

***Sport Leadership in Canada  
and the Public Interest***

July 2009

Part II – **Sport Matters Group** Submission to  
***The Better Way Panel***

## Foreword

This document is the second part of the **Sport Matters Group** submission to the ***Better Way Panel***, constituted by the Honourable Gary Lunn, Minister of State for Sport. It provides an in-depth discussion of some of the key public policy issues and questions relating to the development and implementation of new models for Sport in Canada. In particular, it explores the key issues around the **public interest** in relation to Alternative Service Delivery mechanisms as identified by the Treasury Board Secretariat.

## Overview

One of, if not, the most important requirement in looking at implementing a *better way* for sport in Canada is to make sure that the options for delivering this *better way* are in the **public interest**. This determination of the public interest is a critical test for any service delivery model or strategy that is developed by any order of government. It is of particular importance, for the Federal Government given the national scope and mandate of its programs and services. In recognition of the significance, in 2002 the Treasury Board Secretariat developed a Policy on Alternative Service Delivery that includes a *Public Interest Test* to ensure that new strategies or options for service delivery are truly in the public interest.

As the *Better Way Panel* considers different service delivery options in the Sport Sector it will be useful to look at these potential mechanisms through the lens of the TBS policy. In particular, the *Public Interest Test* lays out a set of questions in six (6) categories:

1. **Governance**
2. **Official Language Requirements**
3. **Results for Canadians**
4. **Citizen Centred Service**
5. **Responsible Spending**
6. **Values**

The remainder of this paper lays out a first order response to these questions. Our goal is not to provide a definitive answer to each and every question, but rather it is to explore the issues that are raised in order to better understand whether proposed service delivery mechanisms in the Sport Sector are, in fact, in the public interest. It is worth bearing in mind that recommendations on the specific service delivery mechanism have yet to be brought forward so the analysis in this paper will look to provide insights that are applicable across a wide range of potential service delivery options.

## A. Governance

### 1. Does the new arrangement provide an appropriate decision-making role for ministers?

In general, the appropriateness of the decision making role for Ministers will be determined by the structure of the organization that is chosen to deliver sport programs and services. In either of the potential organizational structures that are identified in Part I of our submission, however, the answer would be “Yes”. Under each option, the Minister’s role becomes to appoint the appropriate governors and ensure the overall accountability of the organization through a number of different mechanisms including the negotiation of a Funding Agreement, the provision of Reports to Parliament, and Audits for value and performance that are conducted both internally by the organization and externally by the Auditor General of Canada. Through all these mechanisms the Minister will be both involved and implicated in the governance and accountability of the new organization.

Through the Minister, Cabinet can ensure that the Federal government plays an appropriate role by providing direction and guidance on key initiatives and undertakings. The Minister would also have the option of issuing directives on issues of critical importance to the national interest.

Overall accountability for results will rest with the Governors and, as such, the Minister, at their discretion, can take action to change the Board of Directors if they are unhappy with the outcomes that are being produced.

Ultimately, any successful service delivery model will rely on the Minister for direction and support, and the model does not work without their ongoing and active support and guidance.

### 2. Does the relationship with the proponent ensure appropriate links between policy and operations?

The creation of an external organization to deliver on Canada’s sport policy would not diminish the importance of the policy role that would be played by Sport Canada. The Minister would still have responsibility for the *Physical Activity and Sport Act*; Sport Canada would also still have responsibility for the *Canadian Sport Policy*. Sport Canada would continue to perform a number of critical policy roles including interdepartmental and intergovernmental affairs, and Federal/Provincial/Territorial negotiations. Fundamentally, Sport Canada would have a significant role to play in terms of setting sport policy while the new service delivery organization would have responsibility for the implementation of the *Canadian Sport Policy*.

A number of formal linkages would exist between the policy mechanism in Sport Canada and the external implementation body including (but not limited to):

- A multi-year strategic plan,
- Annual business plans,
- Annual Report to Parliament,
- A clear Funding Agreement, and, if necessary,
- Ministerial directives.

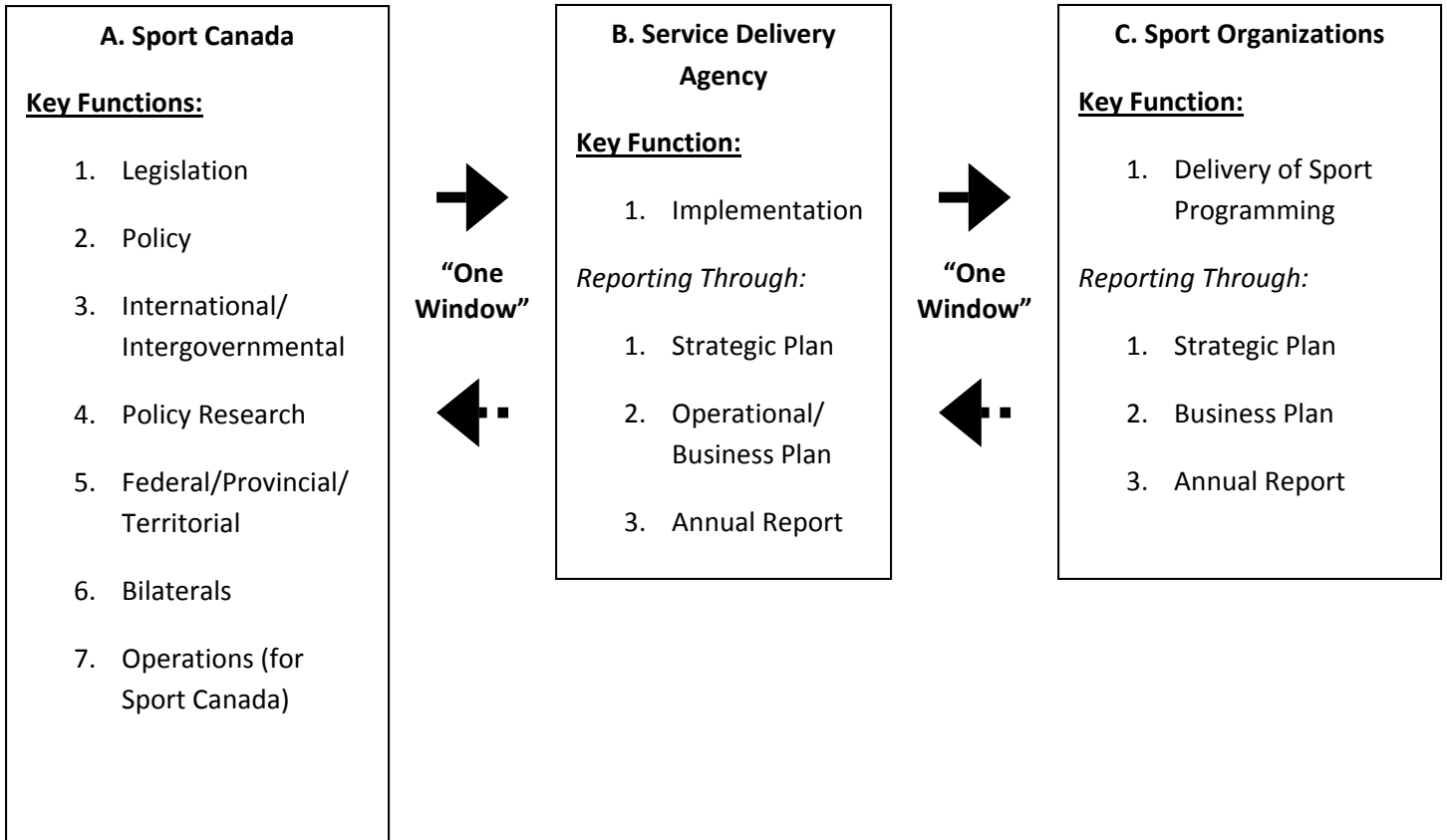
Sport Canada would continue to set public policy on sport for the public good and in the public interest while the external service delivery organization would focus exclusively on the delivery of world leading results.

**3. Are the arrangements appropriate for reporting results and other relevant performance information to ministers, Parliament and citizens?**

As outlined in the answer to question 2. (above), there would be a number of avenues through which results and performance outcomes would be reported, not the least of which would be the Canadian news media as they report on the outcomes of Canadian athletes in international competition and Canadian participation in sport more generally. More specifically, however, there would be an annual report to Parliament based on a clear Evaluation Strategy. In addition, the Minister and/or Auditor General would have the option to undertake a separate performance or value-for-money audit (at their own expense) if they have concerns about the potential results and outcomes that are being produced.

One of the key functions of the service delivery organization would be to implement a “One Window” approach that would ensure that Canadian sport organizations need only submit a single set of outcomes reports to a single organization that would, in turn, provide a “One Window” report to the Federal government. This would greatly simplify and reduce the cost associated with outcomes reporting and evaluation while ensuring a comparable if not greatly enhanced level of accountability. The “One Window” approach is illustrated in Figure 1 (over).

Figure 1: The “One Window” Approach



**4. Does the arrangement represent an appropriate balance between the flexibility required for high organizational performance and sound governance?**

One of the key motivations for moving to a new external sports implementation agency is the potential to greatly enhance organizational performance in terms of the outcomes and results for Canadians. Sport Canada is staffed by highly skilled and professional bureaucrats many of whom have a passion for sport in Canada. The current structure of Sport Canada, however, ensures that this talent and expertise is primarily oriented at meeting the needs of Heritage Canada and its broader corporate mandate rather than the specific needs of the sector and of athletes in Canada. Almost by definition, an external implementation agency can be in much closer contact with the individual Canadians and the sport organizations that make up the broader sport community in Canada than a branch of a federal department.

In terms of sound governance, the Federal government has thirty or more years of experience in implementing external service delivery organizations and agencies. Both the Treasury Board Secretariat and the Auditor General have laid out a set of expectations in this regard which would be implemented by the sport agency including:

1. Ensuring the provision of corporate plans and annual performance reports to the Minister;
2. The use of external performance audits (with the Auditor General of Canada as the external auditor) that are reported to Parliament to ensure that value-for-money is being delivered;
3. The use of recognized evaluation standards in the provision of performance reports; and
4. Strategic monitoring by the department to ensure that the Minister can provide adequate oversight and direction.

Annex I provides a summary table from the Auditor General of Canada that outlines their *Accountability Framework for Foundations*. Note that these accountability requirements are not directly analogous with those of a Special Operating Agency, however, many of the same tenets apply in both cases.

## **B. Official Language Requirements**

- 1. Have appropriate provisions been made for respecting Canada's official languages, as set out in Annex C?**

The key to a successful "One Window" approach will be to ensure that the service delivery organization is an institution in which sport citizens and leaders are governing and that fully represent the multidimensional, multi-regional, and multi-lingual aspects of Canadian society. Canadian athletes come from all corners of the country and it will be critical to ensure that there is home for the full diversity of Canadian citizens in the culture and language of the new service delivery organization.

## C. Results for Canadians

### 1. Does the analysis of costs, risks and benefits provide a compelling business case for the initiative?

Another critical question in looking at implementing new service delivery options is the analysis of the costs, risks and benefits of the new approach in comparison with the existing approach. As mentioned earlier in this report, the structure of Sport Canada ensures that a significant portion of its resources are oriented towards meeting the needs of its bureaucracy (Canadian Heritage and the broader federal agenda) and not necessarily towards the needs of the sector. For example, it is estimated that Sport Canada spends almost 15% of its funding on the delivery of its programs and services. An external implementation organization could focus its funding and attention more fully on the needs of the sector than an organization that is embedded in the broader federal bureaucracy.

The argument for a new sport service delivery organization, however, rests on far more than the potential financial efficiencies that could be realized. Numerous international and Canadian examples have demonstrated the broad range of potential benefits that can be realized by moving to an agency model. For example, an external sport service delivery model has been successfully implemented both internationally (in Australia and Germany, for instance) and provincially in Manitoba. The creation of these service delivery organizations has led to significant improvements in:

- a. Outcomes at national and international sporting events; and
- b. The efficiency and effectiveness of national and provincial sporting organizations simultaneously improving accountability while reducing the burden of paperwork and unnecessary duplication of evaluations functions and reporting.

### 2. Is the impact on service consistent with the needs, expectations and priorities of Canadians?

Right now, for all of the good intentions of its public servants, the first priority of Sport Canada is to address departmental objectives. It is not and cannot be focused on sport performance and participation in the same way that an organization lead by independent governors and staffed by experts in the sporting field would be able to, focusing on delivering results both for and with Canadians. Fundamentally, there are high expectations within the sector and from the Canadian public that the current service delivery mechanism within Sport Canada isn't robust or flexible enough to meet.

Focus needs to be placed on the priorities of the sector and the needs of Canadians. Sport is an enterprise driven through citizen participation and leadership - by the volunteerism of Canadians. Over 70% of the financial resources of the sport sector are earned, and the government provides a

comparatively small component of its financing. It is critical to align public investment in a way that addresses public and sport priorities together.

To summarize, currently there is very little alignment between the Canadian sport sector, which consists of individual Canadians and their families working together to create opportunities and Sport Canada, as an organization, that is focused primarily on the objectives of the department.

### **3. Will the new arrangement increase organizational effectiveness?**

To answer these questions it is important to define what is meant by organizational effectiveness. In particular, it is useful to look at two key components of organizational effectiveness – resources and people.

**Resources** – as discussed in questions 1. and 2. (above), Sport Canada requires a significant investment of public funds simply to deliver on its service delivery mandate. In a new sport service delivery organization some of this funding could be spent directly providing enhanced services and opportunities for the sport sector in Canada. In addition, an external sport service delivery organization would have the capacity to leverage its core funding to attract additional corporate funding and funding from other orders of government (provincial and municipal). The experience in Australia has been that external service delivery agencies are able to mobilize significant external funding support to enhance the quality and range of services that it provides. In particular, it has accessed significant corporate sponsorship and support.

**People** – It is a reality that human resource cycles in the sporting community are very long, with four years between major international sporting events and athlete development cycles that can take a decade or longer from when an athlete first enters the system to the point where they can deliver international results for Canada. This is known as “the 10 year rule of Long Term Athlete Development (LTAD)”. One of the key challenges for Sport Canada is the “churn” that can take place in a government systems over these longer development cycles when, on a fundamental level, opportunities to advance in the public service involve leaving the organization and moving to a different department or agency. By way of example, since 2002 Sport Canada has had 5 different people assigned to the leadership position of Director General.

By contrast, a new sport service delivery organization would be an employer of choice in the global sport sector. It would be able to attract the best and brightest in sport leadership and management in the world. Young leaders in the sport sector in Canada would say that “One day I want to work at the Sport Agency”. This would be a profound cultural shift and departure from the existing situation and ethos.

## D. Citizen-centred Service

- 1. Does the relationship between co-deliverers ensure ease of access for Canadians to a wide range of government services?**

As discussed earlier in this paper, the proposed “One Window” approach will ensure that Sport Organizations and athletes will have a single point through which to access the full range of government programs and services. This same window will be able to connect them to sector delivered/funded services and, potentially, to other sources of funding such as corporate sponsorships.

- 2. Will all those interested or potentially affected be informed of the initiative? Is a consultation process required? How will this be undertaken?**

The idea of developing a sport service delivery organization is not new to the sector. Organizations such as the Sport Matters Group and others have been exploring this idea inside the sector for the past several years.

Recently, the Minister has been articulating his interest in the future of the sport system in Canada. While expressing this interest he has also made it clear that he has a keen desire to receive input from the system. The sport sector, in turn, is providing significant input to the Minister who we anticipate will reflect on the best and most appropriate action to take.

Given the complexity of the potential options, it is laudable that the Minister has chosen to strike a Panel to ensure appropriate consultation and provide additional insight and recommendations.

- 3. Is there a communication plan to make sure that key stakeholders and citizens in general receive complete and timely information about proposed changes?**

Yes, an effective communications strategy will be critical to the success of this undertaking. Ultimately, an undertaking of this kind must be about engaging the sport system, and taking the opportunity to gather input. You can't just make this kind of change behind closed doors, it has to be seen to be an open and transparent process that engages and empowers the sector.

- 4. Are measures in place to ensure continuous measurement and improvement of citizen and client satisfaction over time?**

An important element of the sport service delivery agency will be the implementation of an annual conference bringing together sport leaders and a broad cross section of the sport sector and those sectors where sport has an impact. At this conference and throughout the year, feedback will be

requested to ensure that the new organization is both delivering on its existing mandate and identifying and pursuing critical new opportunities that are of importance to the sector.

**5. Is there appropriate provision for access to information, preservation of government memory and the privacy of Canadian citizens?**

The legal framework of the new organization would be developed to ensure that it respects all the appropriate federal legislation and other guidelines relating to:

- Access to Information;
- Privacy; and
- Preservation of documents and electronic information.

## E. Responsible Spending

- 1. Will a framework be in place to guarantee that Canadian citizens receive value for money and that accountability for the expenditure of public funds and responsibility to Parliament are preserved?**

Again, as observed earlier in this paper, value-for-money in the delivery of sport programming is inevitably tied to strong governance and accountability mechanisms. Many of the same mechanisms that ensure good governance will also provide accountability for the expenditure of public funds including (but not limited to):

- Developing a Strategic Plan (longer term)
- Developing and implementing annual Business Plans to ensure that the Strategic Plan is being realized.
- The development and implementation of an Evaluation Strategy that will form the basis of an annual Performance Report to the Minister.
- Including provisions to ensure that both the Minister and the Auditor General can conduct additional compliance and/or value-for-money audits to ensure that the organization is delivering on its goals and objectives in a manner that is both efficient and expeditious.

The basic operating principle of the organization will be to ensure that as much return on investment and objective as possible is delivered in support of citizen participation, athletes and sport organizations with a minimum of overhead. It should also be noted that the role of the volunteer leadership, where sport excels, provides additional value that has yet to be tapped for alternate and comprehensive service delivery.

## F. Values

### 1. Will the proposed arrangement promote values and an organizational culture that are consistent with public sector values and ethics?

The TBS website lists four key public sector values as follows:

1. **Democratic Values:** Helping Ministers, under law, to serve the public interest.
2. **Professional Values:** Serving with competence, excellence, efficiency, objectivity and impartiality.
3. **Ethical Values:** Acting at all times in such a way as to uphold the public trust.
4. **People Values:** Demonstrating respect, fairness and courtesy in their dealings with both citizens and fellow public servants.

It is useful to look at each of these values in relation to the role of the proposed sport service delivery organization. It is also worth noting that the organizational culture will build on the existing culture of excellence that now underpins the Canadian sport enterprise. The issue of **Democratic Values** has been discussed at length in other chapters of this report. It is useful to note, however, that there are strong governance mechanisms in place to ensure appropriate Ministerial oversight and accountability. There are also a number of formal and informal tools that would be used to ensure that the Minister and Parliament are informed of the activities, outcomes and results of the new organization.

In terms of **Professional Values**, the proposed organization would uphold the same ideals of competence, excellence and impartiality that are the cornerstones of strong public servants. In addition to these values, however, staff would also have the in-depth knowledge of the sector necessary to enable both excellence and efficiency in the delivery of services to the sport sector in Canada.

**Ethical Values** are at the core of any successful organization. The proposed sport service delivery organization would articulate a core set of ethical values that would underpin all of its activities. Canada leads the world in ethical sport development, including the Canadian Strategy on Ethical Conduct in Sport, now known as the True Sport Strategy. It would also develop and implement a clear set of guidelines defining potential areas of conflict of interest and articulating the manner in which any potential conflict will be addressed.

Finally, the organization will put a strong focus on **People Values** with a particular emphasis on ensuring that the organization respects basic issues of human rights and fairness, such as equity and language rights.

Other service delivery organizations such as the Canada Revenue Agency, which has maintained its ability to deliver apolitical advice to the Minister while delivering service excellence, and through the adoption of a management by values emphasis on high performance and organizational flexibility.

**2. Is there confidence that the expected organizational culture (including a framework of values and ethics) will materialize?**

Certainly there are risks associated with the transition to a new organizational structure. Examples of where such shifts have taken place provide a high degree of confidence that this transition will be successful, for example Sport Manitoba and the Australian Sports Commission. In addition, this organization would build from the culture and ethics that have emerged in Canada's sport system, in such places as Own the Podium for example, so the organizational culture is not a blank page but would build on this existing successes.

**3. Have human resource issues been thoroughly considered, including public servant mobility, union considerations, successor rights, continued employment offers, recall rights (in the event that employees are terminated), compensation, and pension?**

One of the critical issues surrounding any move towards a new service delivery model are the myriad of potential human resource issues such as compensation, pension, union considerations and many others. In order to address these challenges, the proposed organization would work to implement best practices that have emerged from past organizational changes of this kind. In particular, every effort would be made to ensure that individuals who currently work on service delivery and implementation issues in Sport Canada have the opportunity to move to work with the new service delivery organization.

Fundamentally, the new organization would make the commitment and would do whatever is necessary to ensure that individuals or groups are not negatively impacted by the proposed organizational change.

**4. Will the initiative contribute to federal government identity and visibility?**

This proposed organizational shift could pay significant dividends for the Federal government. In many ways the Government has attained very little impact in the public eye for the increases in funding to Sport Canada over the past few years. By creating a new organization with greatly enhanced visibility it will be much easier to profile the benefits of government investments and policy on Canadian athletes and the country.

**5. What will the impact be on the Public Service of Canada as a coherent national institution?**

There will be no impact on the Public Service as a coherent national institution as Sport Canada will continue to exist as a policy making body in the constellation of federal departments and agencies.

## Annex I: The Auditor General’s Accountability Framework for Foundations

Element	Description
<b>To ensure accountability to Parliament</b>	
<b>Reporting to Parliament and the public</b>	
Corporate plans	Plans including objectives, strategies to be pursued, and expected accomplishments should be made public and tabled in Parliament. Provision for an initial corporate plan and an update at least every three years would be reasonable. <i>The significant results expected from the relevant foundation should be situated within the department's overall plans and priorities in its Report on Plans and Priorities.</i>
Annual performance reporting, including audited financial statements	Timely, appropriate, and credible information on the extent to which the <i>foundation</i> has accomplished its federal policy objectives, and at what cost, should be reported to the ministers responsible, Parliament, and the public in an annual report or a departmental performance report, as appropriate. <i>The significant results achieved by the foundation should be situated within the department's overall results, reported in its Departmental Performance Report.</i>
Evaluation results	The findings from independent evaluations should be tabled in Parliament.
<b>External audit and evaluation regime</b>	
<i>Performance</i> audit reported to Parliament	In <i>foundations</i> , the external auditor should carry out attest, compliance, and <i>performance</i> audits. In all cases, audits would be reported to the board of directors, the sponsoring minister, and Parliament.
Evaluation standards	Sponsoring departments should ensure that evaluations commissioned by foundations pursuant to legislation or funding agreements apply recognized evaluation standards.
<b>Ministerial oversight</b>	
Strategic monitoring mechanisms, including compliance audit	Strategic monitoring by the sponsoring department should be in place to ensure that timely information is available on stewardship, the results achieved, and overall compliance with terms and conditions.
Procedures to deal with non-performance	Reasonable provisions should be in place to deal with non-performance of the <i>foundation</i> , and termination, if needed.  <i>In foundations</i> , the government should be able to intervene in the exceptional case where the public purpose of the arrangement is clearly not being met or circumstances have changed considerably since the creation of the arrangement. In the event of termination, or windup for any reason, the federal government should be able to recover any remaining federal moneys.