

GOVERNANCE

IN THE NEW ZEALAND SPORT AND RECREATION SECTOR



SPORT
NEW ZEALAND

“We and other investors are now looking for more concrete evidence of sound governance and planning”

The sport and recreation sector in New Zealand is significantly larger, more complex and certainly more challenging than it was ten years ago. The coming decade will test leaders in the sector as people look for new ways of participating and competing.

Only sound leadership can create a prosperous future in this environment. Sport New Zealand together with the sector, has long been committed to developing leaders at all levels. Great progress has been made in the past ten years and the results are there to be seen. We and other investors are now looking for more concrete evidence of sound governance and planning practices. This is a time of tightening resources. Understanding how time and money are to be applied, and to what end, will be central to our discussions with partners.

As largely volunteer directors, you no doubt want to make a difference and enjoy the time you generously gift. Working to the framework outlined in this document will certainly assist you. Importantly, it will also provide to us and others evidence that you are using your scarce resources to best effect in an ethical manner. I thank you for the time and wisdom you gift and recommend to you the resources outlined in this publication.

Best wishes



[Sir Paul Collins](#)
Chair, Sport New Zealand



As significant funders of sport and recreation and the wider not-for-profit sector in New Zealand, we are always looking for evidence that our funds are being used to good effect.

Essential to this is confidence in organisations that seek funding and their levels of governance and management. We want to understand both the specific benefits that will be delivered with the funds requested and who the ultimate beneficiaries of the funding will be.

We constantly receive requests for funding that is beyond our capacity. Knowing that your organisation is well governed, and is clear about its purpose and programmes, is an essential element in the consideration process.

We encourage any initiative that will ultimately enhance organisations' governance capabilities. We support Sport New Zealand in developing the concept of a governance framework in sport and recreation, and an associated quality mark of governance capability. This qualification will add confidence when we consider any given application.

We appreciate that governance in the not-for-profit world can be demanding and that your time is a generous gift. An investment of time and effort into governance will enhance all aspects of organisational competency and capability. Working with this simple framework will help you to make the best use of your time and, in general, simply make your job easier.




Maurice Hayes QSM
Chair, Pub Charity Limited



Alan Isaac CNZM, Chair
New Zealand Community Trust



Evan Moore
Chair, Southern Trust



Ken Whitney
Chair, Foundation North



Simon Whyte
Chair, Lion Foundation

**FOUNDATION NORTH • LION FOUNDATION • NEW ZEALAND COMMUNITY TRUST
PUB CHARITY LIMITED • SOUTHERN TRUST**

PRINCIPLES OF GOVERNANCE

Sport New Zealand works with the Policy Governance® model developed by John Carver. The model is particularly suited to not-for-profit organisations and is in use around the world. No matter which model of governance you work with, there are some core and common principles.

1 BE A LAYER OF OWNERSHIP DOWN, NOT A LAYER OF MANAGEMENT UP

THIS THING CALLED GOVERNANCE

All sectors struggle with clarity on the board's function. The genuine-value adding function of governance is not easy and requires frameworks and discipline. Too many boards lapse into being spectators to management, reviewing last month's activities rather than focusing on influencing the future. The board represents and serves the interests of the owners, be they shareholders, members or beneficiaries of a trust. When things go awry the board will necessarily dip into detail, but it should avoid, in normal times, acting as a supra-layer of management. The directors' fiduciary obligation is to hold in trust the efforts of those who have gone before and ensure that benefits are delivered to the current and future generations.

2 BEHAVE ETHICALLY; BE ACCOUNTABLE & TRANSPARENT

ACCOUNTABLE

Sector organisations, which are generally incorporated societies or trusts, enjoy privileged positions in our community. They receive funds, goods in kind and time from a wide range of sources. The board must be clear about what is to be achieved with the resources it seeks. It should demonstrate that those resources are being applied in the most cost-effective manner possible and within agreed ethical frameworks. A clear plan for communicating with stakeholders is needed, including a governance statement in the annual report outlining the work and achievements of the board during the year.

3 BE CLEAR ABOUT HOW YOU INTEND TO USE OTHERS' TIME & MONEY

WHY DO YOU EXIST?

The sector has made progress in many areas, but planning is not among them. Ask the question, "What would be lost if the doors closed?" Consider your role in the world by completing the statement "We exist so that..." Organisations receive time and resources in order to deliver benefit. Too many plans confuse the means to be pursued with the ends to be achieved. Anything within the organisation is a strategy or a tactic leading to something else. The story you need to tell your funders and stakeholders is about the benefits to be generated. These need to be specified ahead of time. Without that clarity, "any road" becomes a strategic option.

4 CREATE THE FUTURE; YOU CAN'T CHANGE THE PAST

IT'S A THINKING JOB

Directors have some serious accountability across a range of issues, and the board correctly spends a portion of its time on compliance and oversight. But a good board spends most of its time generating insights and seeking foresight. As a sector we have many skilled people around our board tables, and focusing on things that have already occurred is a poor use of their time. Conversations and debate from a range of perspectives are at the core of good governance. Understanding the environment and its challenges and guiding the organisation to a prosperous future is the central role of the board.

5 RESPECT PEOPLE'S TIME; MAKE THE JOB EASY & SATISFYING

HAVE FUN

Nobody volunteers to be stressed, but there are serious aspects to the job and times can get tough. Working without good frameworks and policies will only make life more difficult. There are legal and reputational risks associated with the governance role, so all directors should seek assurance that the expected basics are in place, that meetings are well framed and that boards feel they are adding value to their organisations. Frameworks, rather than annoying instruments of compliance, actually protect directors and make their jobs easier and more enjoyable.

GOVERNANCE FRAMEWORK

FOR THE NEW ZEALAND SPORT AND RECREATION SECTOR

THE WHY

CONFIDENCE AND SECURITY

Reputational and legal risks are valid concerns for any director in any organisation.

Working within an agreed framework provides comfort for directors operating on a largely voluntary basis in a complex sector.

BETTER RESULTS

Better outcomes from efficient utilisation of scarce resources.

A disciplined strategic framework promotes good decision making based on relevant information. Resources are aligned with the desired outcomes.

STAKEHOLDER CONFIDENCE

Prudent application of others' money and respectful use of time gifted.

Confidence for stakeholders that resources are being managed in an ethical, efficient and transparent manner.

IT'S ACTUALLY EASIER AND MORE ENJOYABLE

A good governance framework makes the job simpler and ultimately more satisfying – increasing the chances of attracting and retaining good people.

Nobody volunteers for stress and grief, so why not do everything to minimise it?

THE EVIDENCE

The need for good governance is widely accepted and actively promoted by a range of professional and government organisations.

THOUGHTS FROM PEOPLE ACTIVE IN OUR SECTOR

"If you don't know where you are going, how can you measure success?"

Nigel Muir
Sport Tasman

"A good governance framework ensures those guiding the entity can focus on the real drivers of success"

Peter Fitzsimmons
Patron, Triathlon New Zealand

"Strong governance means being clear about what you are aiming to achieve"

Michelle Hollands
Sport Waikato

"Board culture is hugely important – just like staff culture, we work hard on this"

Chris Biddles
Sport Northland

"Passion alone is not enough to be a board member, you need to be able to see the big picture now and into the future"

Annie Dignan
Education Outdoors New Zealand

"Board evaluations mean that we become focused, we have a clear pathway to sustain our sport and our actions and we can stand up to scrutiny by our stakeholders"

Margie Holmes
Wairarapa Cricket Association

"Having a good, clear governance model is essential to getting the right inputs from the board and ensuring it is supportive and appropriately engaged with management"

Michael Smith
Tauranga Golf Club

"Board recruitment and succession planning are vital – spend time getting the right people around the table – your organisation depends on it"

Paula Tesoriero
Sport Wellington

The governance framework was developed in 2014/15 and strongly references the 2014 benchmark study of governance development in the sector. It is based on the frameworks laid out in *Nine Steps to Effective Governance* and was developed in consultation with sector practitioners.

EXPERT PANEL

Jan Dawson, Peter Fitzsimmons, Raewyn Lovett, Sir John Wells
SECTOR PANEL
Clare Kearny, Raewyn Kirkman, Arthur Klap, Selwyn Maister, Annette Purvis

Find full text of the framework and resources links at www.sportnz.org.nz/governance

CLARITY & COHESION

PEOPLE

INSIDE THE BOARDROOM

INTEGRITY & ACCOUNTABILITY

KEY FRAMEWORK ELEMENTS

Clear organisational purpose
Outcomes-based strategic framework
Agreed and ongoing process of strategy development, evaluation and refinement
Board operates with a predominantly future focus
The constitution/trust deed aids good governance

Open recruitment processes attract the best possible people
Structured tenure and rotation
Role and expectations understood and agreed
Directors are inducted, supported and offered development
Mix of elected and appointed directors

Meetings are based on dialogue and constructive inquiry
Board papers are set in a strategic context and relevant to the governance conversation
Clear and agreed processes for making significant decisions
Relationship with Chief Executive is explicit, documented and understood
The Chief Executive is an essential advisor to the board

Duties and obligations of directors understood
Directors' interests recorded and conflicts addressed in a transparent manner
All directors adhere to ethical behaviour
Primary accountability is to the organisation
Board performance and organisational achievement is provided to stakeholders

DOCUMENTED ELEMENTS

Statement of strategic direction
Good practice strategic plan
Clear statement of organisational purpose
Operational plan developed by management
Clear linkage between strategy and allocation of resources
Constitution or trust deed is up to date and in plain English

Appointment panel with terms of reference
Skills matrix
Role descriptions and letters of appointment
Induction programme
Specified tenure and rotation

Board charter with planned cycle of policy review
Terms of reference for governance committees
Annual board work plan
Delegation framework
Chief Executive performance agreement and performance process
Strategically focused agenda set by the chair

Obligations and duties laid out in the board charter
Governance section in the annual report
Stakeholder communications plan
Financial reporting is understood by everyone and tracks all relevant risks
An updated risk report is provided at every meeting
Policies covering areas of ethics (doping, match fixing etc)
Documented commitment to board evaluation

ADDITIONAL GOOD PRACTICE

Agreements as required across the wider structure – whole-of-sport plans, service level agreements or memoranda of understanding
Governance level statement of strategic intent
Planned annual strategic session independently facilitated

Development policy and plan
Recruitment material professionally reviewed
Independent representation on appointment panels

Emergency plan for management continuity
Documented policy for when directors act as volunteers outside the boardroom ("wearing another hat")
Mechanism for seeking clarification of board papers ahead of meetings
Meeting review process

Register of applicable Acts and brief summary of relevant legal matters
Meeting summary provided to key stakeholders
Governance evaluation extends to individual directors, chair and management's perception of the board
Audit and Risk Committee
"Whistleblowing" policy



GOVERNANCE QUALITY MARK

Those organisations committing to the framework can be assessed against a quality standard and seek a mark of good governance for the sport and recreation sector.

In order to achieve the Governance Mark there are some mandatory elements. These include sound planning expressed in “outcome” terms, good-practice director recruitment, clarity on the board’s role, well structured meetings and a culture of external accountability. Assessment against the framework is initially done using the online [governance assessment tool](#) (see p18) and should be part of the board’s documented commitment to evaluation and development.

The acquisition of the Governance Mark requires an accredited assessor, who will work with the board on the assessment and examine a range of governance-related documents. For key partners of Sport New Zealand assistance with this process is part of our ongoing support. Sport New Zealand has a list of accredited assessors for organisations wishing to undertake the process in their own right. The maintenance of the Governance Mark requires a biennial assessment.

The governance framework and the associated mark are intended for organisations with a “governance function” – a separation of governance and management. A version for smaller and voluntary bodies is to be developed at a later date.

“Your duties as a director are no different from the commercial environment”

Diana Puketapu

“Things go quickly wrong when directors forget their obligations to the organisation as a whole”

Peter Fitzsimmons



“Sport New Zealand resources and tools have become **the benchmark standard in not-for-profit governance** in New Zealand. They are in use far beyond sport and recreation, throughout the country and internationally”

Jane Huria



TOOLS & RESOURCES

- Learning and development
- Publications
- Online tools

GOVERNANCE 101

AN ONLINE INTRODUCTION TO GOVERNANCE

High-quality, interactive, online training that is free to directors in the not-for-profit sector.

This covers the key principles of not-for-profit governance. It refers and connects to the governance framework for sport and recreation. It takes two or three hours to complete and can be done in modules.

“The board needs to agree that it’s playing ‘in the game’ not observing from the stands”

Sue Suckling

FOCUSING ON:

- Clarity of purpose and setting outcomes
- The board as a genuine governor – acting as a layer of ownership rather than a layer of management
- Being accountable for the use of time and money

SIX MODULES + A SHORT ASSESSMENT

What's my job?	<i>The role of the director</i>
What's our job?	<i>The strategic role of the board</i>
Who does the job?	<i>Recruiting and retaining the best people</i>
Let's meet	<i>Inside the boardroom</i>
Who do we work for?	<i>Accountability, ethics and integrity</i>
What's next?	<i>Actions and further resources</i>

WHO'S THIS FOR?

- Aimed at not-for-profit directors on “governance boards”
Generally where there is a logical governance/staff separation
- All directors on these boards, even experienced practitioners, will find the refresher useful
- Chief executives and senior staff
- Anyone with a sector-development perspective inside Regional Sports Trusts or National Sport Organisations
- The modules are broadly generic, with limited sport specificity
They are available to the wider not-for-profit sector

STRONG USE OF VIDEO

Contributions from experienced sector practitioners:

Jane Huria, Sue Suckling, Jan Dawson, Peter Fitzsimmons, Dame Therese Walsh, Diana Puketapu, Jennifer Gill, David Rutherford and Prue Younger.

Contributions from governance practitioners:

Graeme Nahkies, Terry Kilmister, Simon Telfer and Dr Iain McCormick.

HOW TO REGISTER

Governance 101 sits on the Sport New Zealand learning platform SportTutor. Go to www.sporttutor.nz create a log-in and register for the course.

SPORTTUTOR



An online learning tool, SportTutor has been created to support and guide people working at any level in the sport and recreation sector – whether paid or volunteer. Featuring e-learning modules, tutorials, templates, reference material, video, social learning environments and more, SportTutor is a constantly evolving platform that will help you to learn, upskill and gain knowledge. www.sporttutor.nz

SEMINAR PROGRAMME



Sport New Zealand runs seminars on a range of topics including governance. Details of upcoming seminars can be found on our website at www.sportnz.org.nz/news-and-events. Dates are also promoted through the BoardTalk e-letter.

WOMEN IN GOVERNANCE



Sport New Zealand has a target of at least 40% women directors by 2020, in 74 benchmark organisations. To achieve that goal an ongoing programme offers a number of initiatives that support women in their development, including scholarships, mentor support and networking events. Programme details can be found at www.sportnz.org.nz/governance

“Too many boards focus on organisational effectiveness; looking at means, not ends, and getting 'stuck' in an upper layer of management.”

Terry Kilmister

NINE STEPS TO EFFECTIVE GOVERNANCE

Now in its third edition, *Nine Steps to Effective Governance* has become a standard reference for not-for-profit governance in New Zealand. It has been downloaded more than 10,000 times and is in use around the world. It outlines a simple, step-by-step process beginning with people, defining the board's role and employing a Chief Executive and moving through strategy, monitoring and accountability.

The current edition is prefaced with a section on Concepts, Challenges, Structures and Change. The website home for the PDF version hosts the extensive library of resources outlined in the document. Templates, articles and good-practice examples can all be found at www.sportnz.org.nz/governance. Click through the link to the document. Hard copies are available to Sport New Zealand partners.



“In any setting, ethics and integrity are vital board behaviours”

*David Rutherford,
Chief Human Rights Commissioner*

PLANNING IN SPORT

Your strategic plan tells a story. It tells all the interested parties what you intend to do, for whom, by when and it clarifies how you will know when you get there.

It should be read from the perspective of its intended target, the volunteer, the participant, the athlete or the new player. If it does not make sense to them, it has been badly thought through. Most sector plans focus on activities (means) rather than ends (outcomes). This moves the board's attention to the tactical. The governance conversation should be about stated outcomes and the efficacy of current and future strategies.

The Planning in Sport publication works through the steps of Think, Execute and Evaluate. It contains opinion pieces from practitioners and sections on related plans – the business plan, the high performance plan, the commercial plan etc. The PDF version and additional resources outlined in it can be found at www.sportnz.org.nz/planning



“Who’s the target group, what’s the outcome and how will you know you’re there?”

*Jennifer Gill,
Chief Executive, Foundation North*

THE ROLE OF THE BOARD CHAIR

The role of the chair is a critical and challenging one.

Without a good chair the board will struggle to achieve its potential. Chairing a sector organisation is time-consuming and generally unpaid. It is easy for the role to “eat” time. Skill is needed to set the right relationship with the Chief Executive in particular, and to focus on the right areas, getting the most out of the boardroom team. This resource is written in three parts, for the first-time chair, the more

experienced and those looking to be truly expert. The PDF version and additional resources outlined in it can be found at

www.sportnz.org.nz/chairs



ONLINE GOVERNANCE EVALUATION SYSTEM

Self-reflection and a commitment to ongoing development are now common in governance practice.

The system is simple and easy to use. It is offered free to the sector and, at its basic level, does not require any external assistance. The tool canvasses the views of directors (and relevant others) and generates both an assessment report and a development plan. The system also forms part of the assessment for the Governance Mark process.



GOOD 2016 GOVERNANCE

IN THE SPORT & RECREATION SECTOR

THERE ARE SIX MODULES TO ACCESS:

WHOLE-OF-BOARD

Looking at the board's processes, outputs and behaviours as a team. Benchmarked against the governance framework. This module can be facilitated by an accredited third party, becoming part of the process for gaining the Governance Mark.

CHAIR

Input from directors reviewing the chair's role as board facilitator.

INDIVIDUAL DIRECTOR

Input from peers looking at the contributions of individual directors

SENIOR TEAM'S VIEW OF THE BOARD

Ensuring that the board and the executive team have a shared view of roles and expectations.

NINE QUICK QUESTIONS

A simple "are we on track?" test.

CUSTOM QUESTION SET

Ability to create your own group of questions.

USING A FACILITATOR

We recommend that a third-party governance expert lead the whole-of-board assessment process. They will also examine key governance documents along with the system report to help the board identify accurately the key areas for further development.

Detail on the system and a log-in link can be found at

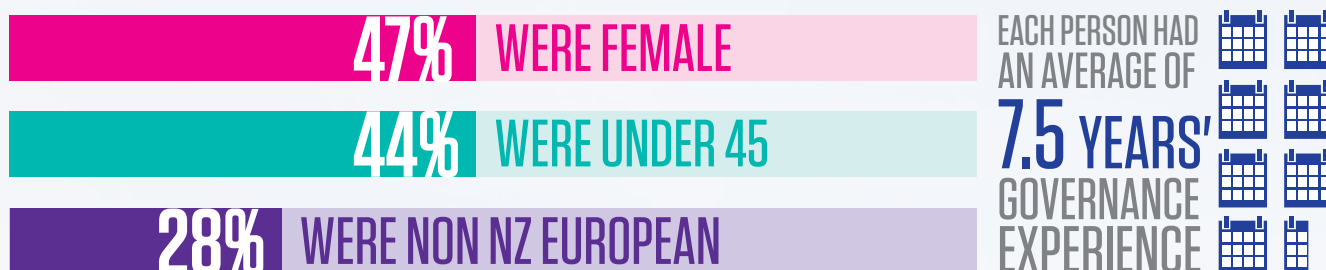
www.sportnz.org.nz/governance

APPOINT BETTER BOARDS



A talent platform and recruitment management tool, [Appoint Better Boards](#) has emerged as the leading recruitment channel for governance in New Zealand. As a founding partner, Sport New Zealand works closely with Appoint and continues to offer its services to the sector at no cost.

As at July 1, 2016 Appoint had 6500 registered directors, trustees and board members:



Many of these people are interested in service in the sport and recreation sector. The talent pool is diverse and skilled.

APPOINT PROFESSIONAL GROUPS



Women In Sports Governance

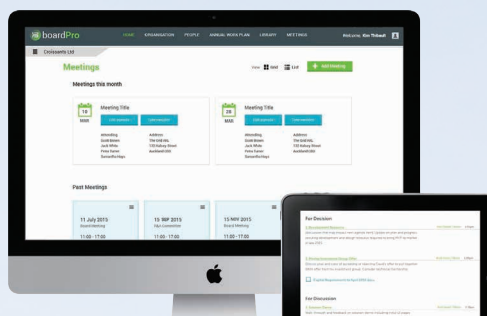
Looking for talented women for your board? This group comprises people with a direct interest in the sector. As at July 2016 there were 52 women in this group. They all have two or more years' governance experience and have attended formal governance training, or have five-plus years' senior management experience, or have owned their own businesses, or have not-for-profit senior management or governance experience.

Information on Appoint can be found at www.sportnz.org.nz/governance
View the site at www.appointbetterboards.co.nz

BOARDPRO

Sport New Zealand is pleased to support BoardPro in the development of cost-effective board management software designed and priced for small, medium and not-for-profit boards. Sector organisations will have a bespoke log-in that provides access to the Sport New Zealand library of resources. The software will include:

- Document repository
- Meeting schedule
- Agenda builder
- Meeting tool
- Minute-taking tool
- Action item reminders
- Board annual work plan
- Interests register
- Best-practice structures



Available August 2016.
Information at www.boardprohub.com

BOARDTALK

An occasional e-letter on sector governance.

It provides information on new resources, seminars, and issues of the day, together with interesting articles from around the world.

Back issues and subscription at
www.sportnz.org.nz/news-and-events/newsletters



For further information on the resources in this publication or sector governance in general, enquire through governance@sportnz.org.nz



CURRENT ISSUES

HEALTH & SAFETY

Most boards have begun to address their obligations under the new Health and Safety at Work Act 2015.

Sport New Zealand has updated its template board charter and the website has information relevant to the sector. The Institute of Directors and WorkSafe have published an excellent guide for directors.

The Institute also has online learning available at a modest cost.

RESOURCES

Sport New Zealand board charter

www.sportnz.org.nz/governance

Sector-specific guidance www.sportnz.org.nz search for *health and safety*

Good Governance Practices Guideline for Managing Health and Safety Risks

www.business.govt.nz/worksafe

Online Health and Safety Governance course

www.iod.org.nz

DIVERSITY

Boards need to reflect and understand the communities they serve. They function best with diversity of thought and capability. This remains a challenge for sport and recreation. Progress has been made on gender balance, but reflecting the changing face of New Zealand is something with which all boards in all sectors struggle. Boards need to state explicitly that diversity matters and make it clear that they are actively seeking diverse representation around the table. If you are committed to a broader representation, there will necessarily be varied backgrounds and levels of skill at the board table.

RESOURCES

The Institute of Directors publishes a good guide, *Getting on Board with Diversity*.

www.iod.org.nz

Information on the Sport New Zealand women in governance programme www.sportnz.org.nz

The Appoint Better Boards talent pool is very diverse www.appointbetterboards.co.nz

INCORPORATED SOCIETIES ACT

The Incorporated Societies Bill is expected to be introduced to Parliament in 2017. There will be a four-year period for organisations to make the necessary changes to their constitutions. More than 12,000 sport and recreation organisations will be affected by the legislative change.

Two of the key proposed changes are:

- Duties more aligned to those of a company director;
- Procedures are provided for dealing with financial conflicts of interest and dispute resolution.

Any incorporated society considering variations to its constitution would be wise to prepare for the likely legislative changes. In time, we hope, model constitutions will be made available.

RESOURCES

Ministry of Business, Innovation and Employment has an information page for Incorporated Societies

www.mbie.govt.nz/info-services

Sport New Zealand advice

www.sportnz.org.nz/governance

REPORTING OUTCOMES

The focus in this publication on having a clear organisational purpose and specifying outcomes is already a legal requirement for smaller charitable trusts. Since April 2015 new External Reporting Board standards have required a “statement of service performance”. This requirement will be extended to larger trusts embracing Regional Sports Trusts and those National Sport Organisations that are registered charities. There is discussion about, over time, extending these requirements further to incorporated societies in general. For organisations with clear purposes and good planning this will not pose any problem. For those still developing good practice in these areas they present another reason to hasten the process.

RESOURCES

Sport New Zealand

www.sportnz.org.nz

search for *Financial Reporting Standards for Charities*

External Reporting Board www.xrb.govt.nz



**SPORT
NEW ZEALAND**

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