

Crises in Norwegian Olympic Committee and Confederation of Sports – lack of trust and cooperation

Berit Skirstad

Norwegian University of Sport and Physical Education

Introduction

Norwegian organized sport has a long history of 143 years since it was established. The Norwegian Olympic Committee and Confederations of Sports (NOC) merged into one umbrella organization for all organized sport in 1996. At the moment the organization is in the midst of a crisis and an extraordinary general assembly was called for April 16-17, 2004. The co-operation between the public represented by the Ministry of Culture and Church to where sport belong, and the NOC has been tense. The President of NOC and its general secretary resigned February 17, 2004 because of the economic situation, a deficit of 4.4 million Euros (35.9 million NOK) and a negative own capital of 5.5 million Euro (NOK 45 million). The president has been in the job since 1999, and was re-elected in May 2003 for another 4 year period. He was a former Director of a big bank in Norway, and he was elected on the basis of having good control with the finances. The general secretary has also been there for the whole period. Such a situation has never happened before. In the beginning the scapegoat was the Minister of Culture and Church Affairs for not giving the NOC all the money they thought they were getting as a compensation of the value added tax, VAT. The administration had calculated with more than 3 million Euro extra from VAT in order to cover up for some of their expenses. The extraordinary general assembly was called upon after the sport district associations asked for it. The rules state that if 40 representatives with voting rights present at the previous general assembly asked for a extraordinary general assembly this has to happen (NIF 2003, § 3-6). This paper will try to analyse the cause of this crisis.

Methods

I have tried to cover what was written in the media about the crises in the NOC which led to the resignation and the extraordinary general assembly. The accounts for 2001, 2002 and 2003, documents prepared before the extraordinary general assembly and the report of the audit committee were studied and the extraordinary general assembly was studied. Informal talks with the representatives have added to the picture as well.

Results

In the interim period, the first vice-president a female was functioning as a president. This is the first time in history that the organization has had a female head. The immediate reaction by the functioning board was to save almost 2 million Euro (16 million NOK) each year for the next three years. The saving scheme that was announced after a month was 29.9 man labour year. In the discussion where to save the money some of the old conflicts come up to the surface. Several actors have announced that the savings must be in reducing the number of paid positions in the central organization, which has just exploded. Sentralizing and professionalizing are development trends that have happened in the voluntary sector as a whole (Selle & Øymyr 1995), and the organized sport is no exception. This has resulted in a big bureaucracy in NOC, 90.6 persons employed inclusive 9.5 positions in top sport by March 1st, 2002 (Kultur- og kirke departementet 2003). The number of employees has almost doubled the last 13 years. In the 1990-ties the number of employed positions in Norwegian Sport should not be more than 50.

The situation for NOC is serious, and in principle the organization is insolvent. The only reason why the organization can continue is that public grants make up for 80% of the budget. This implies that the ministry accepts that part of the money can be used to build up NOC's own capital. This means that the NOC is much more tied to the priorities and the guidelines in the letter of award from the ministry. This situation is created because the expenses have been greater than the income for a long time. The sponsor income have been overestimated and at least three years of accumulated excess consumption.

The administration has had too wide power of attorney, and loans for more than 1 million Euros have been given to a sponsor firm, OnTarget, owned 20 % by the NOC without asking the board. No routines of reporting to the board about the risks and economic consequences have been done. This must be improved in the coming year and the ministry will follow up. In addition production loan and payment guarantees were given to OnTarget. The white paper (St.meld. nr 14 (1999-2000)) states that the money received from the ministry cannot be used on companies maximizing profit. NOC is both an owner and a customer in this company, and that makes confusion about whose interests count. VAT- compensation and IT-costs are two other important ingredients in the crisis. An independent investigating committee headed by the most known Prof. Dr. in sport and law is appointed.

Discussion and conclusion

The extraordinary general assembly was more united than what is usual in order to give an impression of trust and ability to solve the current crises in sport. For both the sport federations and the district associations it is necessary to restore their legitimacy towards the ministry. This specific case should be a reminder for all taking on voluntary positions in sport. Many seemed to have slept while things have been manipulated in the accounts. The income of selling the right to use the Olympic rings e.g. to OnTarget for a period of 10 years had been put in the first year in the account to make it look better in stead of making it periodical.

Most representatives agreed upon electing a president with good knowledge of the voluntary sport organization and own experience from the same organization. The elected president was the former president of the handball federation, who had managed to turn a deficit in that organization to a surplus, and he had also managed an organizational change both in the handball federation and in his civil job. It will be important for him in the future to unite top sport and sport for all and also a reorganization of the NOC is unavoidable. "It is not him, but the whole organization that shall solve the problems", he stated in his inaugural address.

References

NIF 2003: Lovhefte revidert etter vedtak på Idrettsstinget 2003

Selle & Øymyr (1995): Frivillig organisering og demokrati: det frivillige organisasjonssamfunnet endrar seg 1940-1990, Det norske Samlaget, Oslo

Kulturdepartementet (2000): Stortingsmelding nr. 14 (1999-2000): Idrettslivet i endring. Om statens forhold til idrett og fysisk aktivitet. Oslo

Kultur- og kirke departementet (2003): Finansiering av statlig idrettspolitik. Kartlegging, vurdering og forslag til tiltak for bedre måloppnåelse.

Contact co-ordinates author

Berit Skirstad, e-mail: berit.skirstad@nih.no