focusing on meeting the needs of members, sport NGOs tailor their services to member needs in ways that the state can never do.

Between 1979 and 2002, a range of national level sport sector organisations placed their trust in me, electing me to their boards some of which I eventually chaired. These organisations included Coaching New Zealand, Sport Science New Zealand and the Sport, Fitness and Recreation Industry Training Organisation. Each of these umbrella bodies held mandates to deliver services to the sport sector and to speak for their particular segments of the sport industry.

Once in these governance positions, I quickly learned that beyond my interest in specific aspects of sport (education and training, coaching and sport science) came a responsibility to speak for the stakeholders who elected me and to ensure that what I had to say represented their collective views and the interests of the organisation as a whole. Finally, I became chief executive of a national sport organisation, experiencing first hand the demands of managing a sporting code, dealing with financial management pressures and particularly, the demands of working directly with the government's sport funding agency.

Then I became a senior government official within the sport portfolio and subsequently in the wider social development portfolio. In the latter role I carried a specialist focus on the community and voluntary sector. While a new understanding of public policy helped my understanding of how and why government funded the voluntary sector generally, the lack of robust public

policy process applied to the sport sector was striking. Over time, I also observed a shift in government perspectives on accountability for public sector performance from a focus on measuring outputs or activities to the effects of government activities or outcomes.

Making outcomes central to planning requires public servants to more clearly describe and monitor the chain of events which lead from an initial activity to a set of results which provide plausible evidence that government's goals have been achieved. The pressure for greater levels of accountability from the recipients of public funding, however, often runs counter to an 'outcomes focus'. Government now seeks to connect the use of taxpayer funds to policy goals and measurable results (Scott, 2001, 154; McGhee, 2005, 453-463). Public sector agencies find themselves managing a tension between managing their activities to ensure government policies happen as planned and ensuring they have enough information to withstand any critique of taxpayer money expenditure. Ryan, (2004) sums up this requirement:

Accountability for outcomes does not mean that managers or analysts must be liable for outcomes at government or even policy levels. It does mean that they should be accountable for 'managing for outcomes'; that they do everything expected of them in proactively trying to make government policy happen as intended and for the quality of their work in doing so. (p. viii)

Government places a high value on strategic alliances and emphasises networks and strong relationships with non-government actors, particularly those in the voluntary sector (Ministry of Social Development, 2001, 61;

Wevers, 2008). The language of partnership and collaboration threads its way through many public management system guidance documents (Atkinson, 2007, 12). Ministers express these ideas publicly and privately; and across the state sector, public agencies engage voluntary sector stakeholders in deeper and more robust participatory processes. Governments seek out 'voices' for each sector, often expecting a single coherent point of contact. A unified 'voice for sport', however, does not exist.

The events described in this study refer specifically to the realm of sport. However, over the period this study covers, sport fell into a range of wider terms such as leisure and physical recreation. The study does not address these broader domains instead focusing exclusively on the sport sector and the NGOs within it.

The government's recreation and sport agencies exert a substantial influence over the sport sector. In the 1970s, government allocated very little funding to the Council for Recreation and Sport forcing it to focus on small scale programmes and the development of strategies for sport. From 1987 onwards, large funding pools sourced from taxpayer funds and from the state lottery, *Lotto*, became available to the Hillary Commission until 2001 and SPARC from 2002 onwards. While keen to benefit from the expertise in the voluntary sector, these agencies appeared less keen to engage the sport sector on its views about different ways of implementing their approach to government funding support. The chronology of government's involvement in the New Zealand recreation and sport sector from 1937-2002 helps to explain how government actions shaped the sector, and the role of non-government

organisations (NGOs) which run sport. The chronology focuses on the impact on sport of government engagement with sport and the need for a fully developed government sport policy. Two important contexts will frame the chronology. First, the perspectives of sport organisations as members of a wider NGO sector, where sport performance and administration progressed from an amateur base in 1937 to a complex mix of amateur and professional environments by the turn of the century. Second, changes in the public policy environment over time affected the way in which government interacted with NGOs. Sport NGOs were not immune from these effects.

Setting the scene

Government has initiated three major reviews of the New Zealand national sport system since 1937. In each case, the minister responsible for sport appointed eminent citizens as a specialist committee, board, council or commission which then consulted with the sport sector on what was wrong and what features of the system could be changed. The consultation process for each review followed a similar process of a committee seeking submissions then generating a report to the relevant minister. In the absence of a co-ordinated ‘voice’ for sport, smaller organisations within the broader sector advocated for their own constituents (e.g., coaching, sport science, physical education, badminton and hockey). In the main, these organisations lacked sufficient weight to become viable and critical actors in the government’s subsequent strategies. Each committee made recommendations for the development of policies for sport and for their implementation. In some instances, the committees established structures such as regional sports trusts in the 1980s and 1990s.

The sport sector comprises nearly half of all NGOs in New Zealand. These organisations represent the interests of some 500,000 volunteers (Statistics New Zealand, 2007, 44; Sport and Recreation New Zealand, 2006a, 2) and an opportunity for citizens to participate in the recreation and sport dimension of public life. By definition, NGOs comprise members or people of like interest that provide a mandate for the organisation to act on behalf of members or other beneficiaries to deliver services and to advocate for particular causes.² In the realm of sport, local and regional NGOs belong to coalitions of regional and national federations who hold the mandate for each sport. No single organisation speaks for those national federations. The task of gathering the input from the sport sector to inform an emerging government policy, therefore, is more complex. In a contemporary setting, a strong imperative exists for such input to ensure the development of sound policy. When commenting on the importance of government consultation on policy development, Bridgman and Davis (2004) note:

Increasingly, citizens want a say between elections on choices affecting their community. Governments are learning to include participation in the policy cycle (p. 78).

Public policy requires a mandate: an authority to act. It requires funding. It also requires deep and rigorous thinking about the long term results expected from policy and the means to its implementation including resources.

² Statistics New Zealand (2007) utilises the International Classification System for Non-profit Organisations. To obtain classification as a non-profit organisation under this system, an organisation must meet the following criteria. It must be organised, not set up to make a profit, not distributing profits, separate from government, self-governing and having voluntary membership.

In the context of government intervention in New Zealand sport, it is unclear whether sport sector administrators throughout the period this study examines, understood the role of public sector officials in the policy development process. The prospect of a particular sector (in this case, sport) fully understanding and building on its knowledge of public policy processes which affect it across a seventy year period seems improbable. Bridgman and Davies (2004) illustrate the practical impact on citizens of a knowledge shortfall about the policy process:

The reality is that most public policy development takes place within the public sector. It is public servants who write the documents on which decisions are based. Ministers relate externally to the community, their political party, their constituents and the stakeholders in the portfolio, but rely on public servants to manage the process especially in the early and later stages of policy development. (p. 79)

In the modern environment of policy development, engagement processes take centre stage. Sankar (2003) comments

Citizen engagement refers to processes through which government seeks to encourage deliberation, reflection, and learning on issues at preliminary stages of a policy process often when the focus is more on the values and principles that will frame the way an issue is considered. (p. 2)

This approach to governance assumes that the community's knowledge and experience adds significant and positive advantages to the development of policy and the planning of its implementation. A successful public policy is one

which achieves consensus between community-based interest groups and the policy makers. The history of government's involvement also tells us a great deal about why the current system looks like it does.

Insights into government's policy development processes and in particular, the challenges inherent to seeking out and nurturing a voice for sport to speak in those processes help to explain the evolution of the New Zealand sport system. This study provides signposts to a different way of working and to the goal of achieving a policy built on a consensus and shared purpose between government and the sport sector.

The Approach

In order to track how government controlled its involvement in sport, I describe the public administration dimension of four distinct legislative eras: the Physical Welfare Act 1937, the Recreation and Sport Act 1973, the Recreation and Sport Act 1987 (and its subsequent renaming in 1992 as the Sport, Fitness and Leisure Act), and the Sport and Recreation Act 2002.

The study recounts the chronology through a public management lens in three ways. First, the government undertook each of its sport reviews in the public policy context of the time. Today's governments require public policymakers to draw on a wide range of policy instruments to ensure the best use of public funds once policy goals and objectives are clear (Althaus, Bridgman & Davis, 2007, 87). In the past, instruments of legislation and regulation prevailed. In the 1990s, however, a more diverse range of instruments emerged as changing theories of pluralism influenced government behaviour (Mulgan, 2004, 16; Shaw & Eichbaum, 2005, 174). In

other words, instead of passive compliance with government policy development and service delivery planning, citizens sought active engagement and participation in government (*Ibid.* 176-177).

Second, contemporary literature on public sector accountability identifies delegation as a central idea in democratic states and for modern governments in the Westminster tradition (Lupia, 2003, 33). Moreover, Wise (2004, 668) comments that individual citizens' different perceptions of public service motivation and lines of accountability in government are both ambiguous and woven through with similarly different perceptions of self-interest. This ambiguity, argues Wise, extends to the implementation of delegation and advancing the public interest (*Ibid.* 669).

A chain of delegation extends from ministers to the government sport funding agencies, which leads to interactions between government funders and sport NGOs. Delegations of this kind produce effects along the chain. For example, government agencies behave according to the pressures imposed upon them primarily from above. The government of the day exerts pressure via the portfolio minister. Parliament applies pressure to the government which then responds to citizens through the electoral cycle. Each player along the chain delegates power and responsibility down to the next link in the chain. A requirement to be accountable for the powers and responsibilities, which the delegation brings, accompanies each step in the chain. Such delegation created an impact on many NGOs including those in the sport sector.

The third public management perspective comes from a more recent public sector focus on government's priorities or outcomes and the need for government agencies to collaborate with each other and with third parties in achieving those outcomes. For this to occur in the sport sector, government and sport NGOs need a shared understanding of performance measurement and what is meant by 'results'. New Zealand government agencies received clear State Services Commission (SSC) guidance on this topic from 2002 onwards (State Services Commission, 2002) as government paid closer attention to making outcomes central to planning and ensuring that departments provided plausible reports on performance to parliament. Critically, a shared sense of performance measurement requires a shared sense of purpose by all parties and a shared sense of what to do.

In sum, the study focuses on responses from the public sector and sport NGOs to given events in the chronology. My participation in many of events in the chronology, makes an objective narrative difficult. In some cases, little documentation exists to confirm the role of specific individuals at given points along the timeline. The study therefore adopts a mix of explanatory paradigms. The evolution of New Zealand's public management system gave rise to social pressures which affected NGOs in unintended and unplanned ways. Proving cause and effect relationships in the social sphere are the source of much debate in the literature (Booth, 2005, 144). The interaction of government and NGO behaviour over time, provides plausible explanations for today's state of play.

The political context also colours the telling of events. Sport exists within a wider social context and for this study, in wider public policy context. I make comments on the strengths or weaknesses in the decisions of government and non-government actors in the story with the benefit of hindsight and contemporary beliefs about public policy and interaction between the state and NGOs. In this wider context, the study shows how government involvement in sport also followed contemporary thinking on public policy development and, from time to time, social policy thinking.

Chapter two examines the impact of the Physical Welfare Act in 1937. The Act established the physical welfare service and confirmed, for the first time, government's direct interest in encouraging participation in sport. In these early years of the welfare state in New Zealand, government saw its role clearly to provide social, health and education services to citizens. The private choice of recreation and sport did not attract great public policy attention. A strong personal interest in physical fitness from the then Minister for Internal Affairs, William Parry, however, championed new legislation designed to encourage a more co-ordinated national approach to sport participation.

The Act's wording paid little attention to the leadership roles of NGOs in the sport sector. Only a few sports (e.g., rugby, tennis and bowls) had a major national presence. The physical welfare service focused its attention on a broad recreation agenda rather than sport NGOs. Governments of the day focused their social policy attention on the impact of World War Two initially and the post War recovery period from 1945 onwards. The sport sector made

little headway in persuading government to provide a substantial financial contribution to a national sport system. Despite provisions of the Act that he could engage with the sport sector, the minister showed little interest in such engagement. This era provided few clear signals about government's understanding of sport in a public policy setting.

Chapter three recounts the establishment of a new ministry of recreation and sport and a council for recreation and sport. Commitment to a new ministry formed part of the incoming Labour government's manifesto in 1972. The manifesto's high level commitment to an organisational outcome, however, did not address the day-to-day detail of how a minister, a ministry and a council might interact. It was left to the public service to make it work. The sport sector, including the council members, conceived of government's new involvement in sport as a new era with access to new resources. The public management system, however, had an impact on the system in ways sport sector administrators did not recognise or understand. The new council was one amongst many arms-length organisations set up by government to do particular work. Throughout the decade, these organisations proliferated with little clear guidance to 'core' departments on managing their performance. Distinguished public servant John Martin (2003) describes these organisations as:

An assortment of commissions, authorities, tribunals and committees that had been established piecemeal over the years to exercise public power or to advise ministers outside the ambit of the departments of state. (p. 137)

The ministry controlled the money and therefore the success or failure of the council. A wide range of strong interests significantly influenced the government vision of an improved national recreation and sport system.

The power imbalance between ministry and council sowed the seeds for later pressure from influential politicians in the sport sector to remove any policy responsibility from a government department and vest it in the arms-length agency. While these tensions played out in Wellington, the rest of sport sector looked on, dealing with day-to-day resource pressures and preoccupied with their narrow interests and issues.

Chapter four recounts the actions of a new Labour government in 1984 which initiated massive economic and social reform. Dissatisfaction with the council and ministry led to pressure from the sport sector prior to the 1984 general election to review the whole sport system. A ministerial inquiry into sport after the election produced two reports *Sport on the Move* and *Recreation and Government in New Zealand*. The coincidence of public sector reforms and the ministerial inquiry set the stage for subsequent relationships between sport NGOs and a new government sport agency. The chapter comments on the inquiry itself, its final report and establishment of the new government body, the Hillary Commission. Within four years of the commission's establishment, the term 'sport, fitness and leisure' replaced 'recreation and sport' in the Act as the minister for sport John Banks, refocused the commission on funding physical leisure and sport specifically rather than the existing broader spectrum of recreation organisations. The

chapter points to the lack of an evidence base for sport policy decisions and the impact on sport of public sector reforms as applied by the commission.

Chapter five tells the story of a particular moment in the first decade of the Hillary Commission's life. The Prime Minister's Review of High Performance Sport, shed daylight onto the behaviours of three dominant organisations in New Zealand sport, the commission itself, the New Zealand Sports Foundation (NZSF) and the New Zealand Olympic and Commonwealth Games Association (NZOCGA) - now the New Zealand Olympic Committee (NZOC). Prime minister Jim Bolger sought opportunities for New Zealand arising from Australia's successful bid to host the 2000 Olympiad in Sydney. The opportunity for Olympic medal success ranked high amongst those benefits and that, Jim Bolger concluded, required government funding.

The three organisations named above, claimed mandates for their territory within the sporting landscape, yet none actually managed a sporting code. Only the NZOCGA had a cross-sector mandate and that only to commission teams to Olympic and Commonwealth Games. Accordingly, prime minister Bolger appointed a review committee chaired by New Zealand rugby icon and corporate leader Wilson Whineray. The committee brought public, private and NGO interests together with a brief to create new organisational arrangements to fund elite sport and to recommend levels of government contributions.

Attempts to forge an alliance between the three organisations through membership of the review committee led to new and significant funding recommendations. Their collaboration and the resulting funding processes

aimed to shift sport funding from the ‘command and control’ environment of the past to a more collaborative environment. Throughout the review, sport NGOs watched from the sideline, as a critical new funding regime emerged which affected their management of elite sport for the next decade.

Chapter six describes the demise of the Hillary Commission and emergence of a new agency, the New Zealand Recreation and Sport Commission (SPARC). A ministerially-driven review of the New Zealand sport system in 2001 triggered the change which led to SPARC and new commitments of taxpayer funding. Chaired by leading educator, John Graham, the ministerial committee sought, like its 1984 counterpart to review and reform the national sport delivery system. Although of a similar aspirational quality as the 1984 inquiry, the Graham committee’s report *Getting Fit for an Active Nation* focused much more on potential public health benefits from sport participation. In addition, the committee recommended that the Hillary Commission be replaced by a new government agency, Sport and Recreation New Zealand; similar in structure and powers, but with a new brand name - SPARC.

Government responded positively to the Graham review’s recommendations replacing the commission and for the first time, made new and large commitments of taxpayer funds to recreation and sport starting at \$18.141 million in 2002/2003 to \$69 million in 2007/2008. With these substantial new funds came increased power and influence. SPARC’s resources dominated the sport sector landscape and the language of “investment” characterised its approach to funding decisions. The chapter

discusses the early impact of SPARC and, in particular, how its funding approach aligned with government's wishes to emphasise collaboration and engagement with the community sector. The chapter also focuses on the need for engagement with sport NGOs and a sector perspective on government sport policy.

The study ends by drawing together the accumulated results of the engagement chronology and the public policy results for sport. The final chapter proposes a set of prerequisites for ensuring sport sector engagement to ensure a robust public policy in sport and the importance of consensus between government and sport NGOs in building the policy. For now, backed with over \$100 million in taxpayer and lottery funds, SPARC's long-term impact on the New Zealand sport sector is yet to be fully understood.

Chapter Two – 1937: A Physical Welfare Perspective

This chapter describes the 1937-1973 physical welfare era of government's involvement in sport. The intervention of World War II meant that new thinking and policy development for sport and recreation in New Zealand ranked low in government's priorities. As a new policy area, recreation and sport did not draw on a long history of government action and like many new policy areas, had its genesis under the administration of the Department of Internal Affairs (DIA). The chapter canvasses DIA's actions and the extent to which sport NGOs participated in what followed. The politically neutral New Zealand public service is one of the world's oldest with that characteristic (Martin, 2006, 2). Its reactions to the new responsibility drew on that history.

Between 1935 and 1937, the fourth Labour government promoted a range of social legislation in the aftermath of the Great Depression and profoundly changed the face of New Zealand society. Under the leadership of Michael Savage, the government made healthcare accessible and affordable and, for the first time, low cost housing became the responsibility of the state. A New Zealand social welfare system set out to provide security for all citizens including those who were unemployed. The new system introduced free access to secondary schooling and tertiary education and the 40 hour week.

Gustafson (1986, 221) observes that Savage's achievement in the founding of the modern welfare state in New Zealand was the "crowning achievement of the Labour government and probably the most important single piece of legislation in New Zealand's history." In this context, the government also expressed a desire to stimulate an interest in physical activity, in part, to promote physical fitness for its own sake and, in part, to promote participation in physical activity as a social activity.

In 1937, the minister for internal affairs, W E Parry sponsored the physical welfare and recreation bill. Parry was widely recognised as an advocate for recreation and sport as his peer and member for Auckland Central, noted in Hansard "We know that the Minister is a keen devotee of physical training and is to be seen frequently at the punchball in the gymnasium of this building." (Office of the Clerk of the House of Representatives [OCHR], 1937, 421). Parry consulted widely with sport NGOs to promote the bill and staged two conferences with them prior to the enacting of the legislation (Buchanan, 1978, 25). At the second conference in August 1937, Parry initiated a discussion concerning the establishment of a National Council of Sport and Recreation, a proposal supported by many NGOs. Among the resolutions passed by the conference, two warrant highlighting. First, the conference agreed to take national action to promote the idea that "physical fitness and physical recreation have a vital part to play in promoting a healthy mind and human happiness" (OCHR, 1937, 524). Second, that if the conference formed a national council of sport and recreation, the government was best positioned to make sure it was a truly 'national' in character. Parry

was not keen on the idea of an elected body by “sectional national interests”.
(Ibid. 524)

It is unclear whether Parry had concerns about a specific sectional interest or whether he was merely reflecting the mood of a government which was acting to provide a comprehensive set of social policies for all New Zealanders. In any case, Parry went on to argue that “the whole question of sport and recreation generally, [is] of such national importance, in connection with the national use of increased leisure, to warrant the immediate attention of the Government and the people generally.” (Ibid. 524)

The bill provoked extensive debate in the parliament, particularly with respect to those provisions that gave the minister powers over the council including the ability to making grants of money to sport organisations. The broader question, however, of encouraging participation in sport and recreation through government legislation, remained unclear (Alexander, 1981, 15). During the next 70 years, consistently without the benefit of robust evidence successive governments would make similar broad claims of sport’s benefit to society.

Enacted in 1937 and administered by DIA, the Physical Welfare Act provided for a Council of Physical Welfare and Training, a body established the following year (Green, 2001). The council reproduced the English model, the Central Council for Physical and Recreative Training established in 1935 when English politicians sought to enhance the physical fitness of young people at a time of high unemployment and an economic downturn (Central Council for Physical Recreation, 2007).

The new Council for Physical Welfare and Training met for the first time on 24 May 1938 and comprised 17 members chaired by Parry in his capacity as minister for internal affairs. The council membership comprised a mix of senior public servants and individuals from across New Zealand, all appointed by the minister. Rather than appointing members with a formal mandate from the sport sector, instead, the minister sought to ensure regional interests were seen to be represented (Green, 2001).

While it is unclear whether the sport NGOs supported the minister's twelve appointees, he charged the council with co-ordinating "the interest of all sporting bodies in the development of a policy that would be in accord with the objectives of the Act" (OCHR, 1937, 528). Like Britain, New Zealand sport was (and still is) based on an amateur club-based system of voluntary NGOs who had little interaction with central government and little or no experience of managing government funding support.

Section 9 of the Act gave the government significant power over the council and enabled it to direct policy. Although the government did not have a majority on the council, the minister had effective control by virtue of his right to veto the council's recommendations. The Act contained a whole-of-government dimension reflected not only in the council's membership, but also in its other functions under section 9. In summary these included

- educating school children on the benefits of and participation in sport including once they had left school
- making provisions for participation in all forms of physical development

- stimulating national interest by propaganda
- ensuring the availability of facilities for participation in all sports
- establishing a source of funding from central and local governments and other contributors
- fostering sportsmanship and the enjoyment and benefits of physical fitness
- disseminating information relevant to physical exercise generally
- making recommendations with the respect to the well-being of people generally.

In one sense, these wide-ranging functions provided the genesis of a policy framework for government intervention in sport. However, the council made little or no progress on any of these matters. Following its first meeting, the council met only three times in 1938 and a further three more times over the next six years until September 1944 after which it ceased to meet. It is hard to assess whether or not the council's functions were appropriate or too great. Moreover, it is not clear whether major shifts occurred in government attitudes towards the role of sport and recreation in meeting the goals of government. It seems likely that government perceived sport more simply as a way of bringing communities together as a form of social good. In the meantime, the physical welfare branch in DIA continued with its work quite disconnected from the council.

Buchanan (1978) observes that there was "little evidence of the council carrying out its duties as specified in the Act" (p. 38). Those duties included developing policies to encourage sporting bodies to co-operate with the

education department. Parry was personally keen to promote an interest in sport and recreation within schools. Further, he initially asked the new council to survey recreational needs and facilities throughout the country. As council chair, Parry secured a small fund for the council to distribute as it saw fit within the portfolio's parameters. Given the council's inactivity, even that fund went unspent establishing sporting fund. From the paucity of documentation between the council and minister, the council also seemed unable to fulfil its duty as an advisory body to the minister.

A lack of commitment to the council perhaps signals that ministers did not yet consider sport funding a priority for public policy. Council meetings were at the behest of the minister and, given his other cabinet responsibilities, clearly he did not do this regularly or frequently. Unsurprisingly, the council failed to exert influence given the lack of opportunities for it to meet and develop ideas. The phenomenon of insufficient time to meet and consider policy issues characterised a future Labour government's Council of Recreation and Sport in the 1970s and 1980s, over 30 years later. No records exist to explain why Parry did not convene the council more often and his commitment to the role of the council remains uncertain. Despite a lack of leadership from the council, the physical welfare branch in DIA continued its extensive work to promote physical activity, mostly at the local level but not with the national sport organisations. There were more pressing matters, however, for Joseph Savage's government.

The government's attention was on the war effort and social policy issues were likely to have been high on cabinet's agenda. Parry was also

minister of pensions and in 1940, Savage gave Parry responsibility for implementing Savage's flagship Social Security Act. Establishing a vigorous sports council of any sort ultimately took second place to national efforts to support the economy during the second world war. Upon declaring war in 1939, the New Zealand government passed a series of regulations giving it wide powers. Amongst those powers was the conscription of thousands of men to the armed forces (Baker 1965, 80). Inevitably, initiatives to promote sport were not prominent at this time.

Buchanan (1978, 40) also observes that while the war effort interrupted the council's potential work programme, correspondence on departmental files indicates that the council had great difficulty providing leadership and co-ordination across government departments. Philip Smithells (1940), superintendent of physical education for the department of education spoke bluntly on the matter: "It would seem to me, and certainly to some of my colleagues, that there is simply too much talking and not enough action."

The enthusiastic welcoming of the Physical Welfare Act by sport NGOs evaporated quickly. There is no evidence that either the council or the physical welfare branch of DIA actively worked with sport NGOs to encourage and support greater participation in sport. The physical welfare branch employed staff throughout New Zealand including many prominent New Zealand sportsmen; and a few sportswomen (Stothart, 1977, 20). One such staff member was Lance Cross, later to be an influential figure in the sport sector and an International Olympic Committee member.

While the council promoted a number of schemes, such as leadership training and recreational experimental areas, these were achieved ‘on the ground’ through schools and local government by field staff officials from the physical welfare branch of the department. Programmes included ‘learn to swim’ and ‘mountain safety’. These, formed the genesis of today’s NGOs the New Zealand Water Safety Council and the New Zealand Mountain Safety Council. The schemes focused strongly on recreation and had little contact with sport NGOs with branch officials continuing to focus their work on schools and on programmes with local government.

The 1937 Act also provided for the establishment of district committees, appointed by the minister and with a wide range of functions. In sum, however, the committees acted as agents for the national council in Wellington. The language of the Act reflected a centralised ‘command and control’ approach to management. For example, the district committees were to “represent the National Council”, “make investigations and enquiries as directed by the Council,” (Physical Welfare Act 1937, s.30).and “to carry out any functions instructed by the Council” (*Ibid.*).

The goal of district committees implementing a national strategy at the local level failed. In their studies of the physical welfare branch, Buchanan (1977, 44) and Alexander (1981, 29) both note that the committees were starved of funds, lacked clear goals and received insufficient direction from the council.

In 1943, the council advocated revisiting the idea of a New Zealand sports council. Like the 1938 initiative, however, the council met no more than

a handful of times, made no decisions, and appears to have faded away; a lack of significant achievements leading to its demise. In 1948, the Public Service Commission reviewed the council and concluded that it no longer achieved any useful purpose (Public Service Commission, 1949).

In the late 1930s and early 1940s, local communities formed local sports councils. Where a national body instructing from Wellington had failed, 'grass roots' motivation succeeded. It was not long before the local councils began to think beyond local community boundaries. In the absence of any national action from the national sports council, sports officials took it upon themselves to form local sports councils during the late 1930s and early 1940s. On 24 November 1943, fourteen national governing bodies of sport and 12 provincial sports councils adopted a constitution and elected a volunteer management committee for the first New Zealand Council of Sport. (Buchanan, 1978, 47). In September 1943, representatives of these Councils agreed to form a national council of sport (*Ibid.* 47).

Unfortunately, the volunteer council failed to obtain unanimous support from all sport NGOs with tennis, rugby and bowls refusing to participate (Stothart, 1978, 37-46). The council therefore lacked influence and, in the public's and sport sector's mind, its role was confused with the government's largely inactive National Council of Physical Welfare and Recreation. (Buchanan, 1978, 49). Lee (1966, 20) also suggests that some of the major sport NGOs were suspicious of the government's motivation for setting up a council. Without support from codes which dominated participation numbers, the council faded away and no records of its activity exist after 1947.

DIA carried responsibility for communications to sport organisations about government ideas such as a sports council. Non-specialist staff and a lack of departmental commitment to engaging with sport administrators may have contributed to these ideas failing to gain momentum. This was borne out in 1948 by the PSC investigation into the branch described earlier in this chapter.

Throughout this time, DIA established its own approach to administering the Physical Welfare and Recreation Act. The department appointed physical welfare officers, to undertake a broad range of tasks in addition to supporting the Council for Physical Welfare and Training.

The government also required DIA to account for taxpayer funds it used to support the council. Although at ‘arms length’ from the government, the council still reported on its performance to the parliament (via DIA). Unusually for an ‘arms length’ body, the minister of internal affairs served as the council chair. This had the effect of giving the minister a considerable control over council decisions and reduced the public service arm of the portfolio to implementing programmes such as those for ‘leadership training’, ‘learn to swim’, and promoting recreation opportunities for tourism (Alexander, 1981, 31). As a semi-independent body at ‘arms length’ to the department, the council could theoretically make its own decisions about funding priorities. However, with the minister in the chair, the sport sector perceived council decisions as the minister’s decisions. In any case, the council rarely met.

The broad purposes of the Act described earlier, required buy-in from across the sport sector. While the early signals issued by William Parry

initially encouraged the sport sector, in the absence of tangible results and improvements in their day-to-day circumstances, sports NGOs withdrew from any direct engagement. By the end of its life, there is no evidence of meaningful links between the council and the sport sector.

In an extensive review of the physical welfare branch, Harris (1971) details constraints and obstacles which the branch had to overcome. Most significantly, the branch was unable to convince local government to work towards the government's goals. Local authorities had their own goals and priorities and saw little benefit in working with central government. Then as now, local government owned the vast majority of recreation and sport assets: swimming pools, playing fields and sports halls. No estimates of their overall value exist from at that time. A Hillary Commission estimate in the 1998 provides a sense of the local government stake in recreation and sport overall with around \$3.5 billion in recreation and sport assets and a with net annual expenditure totalling \$338.45 million - GST exclusive (Hillary Commission, 1998, 30).

Harris's report makes no reference to the branch's impact on the wider sport sector. Moreover, no records exist to show that the branch canvassed issues such as improving the level of participation in sport in any depth and certainly not in relation to the delivery of sport by national sport organisations.

The PSC review of the branch mentioned earlier in this chapter investigated the basis for concerns about the branch's lack of effectiveness and DIA's management, the PSC initiated a review of the branch mentioned earlier and appointed a three-man investigating committee to address the

issues. The committee comprised H C D (Crawford) Somerset, a respected community educator and University Lecturer, G F (George) Briggs from the YMCA and Public Service Commissioner, A H ('Bert') O'Keefe as chair (Stothart, 1977, 24).

Stothart (*Ibid.* 24) notes that the committee's final report reflected poorly on DIA generally and the physical welfare branch in particular. For example, branch officials were vague about the purpose of the council and the extent of its authority. The PSC committee also recorded a litany of branch shortcomings ranging from a failure to implement specific provisions of the Physical Welfare Act (appointing a senior physical welfare officer) to the non-training of field staff. This highly critical report recommended the transfer of the branch and its responsibilities from DIA to the department of education. Despite the strength of critique from the PSC, ministers did not carry out its recommendations. Nothing in records of the time explains why government ignores the PSC's recommendations.

A new National party government came to power in 1949, and the branch continued with its existing work programme. The new government had no particular policy in mind for recreation and sport and focused its attention on other social policy issues of youth delinquency. The establishment of the National Youth Council in 1953 led to yet another attempt to revive the sports council idea. Like the previous sports council, it attracted little support.

Parliament voted only small amounts of funding in the post-war period (see Table 1 Government funding of Recreation and Sport 1945-1956 below). DIA allocated these funds mostly as grants or subsidies to sport NGOs (national

and local) for coaching activities, building projects and equipment. The minister argued for these funds in the annual budget round without the benefit of clear policy work from DIA officials or a clearly communicated sense of what government hoped to achieve from projects supported by these funds.

Table 1 Government funding of Recreation and Sport 1945-1956

Fiscal year	Vote Funding
1945/1946	\$3,295
1946/1947	\$37,250
1947/1948	\$44,650
1948/1949	\$49,646
1950/1951	\$25,000
1951/1952	\$10,000
1952/1953	\$10,000
1953/1954	[\$data unavailable]
1954/1955	\$12,304
1955/1956	\$12,500

In 1954, the National government directed a reduction in branch staffing as part of an overall drive to cut public service costs. Stothart (1977, 27) notes that it took a further critique from the SSC in 1956, for this to be carried out. By this time, the branch ceased to function effectively and in 1965, the department restructured the unit to become the youth services branch. As noted earlier, records of interaction between the physical welfare branch staff and their minister are sparse. Close contact with a minister by a small unit of the department would be unusual. In the absence of specialised

advice to the minister, therefore, sport policy remained fragmented lacking any form of coherent overview. This situation applied elsewhere in the state sector with the evolution of New Zealand's public service and public policymaking having slowed considerably during the 1930s. Martin (2006) notes:

Despite the increasing role of the state..... the condition of the state services themselves was not high on the agenda of the Labour administration. When approached in March 1936 about the vacant position of Public Service Commissioner.....Savage is reported as saying that this was 'one of the very least of the questions they [the government] had to deal with. (p. 12)

The department had a responsibility, however, to be clear with its minister on what it thought needed to be done within the departmental portfolio ambit. During this era, New Zealand retained a highly centralised public management system and therefore public servants held considerable influence over public policy decisions. Then as now, the most effective departments are those which actively engage their ministers in a dialogue on future actions (Scott, 2001, 111).

The Social Security Act provides an important context for the physical welfare and recreation legislation. The Labour government's raft of reforms represented the state taking responsibility for "the health, income maintenance and general welfare of the community" (OCHR, 1972, 46). Parry conceived his physical welfare and recreation ideas as being part of the

overall state welfare programme (Stothart, 1977, 15). In one sense, Parry placed recreation and sport in a social services context.

Governments design systems by reserving certain powers through legislation and delegating powers to others. Over time, the interplay of reserved and delegated powers shape the key inter-relationships among such forces and pressures as physical structure, reward systems, values and beliefs, work processes, unwritten rules, written rules, and information flow (Palmer & Palmer, 1997, 129; Scott, 2003, 413). The Physical Welfare Act attempted to bring good health and social cohesion to society through encouraging citizens to participate in physical exercise through recreation and sport activities. Over time, the impact of and support for the Act fell away. In their analysis of welfare state structures, Matthews and Erickson (2005, 3) observe that social programme initiatives enjoy high levels of public support when the programme benefits are more universally experienced. Communities generally and the sport sector particularly saw few tangible benefits of the Act's implementation. Neither politicians nor public policymakers advanced ideas about citizens' access to recreation and sport as an important or emerging aspect of government policy.

Alexander (1981, 46), in one of the few examinations of the Act's history, suggests that the values of state structures such as those provided in the Act, are based on their representativeness, non-partisan competence and leadership. Within this framework, provisions of the Physical Welfare and Recreation Act attempted to provide leadership via the minister, representation of sport through the district committees and the membership of

the council and politically neutral public service involvement via the physical welfare branch. It seems unlikely, however, that either the minister or DIA conceived of such formal linkages. No evidence exists of attempts by government to build a sport sector consensus.

It seems more likely that DIA's own thinking about its role ignored how best to represent the 'voice' of sport in policy decisions and what voluntary sport organisations thought about the status quo in any case. Moreover, in the absence of a mandated voice for sport, leadership fell to powerful individuals such as Parry himself who were able to influence other ministers and therefore public policy processes around the sport delivery system. In sum, the voluntary and amateur club-based sport system of New Zealand had little collective power and few sufficiently powerful individuals to lobby for its interests.

The role of a minister who served as council chair proved problematic. In the Westminster tradition, ministers make high-level policy decisions and government agencies implement that policy. In this case, however, a failure to separate the two, compromised potential success from the outset. Further, the council had few powers and was in no position to engage the exclusively amateur sport NGOs systematically. The intervention of the second world war meant that neither the government nor sport NGOs pursued potential opportunities presenting from a national sport council 'voice for sport'.

After the war, New Zealand governments focused their attention on rebuilding the economy from a war footing and the public funding of sport or sports facilities took a lower priority. However, in the early 1950s and in a

similar vein to their English counterparts, ministers expressed concerns about the welfare of young people and the need to encourage their participation in a wide range of ‘useful’ activities including sport.

In 1954, the government gave effect to this focus on youth policy matters and established the Special Committee on Moral Delinquency in Children and Adolescents chaired by Dr Oswald Mazengarb a Wellington Queen’s Counsel. The Mazengarb committee’s report, confirmed some generally held views concerning increasing urbanisation and the lack of provision for health and recreation. The report maintained perceptions of links between community health status and physical recreation. It made a very strong connection between access to recreation and perceived lowering of youth values. “As in other forms of delinquency, the recent outbreak of immorality or, more correctly, the revealed evidence of it has directed the minds of many to an assumed dearth of organized recreation and entertainment” (Appendices to the Journals of the House of Representatives of New Zealand, 1954, 35).

The Mazengarb committee concluded that if a young person were to join sporting clubs, the less likelihood that person would “become a delinquent” (*Ibid.* 35). This conclusion in 1954 resonates with the views expressed in 2007 by New Zealand’s principal youth court judge Andrew Becroft who said: “A young person involved in sport, or any organised, positive community activity, stays out of Youth Court.” Little data exists to confirm Becroft’s view and similarly, the Mazengarb committee’s report was strong on assumptions, however, and light on well-researched evidence. Its

conclusions lacked support from any empirical data to connect ‘moral delinquency’ and a lack of participation in physical recreation. The report built its assumptions about why physical recreation would help to stem a perceived increase in young people’s delinquent behaviour mostly around strong and wide-ranging representation from hundreds of submissions (written and oral). Only one submission came from a sport NGO, the Wellington hockey association.

While the Mazengarb report did not purport to be ‘sport policy’ advice, it provides an insight to society’s general assumptions then as now about sport participation. In the sense that youth delinquency was and remains, a political issue, government policies tend to build on connections which citizens create between that issue and a particular set of beliefs and values. Ministers of sport since 1973 have built on those connections despite sparse evidence and few measures to inform policymakers. Policy is not value-free. It tends to reveal values that really matter to government and probably to the public official(s) whose advice first led to the policy (Shaw, 2003, 149). Boston et al (1998) comment specifically about policy advice:

Such [policy] advice is thus fundamentally about values: which values matter, how they should be ranked and how those given priority should be maximised. (p. 123)

Alexander (1981) argued that the Physical Welfare and Recreation Act’s broad purpose “...to improve health through recreation and physical activity” (p. 42), hampered implementation of any policy intent. In effect, the Act’s weakness was lack of detail in the Act on implementation. It seems more

likely, however that a common public policy fault was responsible: a failure to plan delivery. Parliament legislates high-level goals. Public servants of the day, are responsible for ensuring plans for policy implementation are properly thought through prior to legislation going before the parliament for debate. This includes selecting the most appropriate delivery mechanism. In this instance, government supported sport NGOs to achieve public health goals. Ministers and the public service assumed the connections between increased sport participation and health outcomes. The assumptions were untested and probably generally agreed by the public in any case i.e., it is axiomatic that exercise ‘is good for you’. The sport sector voice remained silent despite its central place in supporting increased participation.

The emphasis on evaluating policy implementation is a relatively recent phenomenon in public policy writing. In their seminal work on policy implementation, Pressman and Wildavsky (1984) comment:

A policy’s value therefore must be measured not only in terms of its appeal but also in light of its implementability. But how would we know whether a programme embodying a policy had been well or poorly implemented? – By observing the difference between intended and actual consequences. (p. xv)

These early signals of poor engagement with sport NGOs sit awkwardly a strong tradition of public participation which broadly characterises perceptions of contemporary public policy development in New Zealand. The extent of that participation has been uneven, however, and Cheyne et al (1994) cite Considine’s observations about participatory democracy in New Zealand

during the 1960s and 1970s as ranging from “symbolic forms to ones that were more substantive” (p. 140). They also note further the neglect of such traditions during the 1980s and 1990s, while Wilson and Enright (1994, 139) reinforced an emerging New Zealand tradition of public participation. Further, despite claims of a broad participation tradition, in the period from the 1930s to the 1970s, little evidence exists of robust citizen engagement in the development of sport and recreation policy or, indeed of any other social policies.

Throughout this period, addressing the issue of who represented the views of sport NGOs remained problematic. Using local government as a means to engage communities in achieving the Act’s purpose had the effect of marginalising national sport organisations. Citizens were generally suspicious of government and its potential to ‘interfere’ with people’s private recreation choices. Consequently, instead of a coherent and collaborative approach emerging, sport NGOs had their earlier concerns confirmed that government was promoting its own agenda of sport participation and physical activity to meet social policy needs rather than the needs of sport. The social policy agenda was a reworking of the Physical Welfare Act goals, outlined earlier, and did not consider sport NGOs specifically as key players in the implementation of a social welfare policy.

Alexander (1981, 184) also argues that government interventions in recreation and sport through the 1937 and 1973 legislation, were fundamentally about social control. The decisions of government-appointed councils or committees can be a means by which specific activities or classes

of activities can be preferred for state support and therefore given an advantage over other activities. This view follows British perspectives articulated by Roberts (1978, 156) but little evidence exists that the New Zealand government of that time displayed preferences for specific activities at a formal policy level.

A strong ‘social control’ impetus seems unlikely in this case. The sport NGOs themselves were enthusiastic about the possibility of novel arrangements with government. Parry enthusiastically advocated on behalf of sport and physical activity and, along with his ministerial colleagues, seemed to have a simple motivation for intervention i.e., that physical activity itself was useful to the population and the social activity which accompanied sport was useful for providing some form of social cohesion.

Parry’s leadership of the physical welfare concept did not occur in isolation. The goals of a fit nation and stronger communities were not new, and in this respect, the Labour government followed a path laid out in Britain between the two world wars. While Savage had his vision for New Zealand society, state sector reforms in Britain still influenced the foundations for New Zealand’s welfare state. For instance, in 1937, the British parliament passed the Physical Training and Recreation Act which provided for a national advisory council. The timing of that council’s formation was unfortunate with the start of World War II imminent and the British government worried at the unfit condition of its potential armed forces personnel. The Act provided for government run sport and fitness activities undertaken by youth organisations under the aegis of juvenile delinquency committees. This took the focus away

from sport NGOs. The Physical Training and Recreation Act, 1937, established a national advisory council which, in turn, set up area committees. In the main, area committees assessed local needs and encouraged physical training and recreation. Britain needed better sports facilities and the National Council made grant funding available from to support facility development. (Collins, 2003, 5) and approach which continued well into the 1960s (Coalter, Long & Duffield, 1988, 48).

Despite the lack of substantive policy development, as noted earlier in this chapter, the New Zealand government response to sport in the 1930s broadly followed the lead of Britain. Other British Commonwealth countries had followed the lead of Britain to deal with some of the social issues emerging from the Great Depression through government programmes to promote physical activity and community cohesion (Henry 1993, 13). For example, Canada enacted the Unemployment and Farm Relief Act in 1931, to deal with a large influx of unemployed workers into the cities. In its aftermath, the Canadian government established the Dominion-Provincial Youth Training Program in 1937. Harvey (2002) observes:

Fighting 'inactivity,' the source of 'moral degradation,' was at the core of this program..... The point here is that these initiatives remained essentially liberal in the sense that they took the form of specific state interventions to support citizens, specifically youth, to enable them to take control of their lives and become responsible and productive citizens. (p. 2)

Roberts (1978) critiques British government intervention in recreation and sport on three grounds. First, that it is unrealistic for the state to anticipate and provide for a large and growing demand for varying activities. Second, that governments base their decisions on which activities to support on subjective judgements often unsupported by sound evidence. Third, that the self-determined nature of recreation behaviour makes state intervention ad hoc at best.

Roberts also points out, however, that the government sets the stage on which individuals make their own recreation and sport decisions relating to participating. For example, the state makes provision for access to land and education that may increase the type of activities individuals engage in. The New Zealand government administers the nation's conservation estate, not only for conservation purposes but to enable citizens to have access to recreation in the outdoors. At the local level, the maintenance of playing fields from ratepayer funds creates an unintended advantage to those sports using outdoor playing areas. Considerable sums of public money from national taxpayer and local ratepayer sources often underwrite major regional sports facilities.

Sport policymakers must also describe the external benefits which government may be trying to elicit from greater sport participation. For example, the cost-benefit perceived from greater amounts of physical activity leading to improved health and welfare status for the wider population has proved elusive. Such linkages are not well supported in research and, like many public policy decisions, require a significant leap of faith. For example,

sport participation may be an observable factor in reducing anti-social behaviour and offending by young people. However, not all non-participants will offend or behave anti-socially. It may be that the overwhelming majority of offenders do not play sport, but the link to reduced anti-social behaviour, although clear, may not be causative.

In New Zealand during the 1950s, the government acknowledged recreation and sport as a legitimate public policy arena, but had little experience of working with sport NGOs. At a much earlier point in the 1930s, the British government acknowledged the role of recreation and sport NGO umbrella bodies such as the Central Council for Physical Training and Recreation through legislation (Henry, 1993, 24). The physical welfare approach now adopted by New Zealand would remain unchanged until the early 1970s.

Government's involvement in the sport sector remained focused on a paradigm expressed through the physical welfare legislation. Sport participation remained, in government's eyes, a matter of private choice not requiring government interference. As the 1960s drew to a close, however, momentum grew in New Zealand to follow patterns set by other western democracies to take sport more seriously as a public policy issue.

Chapter Three - 1973-1983: The Ministry and Council for Recreation and Sport

This chapter discusses the Recreation and Sport Act in 1973, establishing a clear government commitment to the sport sector with its own minister and ministry. When Joe Walding became the first minister for recreation and sport in 1973, the new Labour government under Prime Minister Kirk delivered on its 1972 manifesto which undertook to establish, for the first time, a minister for the sector and a sport portfolio located within DIA (New Zealand Labour Party, 192, 12).³ The Act also set up a government-run Council for Recreation and Sport, the first manifestation of a formal government agency for sport set up at arms length from a core government department.

The issue of who speaks for the sport sector re-emerged as the sector experienced the impact of a Council for Recreation and Sport appointed by the minister. The council advised the minister on the expenditure of government funds to benefit the recreation and sport sector. The question of who spoke for the sport sector as a whole in a possible discussion about what might benefit the sector the most, however, remained unanswered. But for the first time since the passing of the 1937 Physical Welfare Act, politicians articulated a rationale for government intervention in the sector. The passing of the Recreation and Sport Act was the last time politicians disagreed

³ A complete list of New Zealand ministers of sport can be found at Appendix A.

significantly across party lines about committing government funding to sport. This chapter also examines the genesis of difficult relationships between DIA and the Council for Recreation and Sport. In the context of a potential government sport policy for New Zealand, the lack of an explicit sport policy today, has its origins in these difficulties.⁴

The post war period saw little change in government's commitment to the sport sector but by the early 1970s, leading figures in the sport were lobbying the National government and the Labour opposition to assist New Zealand sport to follow the international trend of government support for sport. Stothart (1977, 71) notes the Labour party's support for legendary athletics coach Arthur Lydiard's call for a ministry of sport and culture. The National government, however, had no intention of supporting the Labour government's actions to support sport. This became clear during debates on the 1972 recreation and sport bill when the National party's Alan Highet (now in opposition and a former minister of internal affairs) said "At first glance, it confirms my personal worst fears that the Government intends interfering in the administration of sport" (OCHR, 1972, p. 799). His colleague Harold Lapwood went further, "This socialistic administration is hoaxing the people into believing they are gong to receive all sorts of largesse" (Ibid. p. 1296).

The opposition followed two particular lines of argument. Highet argued for a strengthening of DIA's capacity in its existing role (OCHR, 1973, p. 800) and Downie (the opposition member for Pakuranga) promoted the newly

⁴ By the 1990s 'ministries' had responsibility for the development of government policy and 'departments' had responsibility for the implementation of policies. In the 1970s, however, those distinctions were less clear and policies emerged from both ministries and departments. Quangos (and more recently, Crown entities) did not have a policy development responsibility.

formed New Zealand Sports Federation arguing for “representation from sporting bodies” (*Ibid.*).

From 1973 onwards, as discussed later on, the recreation and sport portfolio budget remained small and under the control of DIA. Only much later on in the early 2000s did parliament allocate very large sums to sport rising to \$70 million in 2007/2008.

Walding, like William Parry in 1937, enthusiastically advocated for sport and the need for specific legislation to underpin the new portfolio. In 1972, he promoted a recreation and sport bill which parliament passed into law in 1973. The Act provided for the establishment of a ministry of recreation and sport and a council of recreation and sport both located within DIA. The Act also provided for DIA to fund and support the Council for Recreation and Sport, as an ‘arms length’ body to provide the minister with advice on policies and programmes relating to recreation and sport in New Zealand (Stothart, 1976, 75).

The government’s annual budget round now included a specific allocation for sport administered by DIA. This split of responsibility between a portfolio’s activities and the administration of the funds is not unusual. DIA has a long history of administering a range of portfolios and answering to multiple ministers for portfolio results. In this case, DIA accounted to Walding for the results of its work in recreation and sport, but answered to the minister of internal affairs for its use of funds.⁵ DIA’s responsibilities to the minister of

⁵ In 2008, The Department of Internal Affairs has its own Minister, and accounts also to the Ministers of Racing, Local Government, Community and Voluntary Sector, Ethnic Affairs, and Civil Defence and Emergency Management.

internal affairs took priority as it concerned the minister's direct accountability to parliament for all of DIA's funding, including that allocated to recreation and sport.

The Labour party manifesto prior to the 1972 general election and the subsequent process of passing the legislation, provides a sense of how government justified the need for legislation. The manifesto announced that the Labour party would "establish a Ministry of Sport, responsible for the promotion of physical and mental health and the encouragement of a more meaningful use of leisure for all New Zealanders" (New Zealand Labour Party, 1972, 12). Interestingly, while the Act's title specified 'recreation' and 'sport' it adopted the term 'leisure' as a catch-all for both areas, the term 'sport' received no definition in the Act. This apparent oversight, perhaps reflected a general perception amongst politicians that everyone knew what sport was and it therefore needed no definition.

Coincidentally, the establishment of post-graduate qualifications in recreation administration at Victoria and Lincoln Universities from 1977 onwards, set the scene for a growing influence of professionals and academics in the area of recreation who were concerned to see a wider interpretation of recreation and to reduce the perceived dominance of the sport sector. Moreover, community funding schemes (including those run by DIA) covered more than just 'sport'. Submissions from DIA to the select committee supported the inclusion of 'recreation' in both the title and ambit of the bill.

Precisely what the Labour government meant by “a more meaningful use of leisure” remained unclear throughout the passage of the bill through select committee. However, the connection between activity and improved community health status (both physical and mental) was implicit in the select committee discussions, in the subtext of submissions and in the parliamentary debate. Joe Walding (OCHR, 1973), the bill’s promoter summed up his leaps of faith in the bill’s first reading.

It can be amply demonstrated that social costs do accrue from the neglect and recreational and sporting pursuits. The cost of indifference is felt at the community level in the cost of providing more and more medical services, the cost of loss of production arising from illness and the cost of social and criminal acts caused by frustration and boredom.

(p. 1256)

Labour based its policy logic on the potential for a population more involved in sport leading to useful results or public benefits. The implied benefits included reduced health and welfare costs to the taxpayer and building social cohesion or stronger communities. Nonetheless, the precise mechanism underpinning these assumptions remained unstated by either the bill’s proponents or the select committee. Nor is there any evidence that any government agency presented data which supported links between participation in recreation and sport and medical service provision, loss of industrial production or reducing the cost of crime.

This continued a pattern of previous years in which government involvement in recreation and sport lacked supporting policy work. Throughout

the passage of the bill, DIA officials undertook no analysis of potential social benefits accrued following the setting up of a publicly funded agency for sport. This lack of analysis based on relevant and accurate evidence continued a characteristic of the earlier 1937 legislation and subsequent government programmes.

High standards of evidence underpin robust policy advice. Former secretary to the Treasury, Graham Scott (2001, 351) observes: “there should be healthy debate and constructive tension on controversial subjects, especially when the need to address them first arises. Easton (2002) comments: “At the heart of any [policy] solution is how well the problem is addressed.” Throughout the 20th century, government funding of sport lacked any such analysis, even at the crucial stage of enacting relevant legislation.

Members of the select committee expressed strong views for and against the bill. National opposition members reiterated the thrust of MPs Highet and Lapwood cited earlier, whilst government members reiterated Walding’s comments when in opposition that “his party would help organisations, not dictate to them” (Stothart, 1977, 72). In particular, recreation and sport NGOs were concerned about the impact of explicit recreation and sport legislation on their activities. This should have been a clear signal to the government that the success of the policy design for government intervention in sport would turn on the co-operation of sport NGOs. In its select committee submission, the national YMCA was clear:

The power conferred on the Council [for Recreation and Sport]
....makes very real the danger of the growth of a state-based

recreational service. Such a development would be detrimental to such important elements in our way of life as community self-help, initiative and involvement. (Department of Internal Affairs, 1973).

Joe Walding (OCHR, 1973) as promoter of the bill countered with the comment that:

I cannot accept the proposition that assistance which the Government intends to make available through the Ministry of Recreation and Sport will in any way erode the spirit of self-help or the autonomy of sporting organisations in this country. (p. 1257)

When pressed on this issue, Walding (*Ibid.*) went further:

To the best of my knowledge it has never been seriously suggested that these grants have in any way impinged the traditional freedom of such organisations [sport NGOs]. Would anyone suggest that the subsidy of \$300,000 granted yesterday to the Commonwealth Games Organisation will impinge on its independence? (p. 1257)

By the third reading of the bill, however, Labour gained muted cross-party support. The National party's Lance Adams-Schneider ".....It will certainly receive at least qualified support from the opposition" (*Ibid.* p. 1260).

In a similar vein to the YMCA, the newly-formed Federation of Sport voiced its concern to the select committee that the absence of sporting representatives on the proposed New Zealand Council for Recreation and Sport was likely to lead to state-control of sport (Buckingham, Brockwell & Wells, 1972).

Auckland sport administrator John Buckingham revived the idea of a voice for sport. Almost single-handedly he formed the federation in 1972. The initiative lacked a strong mandate from the sport sector, however, and the government chose to ignore the federation's submission. The New Zealand Association of Health, Physical Education and Recreation (NZAHPER), however, had a different view to that of the federation and saw in the establishment of a council, an opportunity to better inform government policy relating to recreation and sport in the community. NZAHPER argued that the proposed council should comprise people widely qualified by experience and training and not only sportsmen who have gained national or international honours (Brough, Laidler & Stothart, 1972). Given the eventual council membership, it seems likely that NZAHPER's views, as a well-established recreation and sport professional body, obtained some traction. In the same submission, NZAHPER also proposed that the proposed ministry be located within the department of education, echoing the earlier PSC report recommendations.

The Recreation and Sport Act achieved three important milestones. First, that the government now had the power to direct tax-payer funds towards the development of recreation and sport organisations. This acquisition of power was a change from the 1937 legislation which did not make such a provision. For the first time, the new legislation formally acknowledged the relevance of sport NGOs to implementing the legislation. Second, establishing the council for recreation and sport, put in place a central national level structure, mandated by government to support sport

NGOs. Thirdly, and for the first time, ‘recreation’ enjoyed a legislative definition.

While Walding intended the new legislation to support the efforts of recreation and sport NGOs, it is not clear to what extent, if at all, any departmental policy development work leading to the Act took account of NGO aspirations and recognised them in the design of its implementation. Submissions to the select committee did not lead to significant changes in the bill prior to its final reading in parliament and the sport sector, in any case, had no means of expressing a unified position on the new legislation’s potential impact on sport.

The Act proposed a government-controlled funding mechanism or, at the very least, a mechanism guided by the new council’s mandate. For sport NGOs, this was a first taste of government accountability requirements and the start of a contest between the NGOs for access to government funds. Throughout the next thirty years, demand always exceeded supply in this contest. Funded NGOs received no guidance from the council as to government’s policy motivation for providing funding support and what might be expected in return. Since 1973, no evidence exists that sport NGOs as a group or sector ever ‘bought into’ a shared policy goal of better community health and welfare. Rather than promoting or working towards ‘buy in’, successive governments’ approach to funding has focused on two main issues. First, accountability for public funds and ensuring the presence of audit trails for the use of those funds. Second, an apparent desire to influence the way the sport sector operates. While the latter focus seems innocuous, it

sits at the heart of long-standing government efforts support or build the capacity of the non-profit sector. For example, the publication of resources to assist sport NGOs to improve their capacity to manage themselves better or to have strategic plans following ‘business’ planning practice and implementing business management approaches.

With few financial resources at its disposal, the Council for Recreation and Sport decided to promote participation in sport as a healthy option for all citizens through a publicity campaign *Come Alive*. The council made a few attempts to bring parts of the sport sector together in order to address some aspects of sector development. For instance, in 1977, the council convened a first conference of national sports coaches in Wellington. Not until the appointment of a part-time sport advisor in 1981, however, did the council have any capacity to focus its attention directly to sport. The council did not attempt to bring sport NGOs together as a sector to discuss and agree a strategy for sector. Government’s priorities for recreation and sport are not necessarily those of sport NGOs. Governments set very high level goals for all of society. For instance, the 2005-2008 Labour government adopted three themes to which government agencies anchored their planning:

- Families young and old
- Economic transformation
- National identity.

In the early 1970s, the new Labour government had social policy goals of improved public health, housing, social security and education. Departments were not required, however, to show in planning and reporting documents

how their budget expenditure contributed to those goals. Accordingly, narrower government sector goals such as those for sport remained unstated. As mentioned earlier, government broadly sheeted home its intervention in sport to implied benefits to the tax payer of reduced health and welfare costs and building social cohesion.

There are no practical state alternatives, however, to a national sport delivery system. Sport participation is a matter of private choice and its governance and management are matters for citizens. Government policy goals for sport must take into account policy implementation. Government must align its public policy goals with those of the sector engaged in the implementation of policy, in this case the sport sector. Harmonising such goals required meaningful engagement and discussion on joint interests and the impact of alignment on the sport sector. Such engagement did not occur then, nor does it now.

For the latter half of the twentieth century and into the twenty first century, New Zealand governments failed to work meaningfully with the sport NGOs to develop policy goals. Access to government funding, however, was based on the primacy of achieving government's goals first and the sport sector's contribution to those outcomes. This became a hallmark of the relationship between successive government agencies for recreation and sport, and sport NGOs for the next 30 years.

The 1973 Act required the minister to appoint 11 council members including the chair and in that year, Walding appointed prominent Wellington senior magistrate, Des Sullivan as chair of the first council. The membership

(Appendix B) showed a wide spread of recreation and sport interests, but only one member (Lance Cross) carried a formal mandate from the sport sector. As chair of the New Zealand Olympic and Commonwealth Games Association (NZOCGA), Lance Cross represented the interests of over 40 sport NGOs. The NZOCGA's focus, however, rested on commissioning of teams to Olympic and Commonwealth Games rather than the wider development interests of sport. Cross was an established member of the International Olympic Committee (IOC) with a strong personal focus on his work in the international arena. Some in the sport sector of the time were less enamoured of Cross considering him an ineffective advocate for the interests of sport. (R. A. Stothart, personal communication, June 19, 2007). IOC members act in the IOC's interest not the interests of their country of origin and Cross's IOC commitments may have taken priority over domestic sport system issues. The 'voice for sport' issue simmered for many years, finally emerging in late 1982 as discussed later.

By the end of 1975 due to retirements and a change to a National-led government, the council membership changed significantly (Appendix B). Beyond Lance Cross, however, and given the minister's power over appointments to the council, the sport sector still lacked a formal voice on the council right up to the time government finally disbanded it in 1987.

Membership of the first and subsequent councils typified many government committees of the time. Ministers made their appointments with an eye to achieving representative balance in respect of the sport sector, gender and geography. Issues of representativeness confront all governments

when appointing such committees. Inevitably, not all interests gain representation during inquiry processes. The key issue for such public inquiry processes is whether all ‘voices’ have the opportunity to be heard and considered.

In contemporary writing on public policy development, the issue of public participation has emerged as a critical manifestation of strong democracies (Carson & Hartz-Kamp, 2005, 120; Gezci, 2007, 376). The ability of those affected by policy decisions to participate in the development of policy is considered a ‘good thing’ (Richardson, 1983, 52). The lack of formal sport sector participation in the development of council programmes and representation on the council remained a ‘bone of contention’ with the sector for many years.

The Recreation and Sport Act 1973 clearly laid out the council’s functions. They were to:

- foster and promote the total well-being of and fullest use of leisure by the residents of New Zealand
- advise the Minister of Recreation and Sport on any matters relating to recreation and sport
- investigate developments in recreation and sport, and disseminate knowledge and information about such developments.” (Recreation and Sport Act 1973, s.19).

These high-level functions provided the council with a mandate to take whatever approach it chose without formal reference to the sector. The establishment of the council as a high-level quango provided a much clearer

point of contact for the recreation and sport sector than had existed before. To some extent, the council became a ‘lightning rod’ for resource issues affecting the sector (particularly funding) and helped politicise the wider sport sector. Prior to this time, political acts relating to sport in New Zealand tended to focus on high profile international sports activities, especially involving rugby relations with apartheid South Africa. Subsequent events redrew the boundaries between sport and politics when in 1980 the Muldoon government demanded that the NZOCGA withdraw from the Moscow Olympiad.

In the council’s early years, sport NGOs applied directly to the council for funding. In 1975, government granted the council \$283,692 to distribute as it saw fit. By 1982 funding levels had risen to just \$328,820, 38% of which (\$215,000) sourced from the newly established New Zealand Lotteries Board.⁶ Unfortunately, management and programme delivery costs absorbed the majority of the annual budget. In 1982, therefore, only a paltry \$84,812 was available for distribution to individual sports.

Despite its limited funds, the council needed support staff and DIA provided administration services to the council in the form of a chief advisor, advisors for leadership training and outdoor recreation, and promotions officer along with secretarial support.⁷ A much better resourced DIA, however, ran a national projects scheme funded at \$1.2 million annually for the 10 years from 1975-1985. In addition, a local and community development scheme for sport,

⁶ Following the enacting of the Lotteries Act in 1998, the Lotteries Board was renamed as the Lottery Grants Board (LGB)

⁷ The Council’s first professional staff appointees were: Bob Stothart (leadership training), Bob Larkin (chief advisor), Colin Abbott (outdoor recreation) and Bruce Stokell (promotions and publicity).

recreation, the arts, community development totalled \$3.4 million in 1983/1984 (Department of Internal Affairs, 1984, 47).

The council's NGO funding programme prioritised support for core administration costs, leadership and facilities, rather than to high performance sport. The irony of this will not be lost on today's NGOs from all sectors as they struggle to persuade government funders of the essential nature of such costs. (Unwin, 2005; Whale, 2005). Moreover, sport NGOs had no say in or input to the distribution of funds to sport directed through local committees via the council's local scheme. The local committees had no obligation to consult with national sport administrators and had broad terms of reference in relation to what could and would be locally-funded. NGOs disliked the latter process and it provided an early signal to a long period of tension between the government funder and the sport sector over the key elements of any funding strategy. In particular, the issue of prioritisation and a focus on core costs versus high performance sport (Stothart, 1976, 76).

Despite the advent of a dedicated ministry and a council, both had lean organisational arrangements and attracted few significant costs. DIA officials staffed the new and small ministry's staff as a business unit of the department rather than a separate organisation in its own right. The minister received independent advice from ministry staff which also provided administration support to the council. This represented an early manifestation of ministers receiving a separate advice stream from departments as well as from the quango overseen by the same department and the potential for tensions to arise between the quango and department. In this case, if disagreements

arose between the council and ministry, the ministry was at an advantage over the council. The secretary for internal affairs sat on the council as of right representing the government's 'ownership' interest in the quango. Thus, the ministry knew the council's advice to the minister but the reverse was not always the case.

These arrangements were and remain typical of today's 'quangos' now known as crown entities. The rigours of parliamentary oversight applied to departments are not easily applied to arms length agencies (Scott, 2001, 178). Moreover, their reasons for existence change with shifts in government policy over time. Government 'owns' crown entities and the difficulty in managing their accountabilities became more worrying for government from the late 1970s to the 1990s. Placing them at arms length (like the council for recreation and sport) provides more flexibility for their work than core departments. Their responsible ministers have rights to direct their actions, however, if such actions seem contrary to government policy. Ministers, DIA and the council had a limited understanding of how their relationship might play out. By the 1990s, these relationship issues were more widely acknowledged. In Scott's words:

A lack of structure and principle in the way these rights are exercised can diffuse responsibility and accountability and even debilitate an organisation. It also affects the credibility and reputations of the organisation and the policy it serves. (p. 271)

As a consequence of having oversight of the council (and subsequent funding agencies), the department built an institutional memory for the

portfolio which provided an opportunity for ministers to receive better contestable policy advice in future years as the crown entities changed.

Parliament allocated funding to the ministry via Vote: Internal Affairs which supported the portfolio in four ways (Recreation and Sport Act 1973, S.3). First, it funded the council, second, it administered the recreation and sport subsidy schemes already mentioned in this chapter, and third, delivered regional planning and advisory services through officials based in Auckland, Rotorua, Wellington, Christchurch and Dunedin. Its fourth task was the provision of contestable policy advice to the Minister of Recreation and Sport, a new development, not just for Internal Affairs, but for many departments which had responsibility for administering arms-length organisations (quangos). Up to that point, departments were responsible for developing both policy and the means of implementation. In the case of recreation and sport, there was no high-level policy document. Inevitably, the role of the Council, seemingly clear in the Act, became muddled with that of the Department. A national policy could have guided both the Ministry and Council and avoided the tensions which emerged between the two.

Although the ministry comprised over 10 staff, only three were professionally qualified and the lack of a clear government recreation and sport policy undermined the department's commitment to the portfolio. Moreover, a later review of the council in 1983 noted that most of those officials were appointed at a clerical level with few, if any, significant policy advice responsibilities. These officials were located in the recreation and

community development unit which fell under the broad ambit of DIA's recreation, arts and youth division.

The ministry aligned its goals and priorities closely with those of the department rather than having separate goals and strategic plans. From a public management perspective this is unsurprising. Ministry management reporting lines followed the department's structure and all funds accounted for via departmental accounts. Such nuanced relationships mean much to state servants but little to citizens and to NGOs who see a minister and ministry as being jointly focused on their [NGOs'] core business and are not concerned about the niceties of public sector accountability and reporting lines.

The ministry therefore aligned its purpose with the department's goals of supporting and fostering the well-being of communities (Garrett, 1978, 62). The department already distributed grants to community organisations, local authorities, and to schools. Most of DIA's grant-making programmes bypassed sport NGOs directing funds through local vehicles such as local government. The ministry's funding activities were not new initiatives. In fact they were entirely consistent with the department's recent history of grantmaking. The new ministry derived its initial staffing complement from the youth activities branch of the department (set up following the demise of the physical welfare branch in the 1960s). It was not surprising that, in the absence of any new policy programme, youth activities branch staff continued to undertake a 'business as usual' approach but as members of a re-organised team within the department. The branch also had officers in the four main cities across New Zealand tasked with developing recreation

activities for young people. (Garrett, 1978). Clearly, this lack of co-ordination between DIA's youth activities branch and the council advantaged the better-resourced DIA but compromised any overall benefit of having a dedicated council.

The 1972 Labour government had only lasted one term and the incoming National government cut funding to the council. This was not unexpected in the context of National's efforts to rein in a substantial budget deficit (Martin, 2006, 81). To that point, central government based its allocation of public funds to local authorities for local initiatives on 70 cents per head of population, an increase from 50 cents in 1974/1975. The new government cut the fund back to 50 cents. The 40% cut had an immediate impact, severely restricting local government's grant-making activities to any activities including sport. With government encouragement, the council discontinued *Come Alive*, its flagship programme encouraging participation in sport. Stothart (1980, 48) considers that the programme successfully established the council's presence on the recreation and sport landscape, but *Come Alive* was too closely aligned with the Labour government's programme to survive.

During this period, government-appointed bodies to carry out specific tasks rather than using core government departments were commonplace. These bodies proliferated to over 1,200 by the early 1980s. Although not government departments as such, 'quasi national (or non-) governmental organisations' or 'quangos' became a recognisable part of the public sector landscape. Ministers appointed the members of these bodies to undertake

tasks which ministers felt could not be achieved as well by the core public service. Little evidence exists that governments actually evaluated the quango structure. By 1979, however, a growing unease existed within the public sector that the rationale for many quangos would not bear scrutiny. Indeed, their accountabilities were, at best, loose and at their worst, insufficient for government purposes (Palmer, 1979, 168-169). It was in this setting that the Council encountered the first significant challenge to its existence.

In 1982, the National government directed the SSC to review all quangos and to advise the government on whether the bodies under review still served a useful purpose and whether they should remain. The SSC's terms of reference also asked it to look specifically at matters of efficiency and effectiveness and, in particular, the council's funding arrangements (State Services Commission, 1983, 3).

Prue Hyman, chair of the Victoria University of Wellington economics department, headed the team to review the council for recreation and sport. The panel also comprised John Roseveare (SSC) and Conal Townsend (DIA) and met for the first time on 1 December 1982. The review addressed five possible roles for a central government agency or quango to support government intervention in recreation and sport. These roles were:

- Helping individuals and groups to help themselves through the provision of funds, expertise, information and educational opportunities
- Influencing the community to a fuller use of leisure
- Influencing the Government and government agencies to appreciate the importance of recreation and sport

- Providing policy advice to the Government
- Encouraging individual and community growth through recreation (p.3).

The review committee consulted the sport sector widely, receiving written submissions and conducting many interviews. The committee was aware of the damaged relationship between the council and ministry and set out to address that problem specifically.

The review concluded that a failure of the ministry to achieve a shared understanding of the council's direction and goals constrained the council's effectiveness and vice versa. The committee highlighted practical matters such as inadequate time in meetings to address policy issues, a narrow range of contact across the recreation and sport sector, and the council's failure to prioritise its research funding (State Services Commission, 1983, 5). Moreover, the review concluded that due mainly to a poor working relationship the council and ministry failed to co-ordinate their efforts.

The review paid considerable attention to DIA and, specifically, to the ministry's function within the department. Although the reviewers did not report their reasons for addressing this function, there are two possibilities. The committee certainly wished to understand what it perceived as a dysfunctional relationship between the ministry and council. This perception emerged in the context of the broader SSC quango review which sought to examine more closely the linkages between quangos and their responsible departments. A second possibility is that the committee responded to disquiet within the sport sector about an apparent overlap between the roles of the council and the department and further, that the government was attempting

to exert undue influence over the sector (Ministry of Recreation and Sport, 1984, 31). A further possibility also existed although not canvassed by the review. While the council was clearly an off-shoot of the department, the department's own priorities and approach to recreation and sport policy may have distracted the ministry staff from direct engagement with sport NGOs. It seems likely that in effect, all these factors played a part in the final recommendations from the committee.

The Hyman Committee made no references in its report to the role played by either the ministry or council in following a specific government recreation and sport policy. Instead, its conclusions focused on the lack of clear direction for and by the council and the fractious nature of the relationship between the council and ministry. By implication, it signalled the lack of a policy direction as a problem. The committee remained silent on the impact of powerful individuals on the council. Sir Ron Scott and Sir Lance Scott were influential within government circles. Given their already poor opinion of the ministry, it is likely that they had little confidence in a public-sector driven review process.

The council-ministry relationship was closely examined by Garret (1982, 62) in his analysis of the politics that lay behind government's sport bureaucracy. Garrett exemplified this tension as one based on an imbalance of power between the council and ministry and cites a 1976 council meeting minute.

The role of the Council dominates the Act, whereas the function of the Ministry is covered in one short clause. However, progressively over

the years, through initiative and to some degree, circumstance, the roles have been reversed, and today the Ministry dominates the day to day operation, is responsible for almost all the money, while full Council meets merely to rubber stamp Executive decisions in which the Ministry has had a powerful input. (New Zealand Council for Recreation and Sport, 1976).

As well as tensions between the council and sport NGOs, tensions between the council and ministry grew quickly. The two agencies had a relationship founded on unbalanced information flows where ministry officials advised the minister with the benefit of knowing the council's advice to the minister. The privilege did not appear, however, to flow in the opposite direction. This information asymmetry emerged as an unintended consequence of having quangos in the first place. From the early days of their establishment as a public management tool, governments paid little attention to the balance between quangos getting work done, a minister's need for good policy advice from his or her department and the role of that department in undertaking its administrative oversight of the quango in question.

Accordingly, the council often felt undermined by the ministry. In effect, the lack of clarity around the accountability of the two players seems the most likely core problem. As noted above, the council's accountability for performance was unclear as were the hundreds of other quangos. The ministry's accountability for performance in meeting its recreation and sport responsibilities became subsumed within the complex and diverse functions of the department. Again, the lack of a sport policy against which to report

either the ministry's or the council's performance provided no comfort to sport NGOs that government recognised their interests.

The incoming Labour government in 1984 committed itself to reducing the number of quangos and to bringing more accountability to those that remained. It was within this environment that the era of the Council for Recreation and Sport came to a close (Palmer & Palmer, 1997, 168).

The accountability of quangos bedevilled many core government departments. Like other departments, DIA reported on the council's performance as a quango under its oversight. In addition, the ministry's own accountabilities to the Parliament via the responsible minister were also uncertain as it formed part of DIA's overall performance. Palmer (1979) observed:

It is time to get rid of the system whereby the minister is, in theory, accountable for everything and in practice, accountable for very little.

We should move towards a system whereby the officials are publicly answerable for the responsibilities delegated to them by Cabinet. A new system of public accountability should be introduced. (p. 35)

While these changes took their course, in 1983 two further phenomena entered the recreation and sport landscape. First, sport NGOs became increasingly vocal in lobbying for a sport sector-led organisation to act as 'a voice for sport'. Graeme Brockett a Christchurch-based sport administrator spoke bluntly on the matter at a council seminar on the future of sport in New Zealand:

.....sport in New Zealand has not had a voice or parliament of sport whereby sports people can express their views and determine the way in which sport and I think recreation in New Zealand should develop.....In New Zealand we seem to be working very much in our own sectional groups and interests." (New Zealand Council for Recreation and Sport, 1982, 45)

Many sport administrators supported Brockett's comments. He went on to say:

Although an attempt was made in the 1970s to form a federation of sport [there was then] the question of funding. When government came in, [its] policy was to establish a council of recreation and sport where the members were nominated by the Minister. Sport did not have a voice." (p. 45)

Influential athletics administrator, Ian Boyd lent his weight to Brockett's central idea "I go along with the idea of setting up a group of people to pursue the idea of one voice in sport..... we must have that strong voice." (p. 46)

Second, pressure grew on government from many quarters to introduce a state-sponsored lottery to fund sport, recreation, the arts and other community projects (Grant, 1994, 249). During the next decade, the new lottery, *Lotto*, became the source of major funding to New Zealand sport NGOs.

Chapter Four – 1984: ‘Sport On The Move’

The incoming Labour government in 1984 undertook to review the ministry and council. This chapter comments on two results of that review, its report *Sport on the Move*, and government’s response to the report, the establishment of a new funding agency, the Hillary Commission. The chapter pays special attention to the sport sector’s involvement in the review, and the impact of public sector reforms which sought to bring stronger accountability arrangements to bear on its arms length organisations outside core departments such as the commission. The state lottery, *Lotto*, created a new and large funding pool for sport. The Hillary Commission’s administration of those funds reflected shifts in public policy thinking about accountability. The commission did not provide the sport policy framework, however, originally sought by the 1984 review. This chapter looks at the effect on sport NGOs of the new funding environment. The chapter closes with commentary on the government’s decision to change the legislation and move the commission away from funding a wide range of recreation pastimes from floral arranging to sport, and to focus exclusively of sport. The legislative process revealed some of the policy thinking behind that decision and the extent of sport’s involvement.

When the minister of sport, Mike Moore appointed the sport development inquiry committee in December 1984, to report on priorities for developing sport in New Zealand, government’s objectives for sport still remained unclear (Ministry of Recreation and Sport, 1985, 13). One specific

goal for the committee was to propose roles for central, regional and local government in the way they supported sport. The committee met for the first time early in March 1984 and over the following five months considered 218 written submissions and 60 oral presentations.

The inquiry did not commence its work, however, with a specific problem to overcome. In its background papers, the committee had a list of broad issues in mind, which reflected dissatisfaction with the council for recreation and sport and its relationship with the ministry (R. A Stothart, personal communication, June 19, 2007). Concerns that the state education system failed to provide a strong foundation for the national sport system headed that list. The national sport system as it existed at the time consisted of a loose conglomeration of NGOs, coaches and scientists. Formal links between the sporting codes and schools were few and ad hoc. Most sport NGOs of the time had only sufficient resources to meet their own domestic needs let alone, building strategic alliances across the sector or with the education system.

The background papers also returned to the long-standing theme of New Zealanders' physical fitness. Some commentators perceived young people as unfit, girls particularly, along with propositions that many young people had poor learning of basic movement skills such as running, jumping and throwing.

Moore also widened the Committee's brief to encompass many of the issues now common in modern national sport inquiries. There was evidence

of illegal drug use amongst elite athletes along with perceptions of increasing levels of sport violence. Some commentators observed that society continued to undervalue women in sport and there had been reports of sport NGOs experiencing difficulties in accessing sports facilities of an acceptable standard.

Most importantly, however, Moore expressed concern about the funding environment for sport at all levels, which he identified as unstable and mounting evidence of the previous National government's lack of commitment to funding sport.

The committee's list of issues had been constructed from those raised by a range of advocacy groups including a strong lobby seeking more funding for sport. Senior sport administrators led this lobby, including Keith Hancox (Executive Director of NZSF), and Sir Ron Scott, a hugely influential figure in the years following his leadership of the 1974 Commonwealth Games as chair of the organising committee. Other lobbyists included physical education and recreation professionals who were concerned about issues such as physical activity in schools. Many believed that schools overemphasised sport and they advocated a broader recreation agenda (*Ibid.* 11). The committee itself comprised 10 members from across the recreation and sport spectrum, chaired by Scott (*Ibid.* 13).

A four-person team led by a private consultant Geoff Henley serviced the inquiry committee. By moving the servicing arrangements away from a government department, the minister tried to convey the impression of a committee independent from government. The 2001 Sport, Fitness and

Leisure Ministerial Taskforce adopted a similar process making extensive use of independent servicing.

Sam (2005, 78), observes that modern sport inquiry processes may be positive in the sense that they bring new issues and sector perspectives to the table in ways which the public service itself would find difficult. However, Sam also comments that the ideological context of the day will influence inquiries, effecting the terms of reference, means of reporting, and the level of resourcing. Government reviews are rarely ‘independent’ in the sense that ministers usually appoint committee members, provide and seek accountability for the resourcing of such committees and control the results and publication of review findings. Only a few government agencies have clearly understood independence. Statutory or judicial powers usually underpin these agencies and in some instances, such as the Office of the Auditor-General (OAG), they answer to the Speaker of the parliament rather than the government of the day.

Sam’s conclusions seem to underestimate the problem. Berry (2005, 568), concludes that in America, federal tax law constrains charities from advocating for their clients on policy process. In New Zealand, sport NGOs have been restrained or remained silent in their advocacy for sport policy issues. Despite having no formal mandate or authority to speak for the sport sector, influential figures such as Lance Cross and Ron Scott have, over time, carried great weight with government ministers. The omission of a formally mandated voice for sport in the membership of all government review groups

from 1937 to 2003 wittingly or unwittingly left the sector marginalised in what proved to be process and results critically important to the sector.

At face value, it is hard to understand why sport NGOs have not been more aggressive in their lobbying of government. However, as the sport sector became increasingly dependent on government for funding, it seems likely that the sector was reluctant to “bite the hand that feeds it”. Government funders have been ambivalent about supporting advocacy as a specific activity (Ministry of Social Policy, 2001, 105). In the late 1980s and early 1990s, the Hillary Commission limited its funding for the New Zealand Assembly for Sport to a set of activities which benefited the commission rather than enabling the sector to develop a coherent voice on policy-related matters (New Zealand Assembly for Sport, 1989, F3).

In 1984, the new Labour government distrusted the public service (Hensley, 2005, 129). The history of tension between DIA and the former Council for Recreation and Sport recounted in the previous chapter preceded the inquiry. That history would have been on Ron Scott’s mind as a former council member when he interacted with minister Moore in the lead up to the inquiry.

As with previous review committees, Moore’s appointments appear, on first examination, to have been a fair cross-section of many sport sector interests. Moore did not, however, appoint an individual with a clear mandated ‘voice’ for sport. Although sport NGOs formed the New Zealand Assembly for Sport in 1980, Moore chose not to include the assembly on the inquiry committee despite its membership of 87 national bodies.

Although a government-led inquiry, the committee made only passing reference in its final report, *Sport on the Move*, to the need for explicit sport policies. Having identified a series of benefits that sport made to society the committee observed that “new government policies for sport should seek to reinforce and extend these benefits and provide a national basis for future planning.” (p. 13)

The committee concluded that the benefits to society from a strategic approach to sport fell into five areas:

- personal and private benefits to the individual (improved self esteem, sense of purpose, sense of achievement and improved personal status)
- physical competence benefits which accrue from gains in physical skills
- social and moral benefits (improvements in integrity, teamwork, co-operation, courage and honour)
- gains in fitness and in health
- improvements in human potential (individual efforts reinforcing and extending human capabilities).

The committee made little reference in its report, to evidence supporting its conclusions regarding the benefits of sport. The report’s bibliography focuses more on benefits of physical activity and exercise. As mentioned elsewhere in this study, research on the benefits of sport to society is mixed. Coalter’s 2005 Sport Scotland report on the social benefits of sport summarises the difficulty

in arriving at firm conclusions about this subject. His report identifies three problematic areas:

- The lack of robust research in many of the current priority areas in social policy.
- The difficulties in measuring many of the claimed effects of sports participation, and of separating them from other influences. For example, reduction in crime may not simply reflect the provision of sports programmes aimed at diverting young people from crime and anti-social behaviour, but a range of other policies or wider environmental improvements.
- Many of sport's effects are indirect. For example, the belief that participation in sport reduces the propensity to commit crime is based on the assumption that this will be the outcome of such intermediate outcomes as increased self-esteem and self-discipline. However, the measurement of cause and effect – between inputs and actual changes of behaviour – presents certain difficulties. (p. 6)

Coalter (2005) goes further. He refers to the benefits from sport participation claimed by many writers as “only a possibility” (p. 2). He suggests that the benefits only accrue when two critical characteristics are present. First, people must participate and second, their participation must meet criteria which have the greatest chance of achieving the desired outcome. The measurement of cause and effect is the primary difficulty in linking sport participation to any particular social benefit.

However, by the early 1980s, the New Zealand government had no particular policy position on its involvement in sport. The inquiry committee focused its attention instead on the need for a government-funded organisation to provide some form of direction and leadership. The committee did not favour a sector-wide representative body to act as a ‘voice’ for sport concluding that such an organisation could become a “controlling” influence (Ministry of Recreation and Sport, 1984, 32). Instead, sport NGOs should have a “close, major and active role in the development of policy of any statutory body” (*Ibid.* 32). This is significant as government policy-making has always acknowledged the need to engage with the ‘stakeholders’ in a given policy.

In the absence of an umbrella advocacy body mandated by the sport sector, the inquiry committee needed a robust engagement process. Although the committee invited all interested parties to make submissions, those submissions came only from individuals and specific sport NGOs. A unified voice for sport was not evident from the 218 submissions from individuals and organisations. This failure to engage the sector systematically, to enable the sport sector to debate a shared perspective and a lack of any feedback mechanisms ahead of the final report became a feature of future review processes.

Ministers reacted positively to *Sport on the Move* and agreed to the proposal for a government organisation to provide funding and leadership for a national sport system. Within 2 months parliament passed new legislation (still entitled the Recreation and Sport Act), establishing the Hillary

Commission as the government recreation and sport organisation empowered to distribute funding and make strategic decisions about government's involvement in New Zealand sport (Recreation and Sport Act 1987, s.17).

As noted in the previous chapter successive governments set up a multitude of arms-length organisations, such as the commission set up by to do work that they did not want core government departments to undertake. In 1989, the Labour government's minister for justice, Geoffrey Palmer led the restructuring of these organisations or quangos to fit a more robust classification system. The new system re-classified government agencies which were not departments or ministries as crown entities. (Palmer, 1979 & Palmer and Palmer, 114).

Quangos were decision-making bodies somewhat freed from the ministerial oversight which applied to departments. Ministers appointed quango board members, often without any form of transparency. The risks of political patronage were significant and few rules existed on how members of such boards were to be recruited. (Palmer, 1979 & Palmer and Palmer, 1997). In 1979, Palmer reported the existence of some "1,268 quangos comprising over 5,000 board or committee members" (p. 37).

Governments set up arms-length organisations for many reasons. Generally designed to limit direct ministerial interference, they bring to government expertise not generally available in departments including people with specialist skills (such as sport administrators) to take a much greater part in government decision-making (Palmer & Palmer, 1992).

In line with *Sport on the Move*'s recommendations, membership of the Hillary Commission was intended to provide the impression of an independent organisation committed to sport with a governance board of people expert in a wide range of sport disciplines. The extent of that independence however, was open to question as the sport sector itself played no part in the appointment process. *Sport on the Move* had recommended a different process for appointment to the board which differed from the usual closed process, where ministers decide for themselves on committee memberships. *Sport on the Move*'s recommendation comprised a mix of direct sector representation and those with sector expertise. The recommendation also included an exhaustive list of qualities to characterise the board "with the unifying factor [of] a feeling for and knowledge of sport" (p. 35).

In the late 1980s, definitions for these government-owned but non-departmental organisations remained vague. For instance, while the purpose of state owned enterprises was clearly commercial in nature and described in the State Owned Enterprises Act 1986, other government agencies were created for a range of purposes but without the benefit of a classification system to guide their boards on their role as state agencies. There were regulatory services provided by agencies such as the commerce commission, advocacy services from the race relations conciliator and unique arrangements as specified under establishment legislation such as the accident compensation commission.

The Hillary Commission, however, fell into the category of a government agency established by legislation and initially escaped the net of a

classification framework applicable only to crown entities set up by ministerial direction rather than by legislation. This situation changed when provisions of the new Public Finance Act in 1989 made a first attempt to classify crown entities (Scott, 2001, 269-274). Although many organisations are set up under legislation, the overall constraints on their behaviour such as financial management or reporting and accountability to parliament, are set by legislation which applies to the wider state sector. By 1989, reform of the rules on financial management via the Public Finance Act was well advanced and intended to assist government agencies meet their accountability requirements. Unfortunately, accountability tools for the wide range of crown entities were inadequate. Not until publication of the OAG's report on crown entity governance in 1996, was this matter satisfactorily addressed (Office of the Auditor General, 1996).

The issue of funding for sport topped the new commission's agenda. Certainly, knowledge of the imminent launch of a new state-run lottery, *Lotto*, influenced the inquiry committee's recommendations. From the early 1980s, existing state-run lottery games, such as the *Golden Kiwi*, generated insufficient profits to respond adequately to a growing demand for community purposes funding generally and sport in particular. As early as 1975, Allan Hight, the then minister for recreation and sport began advocating for the introduction of *Lotto* (Grant, 1994, 248).

Many MPs, including prime minister, Rob Muldoon, opposed the introduction of *Lotto* which they believed added another and unnecessary form of gambling to the choices already on offer (Grant, 1994, 248). The

horse racing industry dominated the gambling industry and had done so for many years. By the mid-1980s, the racing industry board reported declining attendance at race meetings accompanied by a fall in off-course betting. The racing industry saw *Lotto* as a threat to its revenue base already controlled heavily through legislation. The industry had strong historical support in parliament. As far back as the 1880s government appointed a minister for racing providing the racing industry lobby direct access to ministers. In the 1980s, the political right expressed concerns about the moral aspects of gambling and the further potential for *Lotto* to feed political slush funds (Grant, 1994).

By the mid 1980s, however, strong support for *Lotto* emanated from influential figures including Ron Scott, Mike Moore and Keith Hancox. Scott, in particular, considered that the profits from *Lotto* would be sufficient to fund recreation, sport, the arts and community initiatives (*Ibid.* 249).

By early 1985, the introduction of *Lotto* appeared certain and after a tempestuous political decision-making process, the first *Lotto* sales commenced in mid 1987. The LGB now had large amounts of funds to distribute and in mid 1991, cabinet agreed that 20% of lotteries commission profits be paid directly to the Hillary Commission via the LGB (Cabinet Office, 1991). The National government's 1991 manifesto committed to 21% of lottery profits going to sport. The 20% level of funding resulted from negotiation within cabinet rather than from a formal departmental policy proposal and represented a significant call on LGB funds. Despite this policy shortcoming, the 20% commitment remains unchanged. Public expectations for what might

be funded from Lotto profits ranged from welfare causes, to sport and the arts. When governments create new funding pools generally, new demands emerge in response to the pool's availability. This does not represent any form of suppressed demand but the sudden availability of new and significant funds from a government agency created new expectations for the sector of what might now be possible for sport NGOs to achieve.

The National party's manifesto promise to fund sport from 21% in 1991 was a significant level of commitment and which the sport sector expected, a point made to the minister for sport by the secretary for the department of internal affairs, Perry Cameron. Departmental chief executives rarely advise ministers on their election manifesto commitments. However, pressure on Cameron from Treasury to reduce tax-payer funding to sport motivated him to defend existing level of parliamentary allocations to recreation and sport. The commission's administration costs as well as Cameron's own departmental sport policy capacity came from taxpayer funds for which he was accountable. Any cuts to these public funds could potentially see lottery funds covering the commission's administration costs rather than being distributed to the sport sector as intended by the LGB. Long term, the commission's administration costs ballooned to \$2.7 million by 1997/1998, which far exceeded the \$1.3 million sourced from DIA's annual budget allocation.

Importantly, no discussion took place about the use of substantial amounts of *Lotto* funds between the department, the minister or the commission. Sport NGOs were not consulted on how funds might be allocated

despite having long sought access to a substantial funding pool. Instead, the commission took a ‘command and control approach’ to distribution.

Now able to fund more organisations and to a greater level, the commission designed new and ambitious funding programmes and, in 1988, launched a national sport funding programme to improve the management capacity of sport NGOs. The commission concluded that through this mechanism sport, would be able to leverage greater private sector funding whilst, at the same time, increasing levels of public funding (Shuttleworth, 1989, G2). This conclusion assumed continued significant growth for *Lotto* in the foreseeable future and, that the Hillary Commission would continue to receive 20% of the profits. However, the latter was a political decision taken by cabinet and not enshrined in legislation. Moreover, by definition, funds from *Lotto* were not sourced from taxation and therefore not ‘public’ within the strict definition of the Public Finance Act. Over time, this may have freed the commission from potentially much sterner scrutiny of its use of funds by select committees or through ministerial accountability mechanisms. In any case, cabinet did not revisit the 20% figure and this resulted in a funding windfall to the commission as *Lotto* enjoyed unprecedented growth through the 1980s and early 1990s. By 1997/1998, the LGB-allocated funding pool to the commission grew from \$2.284 million a decade earlier to \$30.6 million as a proportion of its total revenues of \$35.056 million. No other government agency experienced this level of revenue growth. The commission in 1987 was at the beginning of an unanticipated and extraordinary growth in power and influence over the sport sector, driven entirely by its control of the purse-strings and a burgeoning revenue stream.

An opportunity emerged in the late 1980s to establish sport (in a recreation and leisure context) within the broad ambit of social policy. In their comprehensive submission to the 1988 Royal Commission on Social Policy, Cushman and Laidler placed recreation and leisure firmly on the social policy agenda and within that, the domain of sport. They noted “there is institutional evidence that recreation has an established place in the network of social services in New Zealand.” (p. 509). They also emphasised the importance of supporting the NGO component of the recreation and leisure sector, noting that many “could not survive without access to public resources and the ‘voluntary’ sector represents too rich a component of New Zealand’s cultural life to neglect.” (p. 512). Despite the positive impact of Royal Commission’s report and frequent reference to its wider recommendations in contemporary discourse on social policy and social services NGOs, this section of the commission’s report rarely emerges in that same discourse (Ministry of Social Policy, 2001, 61).

Establishment of the Hillary Commission also coincided with the early stages of public sector reforms under the Labour government. At that time, state agencies moved from funding and delivering everything ministers wanted to a separation of funding, purchasing and provision of services. Inter alia these and other reforms aimed to reduce government expenditure and the size of the public sector. Initially, when government decided that a ‘third party’ undertake work rather than government itself, government funding practice presumed the third party was being to provide the services on its behalf irrespective of its for-profit or non-profit status. With ministerial encouragement, departmental managers acted quickly to implement this

approach. For instance, the ministry of health applied what appeared as a simple ‘funder-provider’ split robustly to the delivery of health services. The commission applied a similar model equating sport NGOs to providers of sport services for the commission and therefore to government. (Dalziel & St John, 1999). But sport NGOs were not providers in the same sense as service delivery organisations in the health or social services sector. Yet the ‘purchaser-provider’ language featured in new commission funding agreements. The commission offered the structure and terms and conditions contained in these agreements with sport NGOS; in effect, on a ‘take it or leave it’ basis.

As in other countries where similar public management reform was taking place, no public discourse took place on the implementation of such changes. Rather than drawing affected NGOs into the change process as contributors to change, instead, the debate was seen as primarily ideological and took place within the public management system. (Dixon & Kouzmin, 1994, 52). With the benefit of hindsight, many who were part of the changes either as public officials or NGO providers, now conclude that the purchaser-provider split failed. Former secretary of the Treasury, Graeme Scott identifies four particular reasons for the failure. First, significant and repeated mismatches existed between revenues to NGO providers and the costing models used by government and the providers. Second, the appearance of competitive pressures for efficiency and service quality and imposed by government tendering processes quickly became a problem for providers. Many were poorly set up for a commercial business model and had difficulty comprehending the shift in organisational thinking which accompanied ideas

of contracting. Third, the reality of political relationship management as it impacted on funding prioritisation was unhelpful (Scott, 2001, 283). In other words, departments were competing harder than ever for limited funds in the annual budget round. In turn, they needed to drive down prices with providers who were already under-resourced. We will come back to this issue in the next chapter.

In one respect, the move to introduce a more competitive funding model in the sport sector was hardly surprising given that at the most simple level, demand for funds already outstripped supply as sport NGOs started to plan more ambitious goals. It was a significant step, however, from the era of grant funding which characterised funding policies of the previous council for recreation and sport. Broadly defined expectations of performance akin to development funding accompanied the council's grant-aid funding. By contrast, the commission's new approach attempted to specify 'outputs' which sport had to deliver in return for funding. Sport NGOs were unclear about the 'purchasing' culture and about the language of outputs that accompanied these first steps towards the more demanding environment of contracting.

The commission's general manager, John Shuttleworth neatly summarised the service delivery paradigm goals for sport at a 1989 sport administrators' seminar:

The Hillary Commission is attempting to increase the efficiency, economy, effectiveness and accountability of national sport organisations by upgrading their service delivery systems, whilst simultaneously addressing issues in New Zealand society (such as

equity, access, violence, doping and specific disadvantaged sport sectors) which affect the quantity and quality of mass participation.

(New Zealand Assembly for Sport, 1989, G2)

The Recreation and Sport Act required the commission to reflect government policy. This led the commission to address social policy issues. However, sport NGOs perceived the commission's turn to social policy as contrary to their vested interests. In other words, the commission's priorities were not NGO priorities (*Ibid.*).

The commission also identified a shortfall in NGO management, coaching effectiveness and planning. In part, the commission concluded that the shortfall was of sport's own making:

There prevails, amongst many of these organisations, a welfare 'hands-out' attitude whereby they expect as of right, the government to so support without strings or accountability their essential private activities. (*Ibid.*)

During the next three years, pressure on the commission's funds rapidly increased with a wide range of recreation and sport organisations seeking support from the national sport funding programme. These organisations included many recreation and hobby organisations such as flower arranging and bird-watching. The commission was concerned that the sport dollar was now being stretched further than ministers had ever anticipated: beyond sport and beyond quite a narrow definition of recreation. As a first step and without consultation, the commission narrowed its list of organisations eligible for funding to predominantly national sport bodies and a few select recreation

organisations (OCHR, 1991, Vol. 519, 4850). At the same time, the commission also lobbied its minister to amend the Recreation and Sport Act to better match the new funding criteria. The commission was now coming under fire from those organisations which had lost their funding. Only a legislative mandate would provide the necessary justification for the commission to use in answering those critics.

In 1991, the minister for recreation and sport, John Banks, introduced a bill to parliament with four main objectives. First, to make the concept of fitness and leisure activity a formal policy area within which sport now fell. Secondly, Banks sought to rename the Recreation and Sport Act 1987 as the Sport, Fitness and Leisure Act and to rename the government recreation and sport agency (the Hillary Commission) as 'the Hillary Commission for Sport, Fitness and Leisure. Thirdly, he wished to reduce the commission's membership from eleven to nine members (eight of which would be appointed by the minister for sport, fitness and leisure upon the nomination of the minister for internal affairs). Finally, as part of a government-wide move to bring all quangos into line, he wished to classify the commission as a crown agency.⁸

During his 1991 speech to the parliament introducing the bill, minister Banks (OCHR, 1991) outlined what he saw as the purpose of a sport, fitness and leisure policy:

⁸ Government classifies crown entities in three distinct ways. Crown agents which give effect to government policy within the law such as the Accident Compensation Corporation; autonomous crown entities which must have regard for the policies of the Government of the day e.g., the Hillary Commission; independent crown entities which are quasi-judicial or investigative (Scott, 2001). Government also establishes crown companies to carry out specific commercial activities.

This Bill is a milestone for New Zealand sport and leisure. It heralds the start of a new era in which the Hillary Commission will help New Zealanders of all ages and abilities to participate and achieve in physical activities. We pride ourselves on being a sporting nation, and have deserved a worldwide reputation for excellence in both team and individual pursuits. We must not take this position for granted. The challenge for New Zealand is to capitalise on the social benefits and publicity that can accrue from such success in the international sporting arena. We will soon see on the other side of the world the epitome of New Zealand sport - our national game of rugby football - demonstrating that to the rest of the world in no uncertain terms. (p. 4851)

In his speech, Banks (*Ibid.*) narrowed that purpose down to objectives relating to sport, fitness and leisure as the three core purpose areas

The Government will promote sport, fitness, and leisure in the most constructive way possible to enhance the lives of all New Zealanders and to enhance our identity overseas. This is the most dynamic policy ever formulated by a party in government in the history of this Parliament. The Bill demonstrates the Government's absolute commitment to those three objectives. It also reinforces the role of the Hillary Commission in managing and creating the opportunities for participation in them. (p. 4851)

The minister described the purpose of the policy as being "to equip all New Zealanders with a range of lifelong skills, interests, and positive attitudes to physical leisure" (p. 4851). Banks proposed that by supporting activities for

different population groups such as young people, the elderly, people with disabilities and elite athletes, government achieved that purpose.

While very high level and broad in scope, the minister's policy objectives lacked detail. The records show that very little policy work lay behind this legislative change, thus leaving Banks without a clear policy rationale for his legislative change. Public policy generally aims to resolve a particular problem by changing behaviour and in this case, the only problem Banks and the commission faced was one of a funding pool stretched across too great a range of activities. Politicians receive a constant stream of advice from the public on what policy or service requires urgent attention. As Althaus, Bridgman and Davis (2007) put it, "there is never a shortage of people telling government what it should be doing" (p. 38). The public policy process links a number of government decisions towards a specific goal. Banks' express goal was one of enhancing people's lives through improving participation in physical leisure. No records exist of government documents outlining how to improve participation through sporting excellence. Nor did the minister (OCHR, 1991) explain how the legislative change better promoted sport and physical activity to achieve "lifelong skills, interests and attitudes to physical leisure." (p. 4851). Peter Tapsell (*Ibid.*), the Labour opposition member for Eastern Māori spoke bluntly on this point:

None of the great words and tremendous bombast that we listened to – which was typical of the Minister, I regret to say – had any substantial backing. (p. 4855)

In the end, ‘sport’ featured prominently in the amended legislation. As Laidler and Cushman succinctly comment, “The Act proclaims that ‘sport means sport’” (p. 176). They also observe that non-sport recreation, now excluded from the Act and therefore the commission’s funding criteria, “was disowned and left to find a home where it could amid the turmoil of changes in local government, in professional alignments and in the user pays market place” (p. 176).

While the issues of purpose and how to deliver the policy were unclear, the public policy environment strongly affected the commission’s approach to funding the sport sector. As public sector agency, the commission was increasingly subject to the public sector management trends of the day. This included the use of contracting out as a means of achieving service delivery targets for government agencies.

Funders normally construct contracts to ensure that contractors undertake work in a way acceptable to the funders (Scott, 2001 and Dalziel & St John, 1999, 88). In the 1990s, government agencies followed two assumptions when contracting to achieve social objectives. First, public funds would be used more effectively, that is, competition for work tends to drive down costs (Scott, 2001). Second, by setting very clear goals and defining the performance indicators, the funder ensures enhanced accountability for what is wanted in exchange for the funds (Dalziel & St John, 1999, 87).

However, contracting according to these assumptions proved particularly onerous for sport NGOs as they did for NGOs in other sectors. Neither their structures nor cultures were suited to commercial thinking and

the language of government contracts (Easton, 1997). Contracting arrangements generated tension between the commission and some sport NGOs which perceived that contract reporting requirements were onerous and were more about what the commission wanted than what was good for sport (personal communication, meeting with a group of sport chief executives, February 13, 1998). Three years later, the 2001 ministerial taskforce to review New Zealand sport commented on the persistent nature of these tensions. (Minister for Sport Fitness and Leisure, 2001, 65) a phenomenon well known in other parts of the community sector such as health and social services.

The language and culture of ‘business models’, commercialism and accountability now prevailed across the sport sector. The sector did not adapt quickly or easily to this new way of thinking about their ‘business’. In part this was because sport NGOs inevitably focused their organisations’ attention on sport specific goals. Not all boards and managers were ready to accommodate the new language of business and a changed economy. This is unsurprising. Then as now, volunteers ran the majority of the sport sector, committed not ‘business’ models but to the sport itself. The 2001 taskforce (*Ibid.*) came to this conclusion rather late when it observed that “...the tension between traditional sporting bodies and new entrepreneurial sports agents is also forcing a process of adaptation to new social and economic circumstances” (p. 23). In making such a comment in 2001, some 17 years after *Sport on the Move*, the taskforce reinforced a perception that many parts of the sport sector found adaptation difficult and the business model a ‘poor fit’ with their reason for being. Analysis of the business model ‘fit’ with the

voluntary sector has been addressed in social services research (Boston & St John, 1999, 104). While, there no research exists comparing the experiences of sport and social service volunteers, the underpinning of the non-profit sector by citizens' voluntary action suggests that the sport sector experience would be similar.

Chapter Five – 1995: The Hillary Commission and the Prime Minister’s Committee Review of High Performance Sport, ‘The Winning Way’

This chapter focuses on a six month and seminal period of time in 1995, when government and private sector funding of elite sport took centre stage. The implementation of public sector reforms, sometimes referred to as ‘new public management’ (Boston et al, 1996, 26) underpinned changes in the way government managed public funds. The Hillary Commission’s implementation of contracting for all of its funding arrangements with sport NGOs forms part of the backdrop to this chapter. The sport sector became embroiled in these changes through its exposure to concepts of managerialism, government funding accountability and business models of administration promoted by the commission. The prime minister’s review of elite sport funding came at a time when government’s attention became focused on events and perceived opportunities in the year 2000. A tense relationship existed between the corporate-funded NZSF, the Hillary Commission and the NZOCGA. Officials persuaded the National government prime minister, Jim Bolger that by finding a resolution to this tension was a precondition to taking advantage of opportunities for New Zealand in the year 2000 and specifically, at the 2000 Olympiad in Sydney. The chapter ends with a description of the transition to new funding arrangements for elite sport and

how influential individuals and organisations retained their positions of influence over the system that the review intended to change.

In 1993, prime minister Bolger appointed the New Zealand 2000 Taskforce to investigate the ways that New Zealand might benefit from the Sydney Olympic Games in 2000. Among the taskforce's recommendations was a review of funding for elite sport in New Zealand (New Zealand 2000 Taskforce, 2000a, 22).⁹

The 2000 taskforce members (Appendix C) argued that public expectations for a competitive New Zealand team at Sydney would be high. It also argued the need for an emphasis on New Zealand delivering and winning medals at Sydney as "there will be a significant long-term payback to the nation in terms of social and economic benefits covering tourism, trade, health, community and national development and pride" (New Zealand 2000 Taskforce, 2000b, 3)

The taskforce's recommendation did not derive from an entirely objective and neutral analysis of the elite sport funding environment. Since *Sport on the Move* in 1984, only the Hillary Commission's annual reports commented regularly on the country's sport delivery system and then, only in the context of the commission's own performance. Central government had very limited capacity to provide any independent commentary on the sport sector's status or on the commission's performance. Indeed, from 1987 to 1994, DIA as the department overseeing the sport portfolio, provided no policy advice to the minister for sport on the goals and direction of the commission.

⁹ The brief of the New Zealand 2000 Taskforce was to advise the Bolger government on risks and opportunities emerging from the Sydney Olympic Games in 2000.

This was unusual as departments responsible for legal oversight of crown entities such as the commission, generally provided contestable policy advice to ministers on crown entity activity and performance. Contestable advice enables ministers to make judgements on crown entity performance based on politically neutral policy advice from departments.¹⁰ By 1994, DIA oversaw a sport, fitness and leisure portfolio reduced to a single official with no specialist expertise in sport, fitness or leisure. That official's role comprised studying the commission's board papers and briefing the secretary for internal affairs prior to the commission's monthly board meetings.¹¹

This shortfall in specialised independent portfolio advice meant that the minister received advice from the commission which tended to reflect positively on its own work. The sport sector itself continued to lobby the minister especially on the sector's view that government should make the most of the Olympic Games being in Sydney and in a New Zealand summer. The NZOCGA lobbied strongly for greater funding support in its 1994 report *Pathway to Gold*:

The information provided to the Secretary General by various NOCs [National Olympic Committees] and interviews with 12 federations clearly points to the need for more funding to support elite athletes' preparation if New Zealand aims to win gold medals at Olympic and Commonwealth Games. (p. 4)

¹⁰ The principle of political neutrality of the public service has its origins in the Public Service Act 1912. In sum, public servants must provide full, free and frank advice to ministers without bias towards any particular political party. This provides the basis for maintaining the confidence of current and future ministers in the public service.

¹¹ From 1987 to 2002, the Sport, Fitness and Leisure Act provided that the secretary for internal affairs have a place on the Hillary Commission board as of right. This aimed to ensure protection of the government's 'ownership' interests in the commission.

Two particular political pressures bore down on the review process. First, an NZOCGA-sponsored debrief of sport administrators and coaches after the 1992 Barcelona Olympic Games signalled the inevitable demand for greater public funding of high performance sport (personal files, Coaching New Zealand, New Zealand Olympic and Commonwealth Games Association debrief memorandum, August 21 and 22, 1992). Naturally, the NZOCGA expressed concerns that New Zealand athletes might not be well-enough prepared for what was, to all intents and purposes, an Olympiad on ‘home ground’.

Secondly, disagreement on the best way to fund elite sport fuelled rising tensions between the Hillary Commission and NZSF. The commission saw itself as the agency with a mandate to oversee all of the sport system in New Zealand, including elite sport. To some extent, it made itself accountable for that oversight by signalling international sport success in annual plans. The NZSF, however, originally established to focus on elite sport; claimed influence over \$3 million worth of private sector funding not subject to the same accountabilities that applied to the commission. Furthermore, the NZSF disagreed with the commission’s approach to elite sport funding and often said so publicly. Inevitably, the issue of leadership emerged and tensions between the parties at board and management levels made the process of accessing funding for elite sport a major challenge for sport NGO managers. These managers founded themselves caught having to navigate their way through the requirements of two dominant funding organisations as well as to manage relationships through the NZSF’s private sector perspective and the public sector view of the commission.

In order to manage the distribution of two pools of money to sport NGOs and elite athletes, the Hillary Commission contracted the NZSF to carry out one of those tasks. One funding pool comprised funds made available by the commission to fund elite sport as it saw fit (\$2.85 million in fiscal 1994/1995). The NZSF sourced and administered a second pool of funds for elite sport from the private sector (\$3.07 million in 1994/1995).

The review committee's brief only focused on addressing the needs of elite sport. The three organisations represented on the review committee, however, derived their individual mandates from very different sources. All three perceived their individual right to lead the process of planning for a national sport delivery system. The government mandated the commission to act on its behalf; the NZSF as an independent NGO, drew its authority from its governors and over 50 member sport; NGOs authorised the NZOCGA to act in their interests on matters pertaining to Olympic and Commonwealth Games. Although clearly mandated to speak on behalf of the sector, the prime minister did not invite the 84 member New Zealand Assembly for Sport to join the review committee and ensure that sport NGOs had a voice at the review table.

For the first time, government singled out elite sport and asked three influential and powerful bodies to think about this one issue. Previous reviews (such as *Sport on the Move*) only considered high performance sport in the context of the overall sport environment. Historically, the role and involvement of the private sector had not been addressed except in abstract ways. As far

back as 1984, the ministerial inquiry committee (Ministry of Recreation and Sport) observed:

We are of the opinion that this whole topic [elite sport sponsorship] has not been closely examined either by industry or sport. Industry respondents indicated they would look favourable on promotional exercises with sport if the benefits could be demonstrated. However, this area is likely to remain undeveloped unless the initiative is taken either by sport or more appropriately by government. (p. 101)

The review committee thus identified a number of benefits deriving from public and private investments in elite sport. In appointing prominent individuals from the private sector, the prime minister had forced those individuals to think about and then commit the sector to work alongside government and support a systematic approach to elite sport funding. Thus far, the private sector supported sports on an individual sport-to-sponsor relationship. The prime minister sought a centralised support system for elite sport in the wider national interest.

The Hillary Commission directly controlled a third funding pool (the 'Sport 2000' and 'New Zealand Sports Academy' funds - \$4.75 million in 1995/1996).¹² The LGB made these funds available to the commission by as an annual grant to support the build-up to the Sydney Olympics.¹³

¹² The *Sport 2000* and *Academy* funding pools were allocated by the LGB on instruction from the Minister of Sport.

¹³ Cabinet was able to instruct the LGB to make funds available as the LGB was a government-owned organisation (a Crown entity) under provisions of the Gaming and Lotteries Act 1977.

As well as the Hillary Commission and to build the review's credibility with the public, prime minister Bolger also consulted two important non-government bodies, the NZOCGA, and the NZSF. In order to gain buy-in to a review from these actors, the minister of sport, fitness and leisure, John Banks, met with the chairs of all three organisations. Banks' primary goal was to gain their agreement for their organisations to participate in the review (Department of Internal Affairs, 1995a).

Both the commission and NZSF, found a review of elite sport funding challenging. Both organisations saw themselves as central to any future process and perceived the newly appointed review committee as a process where only one organisation would 'survive' as the 'manager' or controller of high performance sport funding. The NZOCGA supported a process that addressed its members' funding priorities and ensured support for programmes which improved performances at Olympic and Commonwealth Games.

Shortly after announcing the review, Bolger appointed New Zealand rugby icon and corporate leader, Wilson Whineray, as the review committee chair. The committee's brief was to review the organisation and funding of high performance sport in New Zealand. The committee comprised 10 members (Appendix D). Far from representing the direct interests of high performance sport in New Zealand, the membership explicitly represented the four key players: the commission, the NZSF, the NZOCGA and government.

The DIA local government and community policy unit with responsibility for the government's sport, fitness and leisure portfolio serviced the review

committee. Unlike the 1984 ministerial inquiry, representatives from the government and the private sector undertook this review. Hart, Beattie, Whineray and Collins had distinguished corporate backgrounds. Whineray chaired the board of Carter, Holt Harvey one of New Zealand's biggest corporates, Collins was chief executive of Brierley Investments, Hart worked for the corporate division of Fletcher Challenge and Beattie held directorships on many leading New Zealand companies.

Both Whineray and Beattie also had strong links to government; Beattie as a former governor-general and Whineray as Hillary Commission board chair. As NZOCGA president, Beattie represented the only 'voice' for the sport sector at the review committee table. The committee's government members represented distinct government interests: the prime minister's department through Somerville (and through her, Taskforce 2000), Banks as the sport minister through Van Gulik, and DIA through Blakeley and Lawrence. DIA brought significant experience from its policy advice role and its long history of administering government funding to sport.

Although Bolger concerns focused on resolving elite sport funding issues and, in particular, a means of resolving the different approaches of the two funders, he failed to entertain the need for a mandated voice for the sport NGOs the review sought to assist. The New Zealand Assembly for Sport's absence from the review committee illustrates a further example of the roles taken by politically powerful individuals in government reviews of New Zealand sport. The mandate and representativeness of such individuals were often unclear. The assembly lacked strong political influence and,

underfunded, found itself restricted to mostly contract work for the Hillary Commission and making submissions on changes to government policy or legislation which affected the sport sector.

The review committee convened in early April 1995 and, in order to assist the review process, immediately agreed to appoint an independent consultant. Keen to decide on its own processes, the committee agreed on the need for advice completely independent of government and the New Zealand sport sector. Perceived independence was important to the committee especially given the clear influence of ministers over the appointment of members, the committee's government-drafted terms of reference, public funding and servicing by DIA. Keenly aware of the vested interests around the table, Whineray wanted to ensure that the committee was seen to be acting fairly (Department of Internal Affairs, 1995c, 10)¹⁴

The question of how much public money the Committee would request sat at the heart of the review along with who would be responsible for its administration. As for the previous 50 plus years, government had no explicit policy on funding elite sport. Indeed, in advice to minister Banks in June 1995, DIA signalled the lack of an overarching sport, fitness and leisure policy. DIA further advised that if Banks agreed to the development of a policy, DIA officials would draft the outline of such a policy after the completion of the elite sport review (Department of Internal Affairs, 1995).

From the beginning, questions over the extent of a public benefit from increased government's investment in elite sport split the committee. The

¹⁴ The review committee appointed Coopers and Lybrand (Canberra) as consultants to the review under the leadership of Hugh Watson.

public sector committee members insisted on a clear evidence of such benefits to guide further funding recommendations and, indeed any consequent policy work. Cognisant of the government budget processes, they pointed out that the committee needed to demonstrate that justifying tax-payer investment in elite sport required evidence of sufficient public benefits relative to the quantum of funding sought.¹⁵

For an analysis of the public benefits from government funding of elite sport, the committee drew heavily on the only available New Zealand research; undertaken by the Hillary Commission in 1993. This research focused mostly on the wider economic impacts of sport on the economy such as overall expenditure by the sport sector and tax revenue. It did not examine the case for or against the public funding of sport. The committee sought no other data on this subject.

By contrast to the public officials on the committee, remaining members focussed on less easily measured benefits to New Zealand such as national identity and social cohesion. The committee's final report, *The Winning Way*, however, equivocated on the matter:

The decision on whether or not to supply funding will depend a good deal on whether the Government perceives the public benefits from high performance sport success to be significantly greater than the costs (Department of Internal Affairs, 1995c, 25).

and

¹⁵ The Review Committee agreed that government funding must have publicly beneficial character which could be classified as a 'public good'.

The benefit of enhancing the community's pride in being a New Zealander and the idea that the community will feel better about itself as an effect of reflected glory from high performance success is important, but difficult to value quantitatively (*Ibid.* 27).

Despite equivocating on the issue of public benefit, the committee clearly identified the critical stakeholders in New Zealand high performance sport. The stakeholder list identified by the committee contained predominantly sport NGOs in five categories shown in Table 2 below (*Ibid.* 36):

Table 2: New Zealand Elite Sport Stakeholders

Category	Organisations and individuals
Funders	government, corporate sponsors and club members
Recipients of funds	athletes and coaches
Sport administrators	national sport NGOs ¹⁶
Sport service individuals	sport scientists and sports medicine practitioners
Sport service organisations	four NGOs: Coaching New Zealand, Sport Science New Zealand, Sports Medicine New Zealand and the New Zealand Assembly for Sport

The list shows that the committee's cognisance of the array of volunteers and voluntary organisations involved in the sport sector and, indeed, vital to the sector's existence. In addition, the committee recognised the importance of a new and distinct category: paid professional groups of

¹⁶ In 1995, the Hillary Commission annually funded approximately 84 national sport bodies.

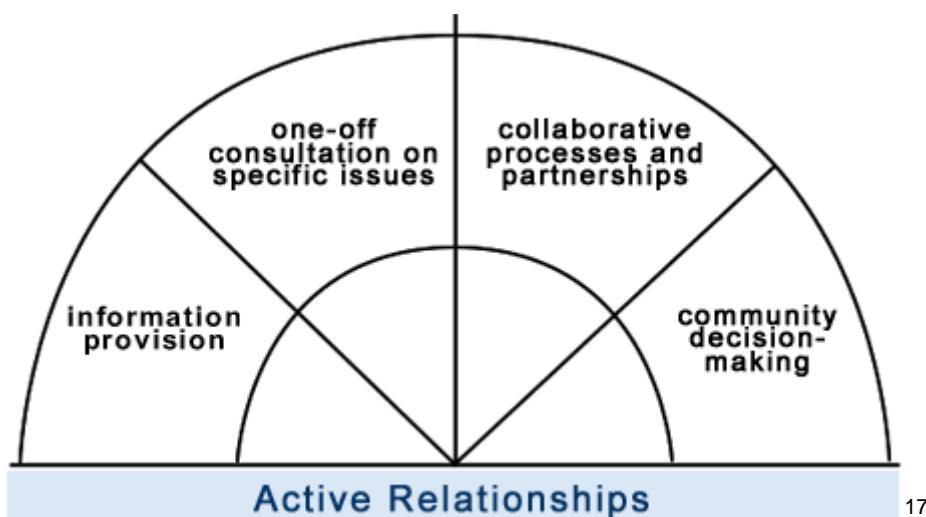
sport scientists, sports medicine specialists along with sport service organisations such as Coaching New Zealand and the New Zealand Assembly for Sport.

Sam (2005, 83) suggests that the design and intention of taskforces and committees to review sport enable NGOs to join in the policy process. While Sam has a point (i.e., without such committees, NGOs have little access to the policy process) as a means to develop sound policy input from the any sector, taskforces and review committees alone remain unsatisfactory tools of engagement. Like most government reviews of this kind, the committee failed to institute feedback mechanisms for the sport NGOs to report back to the committee following a first round of consultation meetings. It is debatable, therefore, whether merely 'joining' the process was sufficient for the sport NGOs. The literature on contemporary civil society-government relationships reveals long-standing concerns from NGOs that just engaging in the process is not enough (Ministry of Social Policy, 2001, 80). Increasingly, government agencies recognise that engaging with citizens can take many forms. Engagement ranges from simply providing community organisations and citizens with information to one-off consultation on specific issues to supporting community-based decision-making. (

Figure 1 below). Other approaches more likely to deeply engage communities of interest, include collaborative processes which demand co-operation, shared goals and lead to joint decision-making. Community decision-making represents the most devolved end of the engagement

spectrum. Once the committee formed its conclusions, it simply informed the sector about the recommendations.

Figure 1: Different forms of engagement with citizens



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This review did not seriously engage with the sport sector. The committee held only two regional meetings with sport NGOs in Auckland and Wellington. Rather than soliciting requests for advice or seeking deeper engagement through these meetings, the committee merely provided progress reports on decisions already made. Committee members such as Beattie understood the sport sector's misgivings about working with NZSF and the commission. That they didn't urge a more robust feedback mechanism may appear surprising. While the prime minister's mandate focused on funding and the wider sport system, Bolger provided no clear direction around ensuring sector buy-in.

¹⁷ Office for the Community and Voluntary Sector, (2005). Retrieved on May 27, 2006 from <http://www.goodpracticeparticipate.govt.nz/the-basics/index.html>

The committee discussed at length the relationship between the private sector and government in funding elite sport. The wider government interests in funding high performance sport focused around the justification for public sector intervention where normal commercial principles do not apply (Department of Internal Affairs, 1995c, 21). The committee's private sector interests, conversely, centred on issues of national pride and highlighting the economic benefits of bringing major events to New Zealand. The committee also touched on regulatory matters of public interest in sport such as drugs in sport and gambling controls. This latter group of issues remained peripheral to the *Winning Way*'s main thrust, that of increased public funding for elite sport.

The private sector interests were problematic. The NZSF's business interests at the table persuaded the committee to report the reluctance of potential and current private sector sponsors of sport to fund a public sector agency (Department of Internal Affairs, 1995c, 39). The committee received no hard evidence of this conclusion. Many major New Zealand corporates were missing from NZSF's list of corporate partner. The committee failure to test NZSF's conclusions on this matter possibly distracted the committee from deliberating on whether other mechanisms might attract private sector interest.

In the end, the committee concluded (again without explicit evidence) that government agencies lacked the "distinctive skill set and culture" (*Ibid.* 39) to service elite sport. The report did not seek to substantiate why that might be the case, but went into detail on a broad range of private sector's motivations to fund international sport. These interests included brand

profiling in local or international markets, associating business with success as defined by winners in sport, and “returning a benefit to the community upon which [the] business depends” (*Ibid.* 21).

The committee failed to resolve the issue of whether public funding of elite sport produced more public benefits than private benefits. The committee (*Ibid.*) summarised its arguments equivocally:

.....public funding of high performance sport generates a mixture of public and private benefits and... the public benefits in relation to New Zealand society’s view of itself as a nation has a high perceived value to the Government. (p. 23)

The committee agreed, however, on the critical importance of a systematic approach to supporting elite sport. The committee conceived a vision of an elite sport system simply as a combination of sufficient funding and an organisation dedicated to meeting the needs of elite sport. IN the committee’s view, such an organisation required “specific leadership, skills sets and the right organisational culture” (*Ibid*, 38). The report did not elaborate on the nature of these qualities and therefore the rationale for a separate elite sport organisation seemed more driven by the need to resolve political tensions between the government and private sector ie the commission and NZSF.

The committee argued that, if government increased its investment, a greater private sector contribution would be forthcoming over time (*Ibid.* 1995c, 35). Critically, however, the NZSF provided no clear evidence of an explicit commitment to more funds from any business group beyond

commitments to the NZSF from its existing funders. At best, Bolger had secured continued commitment of \$3m and a request for \$4.6 million from the tax-payer.

The committee proposed a new organisation to plan for and fund New Zealand's elite sport system. It also recommended a contract between the Hillary Commission and this new organisation to manage accountability for the taxpayer component of the new funding. This approach assumed that government's contracting arrangements were a satisfactory means of accounting for the use of taxpayer funds. The *Winning Way* conceived a contract to "purchase" a "deliverable and measurable" (*Ibid.* 40) high performance sport strategy. The strong theme of contractualism which, by then pervaded the public sector, also found a foothold in the *Winning Way*.

The committee underestimated the challenge of implementing these contract arrangements. Although the contract would be between the new organisation and the Hillary Commission, achieving elite sport results remained the responsibility of sport NGOs and more specifically the athletes. To confirm the link between public funding and the elite sport success, expectations of performance needed to accompany the transfer of elite sport funds from new organisation to the national sport organisations. The new organisation had the challenge of developing applying incentives to the NGOs in order to ensure the production of results in exchange for the funds.

Government frequently contracts NGOs as third parties to deliver services on its behalf. For instance, on a nationwide scale Plunket New Zealand delivers health services and Barnardos New Zealand delivers social

services. In this case, however, a contract with the commission implied elite sport results via a subcontracting arrangement between this new organisation and the Hillary Commission. No discussions took place with the sport sector on its satisfaction with this arrangement or earlier commission or NZSF contracting. Furthermore, this sort of contracting arrangement gave the new organisation considerable power over the sport NGOs. The very notion of contracting for elite sport success assumed that winners could indeed be ‘picked’ ahead of time. Contracts are, by their very nature, designed to give the funder some certainty about the use of its money (Greve and Ejersbo, 2005, 15). This contract delegated the new organisation powers over NGOs if they wanted access to the funds. The new regime would prove difficult to manage.

Although there were clear public expectations of increased government funding of elite sport, the Whineray committee’s recommendations needed to pass through a public sector filter before they got to ministers. The \$4.6 million sought represented a 400% increase in taxpayer funding of sport and the first allocation of public funds specifically to elite sport (Department of Internal Affairs, 1995a). DIA officials provided minister Banks with their assessment of the committee’s broadly stated public benefits which justified new government funding. It remained for Banks to convince his cabinet colleagues to provide the funds. The new organisational arrangements provided Banks with a lever. The committee addressed and provided an answer to prime minister Bolger’s request for coherence across and agreement between the commission, NZSF and NZOCGA. It gave Banks a new context for arguing his case for new funding with his cabinet colleagues.

Banks needed to argue his case in the public management system context of the times. Public sector reforms of the 1990s introduced the idea of ‘strategic result areas’ (SRAs) for government agencies. These SRAs represented cabinet’s medium-term high priorities. Each government agency adopted ‘key result areas’ (KRAs) as its contribution to the government’s SRAs. Ministers then formalised these KRAs in government agency chief executive performance agreements.

The National government published *The Path to 2010* containing the first group of SRAs covering the period 1994 to 1997.¹⁸ Banks’ case to cabinet centred on the proposition that government funding support to elite sport directly supported three of the SRAs: maintaining and accelerating economic growth, community security, health and disability services and social cohesion (Department of Internal Affairs, 1995b). For the first time a minister linked funding for sport to a set of high level government goals. But little evidence supported these tenuous links. For example, Banks argued that elite sport contributed to the health and disability strategic area by promoting healthy lifestyles through elite athlete images. He also proposed that elite sport funding helped manufacturing and accelerate economic growth because personal productivity increased in a community “which has an enhanced sense of well-being and national identity” (Department of Internal Affairs, 1995b).

¹⁸ The eight strategic result areas in *Pathway to 2010* were: Maintaining and Accelerating Economic Growth, Enterprise and Innovation, External Linkages, Education and Training, Community Security, Social Assistance, Health and Disability Services, and Treaty Claims Settlement.

From the records it appears that neither the review committee nor government officials had any hard evidence upon which to base the arguments which Banks put to his colleagues. Politically, however, the arguments were sufficient allowing ministers to use the committee's arguments in an uncritical public arena to justify a decision to fund elite sport from public funds. Ministers therefore agreed to the committee's recommendations for an allocation of \$4.6 million per annum to elite sport, and to the establishment of a new organisation to support the promotion and development of a national elite sport system. These funds augmented existing funds (\$10.67 million) already allocated to the Hillary Commission from the LGB and the private sector's contribution (\$3 million) via NZSF.¹⁹

While Whineray's committee recommended 'what' needed to be done, the process of 'how' was daunting. The involvement of strong personalities such as the chief executives of the NZSF, Hillary Commission and NZOCGA concerned the prime minister who wanted to ensure a well-managed transition to the new arrangements. Throughout the process, sport NGOs looked on with little influence over the process but with a great deal of interest in the outcome.

The transition process to merge the elite sport interests of NZSF and the Hillary Commission commenced immediately with the goal of forming a

¹⁹ The review committee failed to factor GST into its recommendations. The final budget decision to allocate \$4.6 million included GST at 12.5% (\$575,000), a surprise to most members of the committee. Treasury's advice to the committee failed to alert members to this issue.

new NGO to develop and implement a new elite sport strategy and distribute elite sport funding.²⁰

Although a small part of the chronology, the transition further illustrates the difficulty in unravelling the very tensions the original review sought to resolve. Again, powerful individuals played critical roles, all of whom closely connected to the organisations in the restructure. The transition process compromised the ‘independence’ sought by Whinarey at the outset. The concept of a “non-Crown” organisation or NGO would be a complex idea for both the private sector and public sector stakeholders to manage. The process relied on the transition process producing a new organisation with three important characteristics. It needed to:

- successfully attract private sector funds
- meet the statutory requirements of the Public Finance Act 1989 in managing tax payer funds
- provide a new and improved set of funding arrangements for the sport sector.

Prime minister Bolger appointed the transition committee including corporate figure, John Hood as chair.²¹ The remaining committee members comprised representatives of the affected organisations: Paul Collins (chair of NZSF), David Howman (a leading sports lawyer and a Hillary Commission board

²⁰ The NZSF was constituted as an incorporated society. A new organisation was to be independent of government (“non-Crown”) in a form decided by negotiation between the NZSF and a transition committee.

²¹ As a senior figure at of New Zealand's largest companies, Fletcher Challenge Ltd. John Hood also chaired the America's Cup Task Force and acted as a governor and executive board member of NZSF. In 1995, New Zealand Cricket engaged Hood to chair its major operational, strategic and governance review of the sport.

member), Tim Castle (barrister and chair of NZOCGA), Bruce Cameron (athletes' representative) and Roger Blakeley (secretary for internal affairs for the government).²²

In May 1996, the transition committee reported agreement from all parties to disestablish NZSF and to replace it with a new organisation to develop and implement a national elite sport strategy. In its proposal for a new organisation the transition committee attempted to convey a solution in which neither the Hillary Commission nor NZSF were perceived to have 'won' or 'lost'. In part, the organisation's novel governance arrangements appeared not greatly different from the status quo with members of the former NZSF board joined by representatives of the Hillary Commission and NZOCGA (Appendix E). In sum, however, the commission survived and NZSF faced disestablishment.

The make up of the new organisation's board revealed how the transition committee attempted to meet the expectations of the three organisations involved in the original review and to protect government's interests. Privately, many sport administrators considered that despite the new look, little had changed especially given the predominance of NZSF interests. The new board comprised representation from all parties. The transition committee proposed six members from an electoral college of 30 members nominated from the existing NZSF membership of predominantly business sector interests thereby preserving the essential elements of NZSF. The committee invited the Hillary Commission to appoint two further board

²² As DIA's chief executive Roger Blakeley had responsibility for the sport, fitness and leisure portfolio.

members include the secretary for internal affairs already on the commission board. NZOCGA appointed the final two members (Department of Internal Affairs, 1996).

Again, a critical set of organisational arrangements with an impact on all sports NGOs high costs budgets (elite sport) lacked a formal voice for sport. The NZOCGA certainly represented a voice in matters concerning Olympic and Commonwealth Games. Beyond those matters, the NZOCGA lacked real authority to speak on behalf of the whole sport sector. Further, it lacked systems to canvas the wider issues of a national sport system with the NGOs running the different codes.

In a decision which surprised the whole sector, the transition committee recommended retaining the name ‘New Zealand Sports Foundation’. The committee argued that retaining the name saved rebranding costs and avoided a risk of “brand confusion” in the sponsorship market. Sport NGOs expected the review to resolve tensions between organisations and individuals. There was a wide perception within the sport community that the NZSF had somehow ‘rescued’ itself. The new board then retained the former chief executive which reinforced that perception.

Of particular interest in the new arrangements was the proposal to fund the new NZSF through a Hillary Commission contract. Not only would the commission now have considerable power over the NZSF, it would be represented at both ends of the contract, i.e., commission board members were also NZSF board members. DIA officials expressed concerns that this represented a conflict of interest. They considered that sufficient

accountability existed through the contract mechanism alone without the commission's further involvement at the delivery end of the contract (Department of Internal Affairs, 1996).

The transition committee argued that there was a greater risk of compromising a co-ordinated approach to supporting elite sport unless all parties were at the table. The committee's concept of 'all parties' excluded a voice for the sport NGOs. The Whineray committee recommendations seemed to respond to the original call from NGOs for a 'one-stop shop' for funding and a "planned and integrated approach to effective delivery and servicing of high performance sport" (Department of Internal Affairs, 1995c, 15). Proposals for a new and separate organisation, augmented by a single funding application process seemed to 'tick all the boxes' for the sport sector. Many in the sector, however, perceived these new arrangements as more focused on managing a power balance between funders. The interests of sport NGOs were again pushed to into the background. In May 1996, Cabinet agreed to the new arrangements and the new NZSF began operation from 1 July 1996 under contract to the Hillary Commission.

In the context of government delegating responsibility to third parties and using crown entities to manage government involvement in sport, the lack of engagement of sport NGOs created new risks for government and for sport. In particular, NZSF funding of sport NGOs through contracts for elite sport results fell short of guaranteeing success. Unless individual sport NGOs, the commission and NZSF jointly agreed on the best way to achieve results specific to each sport, sport NGOs risked becoming involved in a 'one size fits

all' approach. NZSF contracts focused on sport NGOs elite report results rather than a system. As noted earlier, the review did not meaningfully engage with the sport sector and many sports felt that the new arrangements were a *fait accompli* from an early stage in the review process. It seems likely that the National government had little sense of how the sector perceived the review's outcomes beyond the new money. The minister made no attempt to ensure a subsequent positive relationship between NZSF and the commission. Given the prime minister's concerns about the relationship forming the genesis of the review, Banks could have asked DIA to report on the relationship to give him and thus the prime minister comfort that the new arrangements had a strong chance of success. By not doing so, Banks lost any leverage with either the commission or NZSF to support the sport sector's need for co-ordinated funding and strategy over the long-term.

This era of government intervention in sport ended in 1997 when a new minister for sport, fitness and leisure, Murray McCully, established an office for tourism and sport (OTSP) located in the ministry of economic development. McCully already carried ministerial responsibilities as the associate minister for economic development. Rather than retaining DIA as the department overseeing the sport portfolio, he changed the portfolio's direction looking for synergies between sport, tourism and economic development. (Ministry of Economic Development, 1997). Considerable policy development work normally accompanies major policy shifts of this kind. Ministers require consultation with affected departments and other parties, in this case the sport sector. No such consultation took place despite the involvement of the ministry of economic development implying a new purpose

for government involvement in sport. Moreover, McCully paid no attention to ensuring the protection of the sport portfolio's institutional memory, held in DIA since 1937. In effect, the move to OTSP returned government-level intervention in sport to the fragmented environment of the past. McCully established the OTSP as a small office with only two policy staff providing him with policy advice on both the Hillary Commission and the New Zealand Sports Drug Agency.

In the absence of DIA's expertise, minister McCully exposed to the sport portfolio to the risk of inadequate oversight of government expenditure. New tensions for the sport sector emerged as it grappled with an environment of increased monitoring and accountability for funds. Despite these difficult times for sport NGOs the Hillary Commission reassured McCully that sport NGOs would be:

.....kept well informed on progress towards the development and implementation of a high performance sport strategy....[and]....to enable [those NGOs] to have confidence in forward planning arrangements (Department of Internal Affairs, 1996).

The review of elite sport resulted in more public funding for sport but distanced sport NGOs further from government processes to involve itself in the sport sector. The Hillary Commission became involved in a contractual arrangement which sought elite sport outcomes yet placed those responsible for creating the results a further step down the delegation chain. In the absence of a single advocacy organisation for the sport sector, sport administrators used the mass media to voice their continued dissatisfaction

with government funding as they struggled to meet the costs of running sport. Former Olympic athlete Roy Williams turned journalist wrote in 1997, “McCully should be warned there is growing anger in New Zealand that sport is not getting a fair deal from the Government.....Many of New Zealand’s sports clubs are finding it more and more difficult to survive financially” (p. B8).

Chapter Six – ‘Getting Set for an Active Nation’

This chapter examines the background to and impact of the 2001 ministerial inquiry into sport fitness and leisure. Like the 1984 sport inquiry, the sport sector lobbying of the opposition party persuaded the opposition spokesman for sport that the sport system was under strain. The subsequent inquiry led to legislative change as a tool to solve problems in the sport funding system and the creation of the third iteration of a government sport funding agency. The inquiry, conducted by a taskforce appointed by the new Labour government and chaired by educationist John Graham, raised a wide range of public policy issues linked to sport including health, education and tourism. In attempting to establish a clear rationale for government to fund the sport sector, the taskforce drew strong connections between the benefits of sport participation and improved public health. The chapter examines those connections and the extent to which the taskforce engaged the sport sector in its review in coming to its conclusions. The final recommendation which this chapter examines is the need to establish new legislation in order to create a new crown entity for sport and whether this led to an improved environment for the sport sector.

By 1999, the strained relationship between the Hillary Commission and the sport sector was public (Garlick, 1992, 39). Instead of a ‘one-stop-shop’ for sport funding as envisioned by the 1995 Whineray committee reviewing elite sport, a two step process confronted sport NGOs. First, sport administrators completed a paper-based funding application process for their

sport development and elite performance programmes. Then, in order to negotiate their funding, sport NGOs needed to work with the Hillary Commission for development funds and with NZSF for high performance funds. This perpetuated the fragmentation of elite sport funding which the Whineray committee attempted to remedy. More troubling was the lack of national leadership. In 1999, Gilbertson et al surveyed 83 chief executives of national sport organisations who reported that the New Zealand sport environment lacked a shared national vision and shared national leadership (Gilbertson, D. Butler, G. & Davies, J. 1999).

In absence of a voice for sport and with no prospect of national sport organisations addressing the issue at a board level, a group of sport chief executives formed an ad hoc collective, the Chief Executives of Sport Forum (the author's personal files, January 28, 1998). By arranging themselves as a collective, the forum avoided the problem of a legal structure and the need for funding. The chief executives aimed initially to express their concerns about the underfunding of sport and the channelling of resources to the Sydney Olympics (Sanders, 1999, B10). The collective maintained a low level of activity for the next eight years, but eventually it ceased to function due to a lack of administrative support and the work load falling on a few of the more influential administrators.

At the end of 1999, the commission's chief executive, Peter Dale (personal communication, December 20, 1999) also expressed concerns about the funding of sport NGOs, perhaps picking up on the forum's concerns. In a letter to all sport chief executive's in December 1999, he wrote:

In short, our whole sport system is under stress. In the drive to cut costs, sport (at nearly all levels), has gone past lean. It is now time for us to re-state the case for sport. To paraphrase JFK – ask not what our country can do for sport but what sport can do for our country. (For those in the recreation field I use *sport* in its widest sense – as a marketing tool to generate more revenue for our sector).

The change from a National government to a Labour-Progressive coalition administration in 1999 brought a new minister to the sport, fitness and leisure portfolio. Trevor Mallard had a long interest in the portfolio as the Labour opposition's spokesman for the sector. Prior to the 1999 election, sport sector interests lobbied Mallard to change the government 'sport system', should Labour win the 1999 general election. Once the new Labour government was in place, Mallard (now the new minister for sport) quickly signalled his goal of a policy framework for government's involvement sport, fitness and leisure.

I think it would be fair to say that Government is not perceived to have a clear and widely understood policy framework for the sport, fitness and leisure sector. (Mallard, 2000)

Disquiet within the sector about the *modus operandi* of the Hillary Commission, prevailed and the new minister for sport, fitness and leisure had the commission firmly in his sights.

While Government does not 'own' sport in New Zealand, we do have a responsibility for encouraging vision and leadership – and that has been sadly lacking in recent years. (*Ibid*)

Minister Mallard followed up these concerns in 2000, by appointing a ministerial taskforce on sport, fitness and leisure, chaired by leading educator and former All Black, John Graham. Like the 1984 inquiry committee, Mallard appointed the taskforce membership to reflect diversity (Appendix F). Mallard also attempted to steered clear of appointing members who might be perceived by the sporting public as ‘captured’ by any of the key sector players. The three factions who dominated the elite sport review in 1995 remained; with the commission, NZSF and NZOCGA - now renamed the NZOC, still wary of each other (Office for Tourism and Sport, 2000a).

The minister’s brief charged the taskforce to “define the vision for sport, fitness and leisure for the next 25 years.” (Office for Tourism and Sport, 2000b). The brief also sought the taskforce’s views on a wide range of contemporary issues for recreation and sport and specifically on progress on recommendations contained in the previous reports: *Sport on the Move*, *Recreation and Government in New Zealand* and *the Winning Way*. The list of issues ranged from the role of informal activities in modern society to elite sport delivery to “issues surrounding the sovereignty of organised sport and recreation and sport organisations in New Zealand.” (*Ibid*).

The taskforce’s final report, *Getting Set for an Active Nation* made wide-ranging recommendations including prominent proposals to align government spending on sport with achievement of public health outcomes. In putting the case for increased government investment, the taskforce made connections between sport participation and health in very direct ways. Referring to Hillary Commission research in 1998, the taskforce asserted that:

.....there is a well-established cause and effect linkage between positive, regular, physical activity and sport (Office for the Minister of Sport, Fitness and Leisure, 2000, 36).

and

given the proven value of physical activity the Taskforce states unequivocally that a country's leaders – with this knowledge – are derelict in their duties if they ignore the need to fully support a more physically active nation. (*Ibid.* 37).

The taskforce made much of this connection, referring to a body of research that supports this positive view of physical activity. Research on the connections between the physical activity generally and public health is contested. The taskforce cited a body of evidence supporting propositions that “.....a healthy society is the foremost benefit of physical activity” (p. 37). The taskforce report also remained silent on the quality and quantity of physical activity that might be ‘good for people’.

Consensus amongst researchers on the accuracy of such a statement remains elusive particularly as it pertains to sport participation. In a wide-ranging literature review in 2004, Reid et al observed that the “mechanisms for explaining how physical activity contributes to general well-being and a positive quality of life have not been established” (p. 35). In relation to exercise and its role in preventing coronary heart disease, they also said:

While physical activity appears to impart a degree of protection against the risk of CVD [cardio-vascular disease] mortality in women as a result of its direct effect on cardiovascular function and role in attenuating

other risk factors, the research in this area is somewhat inconclusive.

(p. 120)

A stronger body of evidence exists, however, associating poor health outcomes with social-economic status. Gauvin (2003) comments that public health policies which proscribe physical activity generally ignore the paucity of data on what interventions might effect whole population changes. The latter critique applies the Graham report which similarly fails to provide conclusive evidence of measurable public health benefits from sport participation. Gauvin also cites a wide range of research showing that “the prevalence of health damaging behaviours (e.g. smoking, delinquency) including physical activity is higher amongst populations that live in more deprived areas....even after controlling for individual difference variables” (p. 1).

The weak link between physical activity and improved health outcomes for the whole population places at risk many of the benefits from sport participation claimed by the Graham taskforce’s recommendations. Government interventions of the past focused on similar assumptions of health benefits from exercise. The report acknowledged the need for an ‘all of government’ approach to increasing physical activity levels and adopted a clear focus on a funding strategy to meets the goals of government. The report was silent, however, on the goals and aspirations of sport NGOs. The review failed to acknowledge and deeply engage sport NGOs on their organisational priorities. Instead of adopting a participatory approach to consulting with sport, the review conducted a single round of submission-based consultation to inform its report. The Graham committee then published

its report, rather than conducting a further feedback round to test its recommendations on the affected sport sector NGOs. The report ignored sport sector concerns about government contracting practice. Trenchant criticism of government contracting practice characterises the public discourse on how government funds NGOs in other sectors such as health and social services (Glensor, 2006; and Hanley, 2007). It seems likely that if asked, sport NGOs also might have sought changes to the contracting paradigm.

The taskforce also proposed other benefits from sport participation such as: social cohesion; an enhanced sense of national identity and image; crime prevention; and economic benefits. The taskforce failed, however, to make explicit the connection between these public benefits and the actions of sport NGOs. The report also failed to test its assumptions that investment in recreation and sport through the sport NGOs, led to the committee's identified public benefits. The taskforce's assumptions reiterated those of previous reports In the absence of strong evidence to confirm the public benefits from government investment in sport, making such assumptions is risky. As the quantum of public funding grows, so the accountability for performance increases and without a sound evidence base, the policy decision to fund sport may not achieve any of the goals it intends.

Some commentators argue that recent governments perceived the non-profit sector as a means to achieve state goals. Sam and Jackson (2004, 218), consider that the taskforce's push toward more professionalisation and 'business' models for New Zealand's sport delivery system reflected a wider economic rationalist model pervading the public sector. While it is correct that

subjecting the state sector to a long sequence of reforms and restructuring since the 1980s created great difficulties for state servants, the government funding agency (the commission then SPARC), subjected the sport sector to more central control from and a push (perhaps unwittingly) from funder towards uniformity. For instance, by 2001, the Hillary Commission and NZSF required sport NGOs to use funding templates which assumes a uniformity of planning systems and documents. Rather than the taskforce adopting an explicit rationalist ideology it seems more likely that it sought to emphasise and prioritise the achievement of government objectives. The taskforce ignored the question of sport sector goals as a critical priority to jointly achieving a national sport delivery system which better fitted government's purposes.

This managerial tone inevitably favoured NGOs with more corporate and professional approaches to their operations (Sam & Jackson, 2004, 212; Shaw and Allen, 2006, 215). In other words, size and business models mattered. Strong business sector representation characterised the 1995 Whineray review of elite sport funding and the 2001 Taskforce. Unsurprisingly, therefore, both reviews produced reports with strong managerialist themes.

The Graham report (Minister for Sport, Fitness and Leisure, 2001, 116), proposed the following areas of additional government funding (now termed 'investments'):

- recreation and sport facilities

- improved physical education and sport delivery in the state education system (\$26.25 million)
- sport NGOs (\$18.655 million)
- regional sport development initiatives primarily through the regional sport trust network (\$16.25 million)
- local sport organisations (\$19.504 million)
- elite sport (\$39.5 million).

These recommendations assumed that government investment in these areas led to three major benefits. First, an increase in sport participation; second, the emergence of a culture of physical activity for health; and third, sustainable health benefits underpinning each investment area. As noted earlier, the evidence for such links is weak and as such, government investment in sport particularly provides an uncertain means to achieve important public health outcomes.

A review of the New Zealand public management system in 2001 recommended that state sector agencies make outcomes more central to planning (State Services Commission, 2001a, 7-8). A further recommendation sought improvements to crown entity governance and better linkages between ministers, departments and crown entities. Government agencies responded to these recommendations with an impetus from the SSC to make use of intervention logic models of planning as a means of tackling outcomes. It was in this context that the Hillary Commission's accountability to parliament influenced its planning. The commission found itself caught in a difficult situation. On the one hand, the SSC sought more rigour to crown entities'

relationships with their ministers and departments (State Services Commission, 2000). On the other hand, the commission was more tightly focused on financial accountability and managing relationships with the sport sector. The commission typified the problems SSC sought to rectify. In 1996, the OAG advised the minister for internal affairs that the internal affairs select committee might ask the commission what assessment had been made of the commission's progress "in achieving the targets set out in the strategy documents" (Office of the Auditor-General, 1996). In the event, the internal affairs and local government select committee (1996) failed to interrogate the commission closely on this matter despite noting the audit office's advice to the commission "that it is important that the statement of intent includes all key activities of the commission and that achievements are reported at year end" (p. 246).

Ministers increasingly demand evidence-based policy, a point emphasised in 2000 review of New Zealand's public management system, the *Review of the Centre* (State Services Commission, 2001, 7). The SSC and Treasury reiterated this pressure to underpin policy development with 'evidence' in the aftermath of the *Review of the Centre*. The SSC promoted intervention logic-based planning throughout the state sector.²³ It is unclear whether the taskforce thought about a logic model which connected the so-called 'investment areas' with public health or other social outcomes. The taskforce report lacks a clearly stated theory of change for society through sport participation. Governments often seek advice from review committees on how to attribute public expenditure with the framework of

²³ State Services guidance notes on managing for outcomes can be found at <http://www.ssc.govt.nz/display/document.asp?docid=4867>

recommendations. The taskforce provided a general commentary on specific activities in each of the recommended areas for increased funding without specifying a cost. However, only the section on elite sport funding includes a headline budget of \$39.5 million accompanied by a limited summary of how those funds should be spent. The report does not explain the connection between the levels of recommended funding and the social and economic benefit that might accrue from each level.

The absence of a theory of change or logic model left gaps in the rationale which underpinned the taskforce's recommendations and thereby the case for government expenditure. The taskforce's recommendations lacked critical elements. First, government's involvement in the sport delivery system needed a set of clearly articulated long term goals or outcomes for sport and recreation. As noted elsewhere in this study, the sport system depends on voluntary sector action and the commitment of volunteers. Of the approximately 100 national sport NGOs in New Zealand, less than ten percent employ paid staff. The success of the taskforce's recommendations turned on the commitment of volunteers who were not engaged in the review.

The report remained mute on short term goals for the specific areas of recommended investment as well as the necessary actions of sport NGOs to achieve such goals. Investing public money requires certainty about the use of that investment. By staying silent on these matters, the taskforce failed to make their assumptions clear about sport NGOs and their likely response to the report. Given that the review aimed to improve the whole sport delivery system, it seems that the taskforce assumed its solutions would find favour

with the sport sector. Sam (2005) states “taskforces inevitably have their own sets of rules regarding who should participate, how information is processed and what counts as a good outcome” (p. 83).

Although the taskforce sought advice on its own account, the OTSP offered the taskforce a limited range of advice, in order to:

provide the Taskforce with information which may be useful in considering the development of a vision for Sport, Fitness and Leisure to 2025, and identifies issues that may influence the realisation of this vision (Office for Tourism and Sport, 2000).

Most importantly beyond recommended funding levels, the taskforce recommended that government establish a new body to take responsibility for “leadership and support of recreation and sport” (Minister for Sport, Fitness and Leisure, 2001, 85). This recommendation meant disestablishment of the Hillary Commission, repeal of its legislation and the passing of new legislation to set up a new body “a new crown entity....responsible for the leadership and support of recreation and sport” (Ibid. 12). The appointment of board members represented the critical difference between this new body and the existing Hillary Commission. The taskforce proposed that an “electoral college” comprising “five persons of the highest quality...who have an holistic view of recreation and sport in New Zealand” (Ibid. 67) be appointed for five years by the minister to provide advice on board membership.

The taskforce failed to explain how such an arrangement improved the existing situation, given that, in any case, ministers appoint crown entity board members. If the taskforce sought to generate a unified voice for sport, it failed

to explain how an electoral college achieved such a purpose. In effect, the proposal doubled the minister's involvement by appointing the electoral college and then appointing the new organisation's board on the recommendation of the electoral college. More importantly, the taskforce failed to explain why a new approach to government's involvement in sport required a new crown entity and accompanying legislation. Moreover, given the cost of and time required to draft and pass new legislation, the taskforce also failed to canvas the simpler option of directing the Hillary Commission to act in a different way and appoint a more appropriate board. Ministers have significant powers to direct crown entities and if the government agreed with the taskforce, Mallard had the opportunity to make all the changes he required by such direction.

The taskforce made few comments on sport NGOs, despite acknowledging their "principal responsibility for the future good of their respective activities at all levels" (*Ibid.* 89). Rather than addressing the issue of whether or not any problems in the funding of the sport delivery system threatened the autonomy and sustainability of sport NGOs, the taskforce did make four observations about sport NGOs. First, that they be accountable for any public funding they received, secondly, funding should be based on "proven need" (*Ibid.* 89), thirdly, they needed to become self-managing and secure their own revenues in addition to any public funding and fourthly, they should be responsible for "success and failure in their fields" (*Ibid.* 89).

Behind these brief comments lay critical yet untested assumptions. Without evidence to the contrary, the taskforce presumed that sport NGOs were:

- not demonstrating sufficient accountability either to the funder or to their members
- receiving public funding based on identified needs
- not self-managing or raising alternative funds
- not accepting responsibility for success or failure.

Although these issues fell within the taskforce's brief, the report failed to test the assumptions. Sport NGOs deliver sport services, they set rules, develop of coaches, referees and competition structures. An in depth analysis of the problems and challenges confronting sport NGOs under the existing system may have revealed quite different priorities for the taskforce to address.

The government's response to the report took much of what the taskforce had concluded uncritically. Officials from affected government departments usually scrutinise such reports from independent government working groups prior to the report going to cabinet. In this case, the OTSP consulted with twelve government agencies (in particular the ministries of health and education) and the NZSF on the report's recommendations. On 19 March 2001, minister Mallard informed cabinet that he agreed with the taskforce's analysis of problems in the sport sector.

The Taskforce has provided the government with the direction it can take to substantially improve the health and well-being of New Zealanders (Cabinet Office, 2001b).

Importantly, he agreed that a ‘rejig’ of existing arrangement would not achieve the “structural” changes recommended by the taskforce. In particular, Mallard argued that a new organisation was required to maintain existing private sector involvement and to ensure the proper management of public sector funding. In this case, Mallard supported the taskforce’s view that a reconfigured Hilary Commission could not achieve the taskforce’s goals despite the lack of supporting evidence. The *Winning Way* report in 1995 came to a similar conclusion in arguing for an organisation separate from government to manage the public sector contribution to elite sport under contract. This separation, argued the *Winning Way*, avoided the risk of losing private sector funding from those corporates who lacked confidence in government departments. The *Winning Way*’s conclusion proved incorrect as the NZSF failed to attract significant new corporate funds.

The Taskforce remained almost silent on the matter of corporate funding contributions, stating simply that, public sources of funding “must not preclude the corporate sector from also investing in recreation and sport initiatives” (Minister for Sport Fitness and Leisure, 2001, 116). The NZSF also noted this silence in its response to the taskforce report:

The report is silent on the value of private sector involvement in sport, yet a survey in 1998 showed it to be in the vicinity of \$90-\$100 a year (excluding rugby) (New Zealand Sports Foundation, 2001).

The Graham taskforce thus moved the focus directly to a rationale for a comprehensive state-resourcing of the sport system. This represented a distinct shift from the wish to leverage greater engagement between government funding systems and the private sector promoted in the *Winning Way* report (Department of Internal Affairs, 1995, 10).

Mallard now argued that a new organisation with new legislation was required in order to:

- a. develop and implement national policies and strategies for both recreation and sport
- b. to allocate funding for organisations and regional bodies in line with those agreed strategies
- c. to promote and advocate the importance of participation in physical activity
- d. to promote and disseminate research relevant to recreation and sport
- e. to provide advice to the Minister on issues relating to recreation and sport
- f. to work with schools, regional and local government and recreation and sport organisations to ensure the maintenance and development of the physical and organisational infrastructure needed for recreation and sport

- g. to work with education agencies to promote greater involvement in recreation and sport through policy development, advocacy and support
- h. to provide advice and support for organisations working in recreation and sport at national, regional and local levels
- i. to facilitate co-ordination between national, regional and local recreation and sport organisations, and
- j. to represent the government's policy interests in recreation and sport internationally." (Cabinet Office, 2001b).

The Hillary Commission already had these powers under its existing legislation, a point Mallard omitted from his briefing of cabinet. In their scrutiny of the report, other potentially affected agencies passed little comment on its recommendations. In the lead up to cabinet's final consideration of the taskforce's proposals, all affected government agencies comment to their ministers on how their views of such new proposals. None of these government agencies spoke out in support of the proposal to establish the new agency despite broadly supporting its goals. The taskforce criticised the ministry of education which would not have welcomed such criticism, especially as Mallard was both minister of education and minister of sport. The report said, "The Taskforce has reservations about the willingness of the Ministry of Education to implement the changes that are essential if the objectives of this report are to be achieved." (Minister for Sport Fitness and Leisure, 2001, 102). It seems probable that the ministry officials adjudged

arguing against their minister on matters concerning his other portfolio (sport) may have proved fruitless.

The Treasury and SSC spoke out, however, concluded that establishing a new crown entity presented a range of financial performance and organisational risks as well as risks associated with changing from the Hillary Commission to a new organisation. These two central agencies argued that a final decision be delayed until the risks had been assessed (State Services Commission, 2001b). In particular, the SSC argued that existing legislation (the Sport, Fitness and Leisure Act) and the structure of the existing Hillary Commission were already available to give effect to the taskforce's recommendations (*Ibid.*).

Despite Treasury's and SSC's caution, cabinet agreed to progress and proceeded to initiate the government process to establish Sport and Recreation New Zealand (later rebranded as SPARC) as a new agency with its own legislation. This required new legislation to be drafted and passed through the select committee stages and the third reading in the parliament within six to seven months, a very quick turnaround.

Palmer and Palmer (2004, 189) note that the New Zealand parliament's legislation advisory committee guidelines recommend that legislative proposals need to ensure that they are the best means of achieving a policy objective. This includes the need to clearly define the policy, determine what alternatives exist to achieve the policy objective and to consult those agencies outside of government affected by the legislation. In the case of the new recreation and sport bill, cabinet approved the bill on 16 May 2001 as a

priority to be passed if possible in 2001. Of note in that cabinet decision was agreement that the new bill not include a clause limiting the new organisation's powers "to interfere with, or give directions to, the aims, objects or operations of any sport, fitness or leisure organisation" (Cabinet Office, 2001b). The Sport, Fitness and Leisure Act contained this provision to establish a legislative boundary between the government agency and a funded NGO (Sport, Fitness and Leisure Act 1991, s.18). The Hillary Commission found this provision troublesome and had long sought its removal. Few officials or sport administrators recognised the potential impact of the change in these powers and an example of such and the impact appears later in this chapter.

Critically, the taskforce overlooked the distinction between the need for a voice for sport independent from government and the role of a government agency. As a creature of government, a crown entity cannot speak independently of the state. The taskforce's recommendations for the functions of a new government agency include two short but telling items highlighting the taskforce's misunderstanding of a government agency's role:

- (2) To manage the expenditure of Crown and other public funds for the development of recreation and sport in New Zealand

and

- (9) to ensure that recreation and sport has one major voice, a clear direction and unambiguous structures to serve its needs (Minister for Sport Fitness and Leisure, 2001, 68).

At no stage did the taskforce acquire a mandate from sport NGOs to recommend that a government agency speak on behalf of the sport sector.

The taskforce report provides no analysis of the existing 1987 Act and why new legislation overcame any weaknesses or omission in that legislation. Moreover, nowhere in any taskforce papers or subsequent government papers is evidence presented of a rigorous cost-benefit analysis of the taskforce's options for change. It is unclear whether the taskforce's concerns about the existing Hillary Commission arrangements rested on issues of style, direction, duties and/ or powers. A relatively simple solution to such issues lay in the use of an amendment to the existing Act. Government took this approach in 1992, when the focus and powers of the Hillary Commission changed from those provided under the 1987 recreation and sport legislation to new arrangements under the Sport, Fitness and Leisure Amendment Act 1992. In that instance, the broad thrust of the 1987 Act remained the same with merely a name change and amendments recognising the evolved and wider scope of the commission's extant practice. Sport NGOs also remained outside this process, no doubt puzzled by the commitment of effort to a parliamentary process to change the Hillary Commission's funding scope.

The Taskforce's seemingly ad hoc 'shopping list' of recommendations for a wide range of government departments to become engaged in assisting sport lacked a rigorous policy framework (*Ibid.* 104-109). While individual government agencies may indeed have had the potential to have a significant impact on many aspects of the New Zealand's overall sport delivery system, each agency would need to have determined their own policy rationale for

such actions. The absence of a cabinet mandate for whole-of-government policies that directed or compelled diverse government agencies to act on behalf of another portfolio ie sport, made the co-operation of these other agencies unlikely.

It is too early to assess the long term impact of SPARC and the results of following the Graham report's recommendations that government involvement in sport focus on achieving public health outcomes. To date, however, four examples of the approach to supporting the sport sector taken by SPARC provide evidence that the post review era continues the lack meaningfully engage the sport sector in critical areas and a strong sense of 'top down' relationship management with the sport sector.

First, in 2002, SPARC unilaterally cut the longstanding \$5 million local government fund which enable local committees to support local sport activities based on local priorities. Local authorities reacted swiftly, complaining to the minister who insisted that SPARC reverse its decision. This level of direction from a minister to a crown entity is unusual and provided an early signal about the extent of SPARC's approach to consultation. Many local authority managers and councillors remained suspicious of SPARC for some years thereafter.

Second, SPARC signals its strategic goals to government through a statement of corporate intent (SOI) tabled annually in parliament. Like most government agencies, SPARC reports its assessment of risks within the portfolio beyond the normal risk management associated with organisations eg fire, data loss and management succession planning. The 2006-2009

statement of intent elaborates on SPARC's risk framework. SPARC notes the need to manage "risks to its brands, in particular *SPARC*, *Push Play* and the *New Zealand Academy of Sport*" (Sport and Recreation New Zealand, 2006b, 26). The balance of the risk framework addresses management issues such as insurance and indemnity and internal audit. The SOI ignores risks associated with the stability and sustainability of the sport NGOs system and the possibility of the sport sector unwillingness to collaborate with SPARC.

The SPARC SOI makes no reference to a partnership or collaborative relationship with the sport NGO network as a whole. As noted in the final chapter of this study, a commitment to NGO engagement characterises the work and strategic planning of government agencies which depend of NGOs for the achievement of portfolio outcomes. The SOI fails to acknowledge the need to engage systematically with NGO stakeholders. It does make explicit, however, SPARC's desire to contribute to greater social cohesion "by supporting the development of the sport and physical recreation sector and by building the sector's capacity to deliver quality sport and recreation experiences to more New Zealanders" (*Ibid.* 14). The SOI is mute on SPARC's intent to seek out the views of sport NGOs in meeting SPARC's own goals especially as those NGOs took no part in setting those priorities. Clearly, government planning and reporting processes required SPARC to set appropriate strategic goals to justify the use of public resources. However, given the critical role of sport NGOs in achieving SPARC's goals, sport NGOs may feel excluded from SPARC's high level planning and decision-making which inevitably requires their co-operation. Five years earlier, the Community

and Voluntary Sector Working Party (Ministry of Social Policy, 2001) summed up similar concerns from across the whole spectrum of the NGO sector:

Many community people, dedicated and passionate about their work, expressed concern that their expertise and knowledge, gained from hands-on experience, have consistently been ignored in the critical policy processes at the heart of government (p. 80).

A third example, relates to SPARC's commitment to engaging with sport NGOs as a collective and the extent of the sector's confidence in the government funder. It took SPARC until 2007, five years from its establishment, to convene a first meeting of sport chief executives to discuss the future of sport in New Zealand. Comments from participants at that event reflected chief executives' concern about a top down process and lack of any ongoing participatory process (regional sport organisation chief executive, personal communication, May 1, 2007). Subsequently, SPARC promoted a first 'sport leaders' conference in 2008 attracting over 250 registrations. However, of the 104 sport NGOs funded by SPARC, less than 15 sport chief executives and fewer sport national sport organisation board chairs attended.²⁴ Only around 50 participants attended the final session of the conference which presented SPARC's perspective on a new sport and recreation "pathway" for New Zealand.

Privately, some sport administrators commented on the lack of meaningful engagement with SPARC and the onerous nature of funding contracts. Some also commented on the need for an organisation, independent of SPARC

²⁴ Analysis of the SPARC, 2008 'Leaders in Sport' conference attendees taken from the list of registrations.

funding to deliver a ‘voice for sport’ (national sport organisation chief executive, personal communication, April 3, 2008). The record of poor engagement with the sector underscores the importance of a policy dialogue with sport that recognises the independence of sport NGOs and the interdependence of both government and the sector. Without a strong and vibrant sport sector, government’s goals for sport are unachievable. The power of holding the purse-strings does not mandate government to demand NGOs to act on behalf of government without agreement to collaborate on a shared purpose.

A final example illustrates the extent of SPARC’s new powers, mentioned earlier in this chapter, to involve itself directly in the affairs of sport organisation. In May 2008, concerns about the financial state of the New Zealand rugby league led SPARC to demand a review of the sport. Publicity surrounding SPARC’s demands brought its powers into sharp relief for sport administrators (Kilgallon, 2008):

Highly respected Sparc chairman, John Wells, wrote to the sport on Thursday saying Sparc had no confidence in the NZRL’s operations, demanding it be allowed to conduct a full inquiry and that the league be bound to accept its findings.....The letter requests a full review of board governance, the sport’s constitution, voting rights, the relationship between the league and its members, its management, policy development, grassroots structure, planning communication, stakeholder relations and financial sustainability and management. Sparc wants the NZRL to accept every finding. (p. A1)

SPARC had a responsibility to ensure the wise use of government funding. By definition, however, NGOs are independent of government and not subject to instruction beyond what is lawful. In this case, although not financially independent of government, the sport NGO's own accountabilities for governance and management did not extend to SPARC. Yet again, no 'voice for sport' provided commentary ensuring that government observed an appropriate boundary between itself and the NGO. This case also implied that the rugby league acted as the agents of a government funder with little discretion or bargaining power. Some sport administrators may now be concerned about the extent to which this sort of action threatens the independence of the sport sector in an NGO context. The NGO system is independent of government, yet their success often requires an interdependence especially where government achieves its goals through supporting them. In other public policy areas characterised by collaboration between the state and NGOs (e.g., health and social services), an overly demanding state sector puts the voluntary sector at risk. In the sport sector, that risk is real yet collaboration seems more difficult to achieve.

In the absence of a commitment to engagement and NGO participation in planning the sport system, the possibility of SPARC meeting its strategic goals seems unlikely. As a state sector agency, a consultative and collaborative approach with the sport sector may prove more fruitful for both parties.

Chapter Seven - The Future for Sport NGO Participation in Sport Policy Development

This final chapter draws conclusions from the chronology of government involvement in New Zealand sport and its implications for future policy work. The chapter focuses particularly on the need for meaningful engagement between the sport sector and government in order to provide the basis for a national sport policy built on collaboration between the two.

This study opens with a quote from Runciman (2003) that ends “Caution should be exercised when partnering with the state” (p. 12). Little evidence exists of substantive partnership or collaborative practice between government and the New Zealand’s sport sector since 1937. In the early years of the physical welfare approach, neither government nor the sport sector sought common ground and few incentives existed for engagement. Once government established a recreation and sport agency in 1973, the discourse between government and the sector grew slowly until the advent of *Lotto* and the availability of substantial community purposes funds. Sport NGOs looked to the government for increased support and from the late 1980s government increasingly sought to account for the use of funds and to provide leadership to the sector using the leverage of funding.

In effect, the Hillary Commission and SPARC became gatekeepers. While at first, it seemed only to control the funding supply, the accompanying reporting and accountability requirements began to reshape the sector as NGOs adapted themselves to appear responsive to the funder.

Commentators on NGO funding by the state characterise this phenomenon as ‘mission drift’. Scott (2003) puts this succinctly:

As organizations scramble to qualify for narrowly prescribed program funding or to win government contracts, some are being pulled away from their primary mission, which is their long-term purpose and the source of their credibility within the community. (p. 14)

In retrospect, the Hillary Commission and SPARC seemed oblivious to the phenomenon and its accompanying risks. In meetings with sport NGOs individually and collectively, both organisations spoke to the sector of working together and partnership. In its most recent SOI, SPARC (2007) states unambiguously:

We partner with national sport and recreation organisations, regional sports trusts, local authorities and many other organisations that have the ability to get people and programmes moving in their areas.....We have made challenging decisions about shifting from what was a predominantly an annual grants approach to funding to an investment-focused approach. This introduced contestability, multi-year outcomes based contracts, emphasis on partnerships with regional sports trusts and increased monitoring and evaluation of outcomes.....and have built and valued robust partnerships with key partners. (p. 3)

The concepts of investment, contestability and monitoring mark a clear trend towards a top down approach to funding entirely consistent with the traditional government agency role as ‘keeper of the system’. New Zealand sport administrators may consider this approach as merely a continuation of

previous funder regimes. In contemporary settings governments now seek consensus and a sense of shared purpose across the political, policy and administrative areas of governance. In this context, Althaus, Bridgman & Davis (2007, 26) comment on government leadership in policy arenas:

A key leadership task is to bring the three domains into alignment, so all aspect of government work in concert towards shared goals, taking into account the role of players external to government such as the media and the third sector and community more generally. (p. 26)

Government needs the sport NGO system to deliver sport. In that context alone, engaging the sector in developing policy, strategy and prioritisation of resources seems unavoidably yet it has not occurred. To obtain a clear and thoughtful response from the sport sector on making the best use of many millions of dollars in public funding requires meaningful engagement between government (SPARC) and the sport sector. Throughout the chronology, neither ministers, nor government sport agencies nor review committees systematically sought or facilitated a voice for sport. With 500,000 sport volunteers making a significant contribution to society the objective of a participatory approach will be a prerequisite to a partnership approach.

In this early part of the 21st century, the New Zealand sport sector remains predominantly a club or association-based NGO system. Despite the emergence of large corporate organisations running the major sporting codes at national level eg rugby, netball and cricket, the vast majority of sport organisations comprise a complex mix ranging from small clubs run entirely by volunteers to national federations underpinned by local volunteers.

SPARC's own conclusions that the New Zealand sport system depends on around 500,000 volunteers represents around 45% of all volunteers across the whole non-profit sector (Sport and Recreation New Zealand, 2007a, 2).

Many other parts of the New Zealand non-profit sector such as social services and health engage vigorously with their government agencies and relevant ministers. Those same agencies understand the need for credible engagement and the importance of hearing from a co-ordinated NGO voice on policy development issues and service delivery planning. None of these government agencies purport to speak on behalf of their NGO stakeholders. SPARC seems oblivious to this trend and provides no direct support to ensure a voice for sport. Despite several attempts since 1937 to build a co-ordinated and sustainable voice for sport, the sport sector has experienced little success. Various federations or council for sport fell away until the 1980s when the New Zealand Assembly for Sport emerged. But in the absence of government funding support, the assembly fell into decline with neither the Hillary Commission nor SPARC deeming such a voice to be worthwhile. This lack of interest in the sport sector's voice flies in the face of trends across government agencies. Current initiatives range from the long-standing and highly developed strategic engagement framework between international NGOs and New Zealand Agency for International Aid to the six monthly health and disability NGO forum run by the ministry of health to subject specific NGO reference groups run by the ministry of social development.²⁵ ²⁶ These and

²⁵ NZAID's strategic policy framework for relations between NZAID and New Zealand NGOs can be found at <http://www.nzaid.govt.nz/library/docs/nzaid-strategic-policy-framework.pdf>

²⁶ Information on the ministry of health, health and disability NGO forum can be found at <http://www.moh.govt.nz/ngo>

other engagement mechanisms are all government funded and provide critical input to those government agencies.

While many of these engagement mechanisms vary in quality and scope, they remain responsive to the voice of the NGO sector in question. The issues they raise are cross-cutting and important to most NGOs. All sectors express deep concern about the impact of government's contracting culture, the weakness in participatory processes linked to public policy and the insensitivity of government to sector capacity and capability needs despite government calling on the sector to work in partnership or collaboration.

The New Zealand sport lobby remains mute, however, with only the NZOC providing a co-ordinated voice around Olympic and Commonwealth Games. The Central Council of Physical Recreation acts as an independent voice to the United Kingdom government on behalf of British sport NGOs. Established in 1976, the national body for sport in Australia, the Confederation of Australian Sport (CAS), advances the interests of the Australian sport and gives the industry a united voice in discussions and negotiations with government and other stakeholders. CAS's members include most of Australia's national sport NGOs representing over seven million members.

Sport NGOs remained outside the government ambit from 1937 to 1973 with government considering sport to be a matter of private choice and generally beyond the ambit of public policy. The establishment of a government ministry for recreation and sport in 1973 and subsequent crown entities for sport brought a commitment of taxpayer funds and a general understanding by ministers that government does indeed have an interest in

sport participation and elite sport success. A policy framework for such interest remains elusive. To date, the government funders' decision-making about priorities for the sport sector "presumes a hierarchical government bureaucracy interacting with society to repetitively and uniformly carry out government objectives" (Althaus, Bridgman & Davis, 2007, 91). This approach is reminiscent of previous top-town approaches by government agencies in their dealings with the wider NGO sector. Contemporary governments now prioritise networks and emphasise relationships in order to achieve policy goals. In regard to such relationships, Althaus, Bridgman and Davis (2007) also note:

Parties usually have some form of incentive to communicate and participate and the mutual interaction and joint exchange that occurs, impels policy making. (p. 91)

The sport NGO networks provide government with an opportunity to draw on vast deposits of information and experience, much of it from volunteers. Pressures of accountability for the use of public resources bear down on government agency views of the world. Today, SPARC manages over \$70 million of public funds for sport along with around \$30 million of profits from *Lotto*, money also sourced from the public. Never in New Zealand history, has so much public funding been available to sport NGOs. The pressures of public sector accountability for such large sums of money currently subsume any ideas of collaboration or partnership between government and the sport sector. One year funding arrangements between SPARC and sport NGOs prevail. Despite this, sport development remains a long term process. Short term funding seems at odds with any focus on long term development.

This study points to a range of lessons for the government's sport funder is remains committed to concepts of partnership. First, government needs to make greater use of participatory processes to engage the sport sector in a long term process. The sport sector is, in effect, a third party deliver of sport in return for government funding. Without deep and respectful engagement, sport NGOs will have little incentive to work in partnership. Instead they will merely compete with other for funds and be distracted from purpose through that competition.

Sustainable partnerships require both parties to feel a sense of ownership. When government holds the purse strings it holds most of the power. Yet without the NGOs, government has no system to fund. Therefore government needs to initiate a change in attitude from gatekeeper to facilitator. This will require extensive consultation and a sense of government commitment to collaboration.

Second, government must be seen to be going about things in a different way. Building trust and gaining credibility with the sport sector will take time. In the current era, SPARC's base corporate costs exceed \$12.5 million with additional salary costs associated with programmes adding to that total (Sport and Recreation New Zealand, 2007b, 23-24). Sport NGO administrators may perceive SPARC as 'taking over' the sector with funds intended for distribution to the sector. SPARC seems to have little sense of the sector's expectations and that it needs to build trust and credibility with sport NGOs, SPARC's actions and decision impact on the lives of not just paid sport administrators but also on the thousands of volunteers. Sport volunteers did not 'sign up' to

be the targets of “investment”, “contestability” or “monitoring”. Indeed, many NGOs may not wish to be a partner of the government funder, yet they have a right to access public and lottery funds allocated to sport. A collaborative environment between SPARC and its sport stakeholders requires a sport sector well-informed about government policy processes and an understanding of government’s goals for sport expressed through SPARC’s funding strategies.

Third, partnerships fail when poorly managed or goals are misaligned. If the change in society SPARC aims to achieve centres around improved public health, then SPARC and the sport NGOs require a shared sense of purpose and shared sense of what to do. On the subject of government collaborating with NGOs, Gidron (as cited by Dollery and Wallis, 2003) observes “the extent of experimentation with collaborative models of service provision are striking” (p. 118). This provides some clues to where the Hillary Commission and SPARC may have erred in their relationship management with the sport NGOs. As discussed earlier in this study, government contracting and a focus on accountability and monitoring grew from government’s need for services delivered outside the state sector. Service delivery NGOs are found mostly in the social service and health sector. NGOs in the sport and arts sectors do not deliver services in the orthodox sense. Tennant, O’Brien & Sanders (2008, 35) refer to the latter NGOs as ‘expressive-type’ as opposed to ‘service-type’. Within this typology, sport NGOs deliver benefits mostly to members as opposed to services to others or non-members. If government’s involvement in sport seeks to achieve public policy goals, that involvement requires a commitment to enjoining NGO members to share in those goals.

While the definition of a sport NGO is of academic interest, sport administrators understand the volunteer dimension of such a definition. That volunteer base is common to over 90% of all New Zealand sport NGOs. The service delivery paradigm may be clear to the funder but alien and inappropriate for the sport sector. A commitment to partnership by SPARC will take more than words in an SOI. A failure to focus unambiguously on each partner's expected outcomes lead to crossed expectations and strained relationships. This characterises the relationship between New Zealand sport and government mitigating against any potential for partnership.

The absence of a formal government policy driven by the wishes of ministers has reduced dramatically the incentive on the government sport agencies to engage meaningfully with the sector. Public policy implies a change in behaviour of a particular part of society to achieve a goal of government. But when government needs someone other than itself to implement policy, a relationship with that party based on principles and shared reason is required in order for both to share in that policy's purpose. In the case of New Zealand sport, such a shared relationship remains undiscovered. Rasmussen, Malloy & Agarwal (2003) summarise the challenge aptly when discussing the implementation of and accountability for public policy:

The best solutions become ones requiring governments to enter relationships that create a new cooperative context for those who participate in the implementation process. (p. 127)

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Appendix A - New Zealand Ministers of Sport

Ministers for Recreation and Sport from 1973 to the present day include:

- Hon Joe Walding (Labour) 1972-1975
- Hon Allan Hight (National) 1975 - 1978
- Hon Allan Hight (National) 1978 - 1981
- Hon Allan Hight (National) 1981 - 1984
- Hon Mike Moore (Labour) 1984 - 1987
- Hon Peter Tapsell (Labour) 1987 - 1990
- Hon John Banks (National) 1990 - 1993
- Hon John Banks (National) 1993 - 1996
- Hon Murray McCully (National-New Zealand First coalition) 1996 - 1999
- Hon Trevor Mallard (Labour-Progressive coalition) 1999 - 2002
- Hon Trevor Mallard (Labour-Progressive coalition) 2002 - 2005
- Hon Trevor Mallard (Labour-Progressive-United coalition) 2005 - 2007
- Hon Clayton Cosgrove (Labour-Progressive-United coalition) 2007 - 2008.

Appendix B - The New Zealand Council for Recreation and Sport

Membership of the first New Zealand Council for Recreation and Sport in 1973:

- Des Sullivan (Chair), Senior Magistrate, Wellington
- John Buckingham, Auckland
- Lance Cross, Wellington, chair, New Zealand Olympic and Commonwealth Games Association
- Murray Halberg, Auckland, former Olympic medallist
- Sir Edmund Hillary, Auckland, first person to climb Mount Everest
- Dr Norrie Jefferson, Invercargill, sports medicine specialist
- Beverley Morris, University Lecturer, Wellington
- Bob Stothart, Wellington educationist and historian
- Peter Tapsell, Rotorua, Māori and medical practitioner
- Val Young, Christchurch, Olympic athlete
- Sir Patrick O'Dea, Secretary for Recreation and Sport and Secretary for Internal Affairs

Membership of the New Zealand Council for Recreation and Sport by the end of 1975:

- Des Sullivan (Chair), Senior Magistrate, Wellington
- John Buckingham, Auckland, Federation of Sport
- Lance Cross, chair, New Zealand Olympic and Commonwealth Games Association

- Lyn Scott, Oamaru
- Colin Kay, Auckland, local government councillor
- Roy Walker, Dunedin
- Nathan Paewai, Kaikohe, Māori and general practitioner
- Bob Stothart, Wellington educationist and historian
- Di Beard; Te Aroha
- Val Young; Christchurch, Olympic athlete
- Sir Patrick O'Dea; Secretary for Recreation and Sport and Secretary for Internal Affairs

Appendix C - The 2000 Taskforce

Taskforce membership comprised:

- John Hart (Fletcher Challenge and former All Black Coach)
- Jane Hunter (Hunters Wines)
- Paul Collins (Brierley Investments).

Former All Black Captain, David Kirk, then a senior advisor in the Department of Prime Minister and Cabinet, serviced the Taskforce

Appendix D - The Prime Minister's Committee to Review High Performance Sport

Members of the review committee:

- Wilson Whineray (Chair), Chair of the Hillary Commission
- John Hart (Deputy Chair), Chair of the New Zealand 2000 Taskforce
- Sir David Beattie, President of the New Zealand Olympic Games Association
- Paul Collins, Chair of the New Zealand Sports Foundation
- Susie Simcock, Vice President of the World Squash Association
- Roger Blakeley, Secretary for Internal Affairs
- Bronwyn Somerville, Senior Advisor, Department of Prime Minister and Cabinet
- Sharon van Gulik, Private Secretary to the Minister of Sport, Fitness and Leisure
- David Pennington, Acting Manager, Government Services, the Treasury

Hugh Lawrence, Senior Policy Analyst, Sport, Fitness and Leisure, Department of Internal Affairs serviced the review committee.

Appendix E - The Restructured New Zealand Sports Foundation

The eleven new board members were:

- from the new NZSF electoral college:
 - Paul Collins
 - Sir John Anderson,
 - John Hart
 - Mike Robson
 - James Willis
 - Lois Muir.

(All former members of the previous NZSF board and, with the exception of Muir, significant figures in the business world)

- From the Hillary Commission:
 - Brian Lochore (new Hillary Commission chair)
 - David Howman (sports lawyer)
 - Roger Blakeley (DIA chief executive).
- From the NZOCGA:
 - Tim Castle (president)
 - Peter Miskimmin (athletes' commission chair).

Appendix F – The Sport, Fitness and Leisure Ministerial Taskforce

Members of the Sport, Fitness and Leisure, Ministerial Taskforce

- John Graham, Chair (Auckland) educationist and former All Black manager
- David Collins (Wellington) barrister
- Susan Devoy (Tauranga) sport administrator and former world squash champion
- Janet MacKay (Wellington) chief executive New Zealand Women's Golf
- Farah Palmer captain of the New Zealand women's rugby team
- Mark Simmonds (Wellington) cardiologist
- Glenn Turner (Dunedin) sport administrator and member of the 1984 Ministerial Inquiry into Recreation and Sport.