

# SPORTS FOR ALL



Australian Government  
Australian Sports Commission

## SPORT GOVERNANCE PRINCIPLES

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# PURPOSE OF THE SPORT GOVERNANCE PRINCIPLES

Underpinning the access to, and enjoyment of, sport is the commitment and effort of sporting organisations across Australia. In order to help these sporting organisations to deliver more positive sport experiences more regularly, we are pleased to release the updated Sport Governance Principles. This document reflects the evolution of sport governance over the preceding decade.

Sport is a key element of a cohesive and thriving national community. It is a tool for achieving outcomes in areas such as education, health, leadership development and fair play, and is unrivalled in its ability to link heart, mind and body, to connect individuals and to inspire communities. Increasingly, all sporting organisations are being held accountable for their governance. Governance is not only relevant to large national sporting organisations; it is important for all organisations in our sector. It is for this reason that these Sport Governance Principles were co-designed through a whole-of-sector engagement. The clear message throughout the co-design was that no matter the size or maturity of the sporting organisation, there was a need for educational and accessible principles to help guide organisations to good governance. There was also a clear need for the Sport Governance Principles to link to education, support and resources to transition the theory into practice.

These principles can be used throughout the Australian sport sector, from small local clubs to large national organisations, but the details and explanations tend to be most applicable to national sporting organisations and state/territory sporting organisations. Given the diversity of the sport sector, the language used throughout the principles might not align with or always be directly relevant to every sport and organisation. A list of terms can be found in the Glossary, but it is worth highlighting the interchangeable nature of some of the key terms: 'Board' (aka, board of directors; committee of management, council, committee), 'Director' (aka, board member, committee member), and 'CEO' (aka, executive director, general manager). For organisations that do not have a CEO, some sections may be less relevant but, equally, this role could be filled by directors or other volunteers in the organisation.

It is important to remember that good governance is never static or fully achieved. As the leaders governing sport we have an ongoing opportunity to change, to transform and to be better, but we need to be selfless, determined and focused on our purpose. These are attributes we expect of our elite athletes. They are also the attributes we see in our volunteers, grassroots participants and supporters. These Sport Governance Principles seek to support those who govern sport to perform at a high standard as we look to modernise and continually embed good governance in sport in Australia. These principles, as well as a full list of interactive tools, resources and education, can be found on the **sport governance website**.







### The startline

**This section provides a basic understanding of sport governance**

Governance is the system by which organisations are directed and controlled. It is the way in which expectations are made clear and the culture of the organisation is modelled.



### Principle 1

**The spirit of the game—values-driven culture and behaviours**

An organisation's culture and behaviours should be underpinned by values which are demonstrated by the board and embedded in its decisions and actions.



### Principle 2

**The team—aligned sport through collaborative governance**

Across a sport, boards should work together to govern collaboratively and create alignment to maximise efficient use of resources and implement whole-of-sport plans.



### Principle 3

**The gameplan—a clear vision that informs strategy**

The board is responsible for overseeing the development of the organisation's vision and strategy as well as determining what success looks like.



### Principle 4

**The players—a diverse board to enable considered decision-making**

A board should be a diverse group of people who, collectively, provide different perspectives and experience to facilitate more considered decision-making.



### Principle 5

**The rulebook—documents that outline duties, powers, roles and responsibilities**

An organisation should clearly define and document its structure and the duties, responsibilities and powers of members, directors, committees and management.



### Principle 6

**The playbook—board processes which ensure accountability and transparency**

Through effective processes and continual review of its performance, the board is able to demonstrate accountability and transparency to its members and stakeholders.



### Principle 7

**The defence—a system which protects the organisation**

To proactively protect the organisation from harm, the board ensures the organisation has and maintains robust and systematic processes for managing risk.



### Principle 8

**The best and fairest—a system for ensuring integrity**

An organisation should have measures and protocols to ensure integrity of the sport and safeguard its participants.



### Principle 9

**The scorecard—embedded systems of internal review to foster continuous improvement**

The board must have an appropriate system of internal controls to enable it to monitor performance, track progress against strategy and address issues of concern.



### The game is changing

**Contemporary governance structures**

Sporting organisations should regularly consider how their governance structures allow them to best achieve their purpose and respond to the challenges of a changing environment.



### Glossary and definitions

**Common governance terms**

Sport Australia Standards for Funded National Sporting Organisations.

# THE STARTLINE

Stepping onto the field for the first time is daunting for a participant. What is the purpose? What are the rules? Who is on my team? What is my position? What is the spirit of the game? Being a director or a CEO, no matter the size or complexity of the organisation, can raise the same questions. This section provides a basic understanding of sport governance and is complemented by the Glossary.

What is governance? An internet search will bring up many definitions of governance. These definitions are often more confusing than helpful because of the amount of information and the complexity of the terminology. At its most basic, governance is the system by which organisations are directed and controlled. It is the way in which expectations are made clear and the culture of the organisation is modelled. The following lists further clarify what governance is and is not.

**GOVERNANCE IS:**

- The 'brain'—the thinking and monitoring part of an organisation
- Leadership in terms of purpose, strategy and values
- The structures and processes for decision-making in an organisation
- Ongoing, deliberate and proactive
- A set of checks and balances for managing risks
- A method for evaluating organisational performance

**GOVERNANCE IS NOT**

- The 'body'—the doing and running of an organisation
- A recognition of long-term service to a sport
- An organisation's day-to-day and week-to-week activities
- A secondary, sporadic thing to be done when time permits
- A reactive process when things go wrong
- Box-ticking to receive funding

Good governance does not guarantee success; however, poor governance almost certainly guarantees failure. Much like a coach develops a training plan and goals for a team, governance helps set the purpose for an organisation, its vision and how it will get there. For a gameplan to be effective, it is important to know the objective, the rules, the team members, and the team's approach. The same applies in governance.

**WHAT'S THE OBJECTIVE?**

Governance is having the processes and systems to enable good decision-making to help our organisation achieve its purpose. It is also about setting and exemplifying our agreed values and behaviours both individually and collectively.

**WHAT ARE THE RULES?**

When governing, we must follow a set of rules. These rules are determined by legislation and the constitution agreed to by our members. The rules include policies and procedures which outline what we can and cannot do.

**WHO'S ON THE TEAM?**

Our governance team includes the board of directors and, where there is one, the CEO, with the support of members. We all have different roles to play including holding each other to account in achieving the best for the organisation. These roles are described more on the next page.

**HOW'S IT PLAYED?**

Our agreed values underpin our culture and guide our behaviours. Our culture is exemplified through our trust in each other and the confidence that comes from the support of our teammates.



## THE GOVERNANCE TEAM

### MEMBERS

- Who the organisation exists to serve
- Granted powers under the constitution
- Elect directors to the board and approve major changes to the organisation

### BOARD

- The group of directors who hold ultimate responsibility for the organisation in accordance with the constitution
- Makes decisions based on what is in the best interest of the organisation and its members
- Sets, approves, and is accountable for the vision and strategy of the organisation

### DIRECTORS

- Individuals elected or appointed to serve on the board
- Have personal legal duties and responsibilities to the organisation
- Come together to make decisions as the board
- Exemplify the moral, ethical and behavioural expectations of the organisation and all its stakeholders

### CEO

- An individual hired by the board to implement the organisation's strategy
- Directs and oversees the day-to-day operations of the organisation
- Is responsible to the board and provides information to help the board monitor progress and make decisions

## WHY IS SPORT DIFFERENT?

Governance is a part of every organisation. So why do we need a specific set of principles for the governance of sport? The characteristics of sport which produce a different governance environment to that of the corporate or not-for-profit sector are outlined below.

### UNIQUE STRUCTURES

- There are often interdependent relationships between organisations within a sport
- Most commonly found in the federated model (national, state/territory, clubs)

### LONG HISTORIES AND TRADITIONS

- Many organisations have long-standing traditions which can make change difficult
- Sport is reliant on volunteers who fulfil multiple and often conflicting roles
- Traditionally in Australia, sport has grown from within communities or the ground up

### PASSION

- Even experienced directors can make decisions with their heart rather than their head
- The desire for on field success can override good governance practices
- Directors often have an emotional connection to and investment in the sport they are involved with

### A VARIETY OF PURPOSES

- A single organisation can have many conflicting priorities, with a tension between high performance success and participation growth
- For some sports, this includes considering its role as an entertainment or lifestyle product
- Sports have a broad range of stakeholders.

# PRINCIPLE 1

## THE SPIRIT OF THE GAME—VALUES-DRIVEN CULTURE AND BEHAVIOURS

An organisation's culture and behaviours should be underpinned by values which are demonstrated by the board and embedded in its decisions and actions.

### QUESTIONS TO ASK

- As the leaders of our organisation, do we have known, shared and agreed values which underpin our culture?
- How do our decisions and actions contribute to the attainment of our purpose and reflect our values and agreed behaviours?
- How do we lead our sport in values-based behaviour?
- Do our values contribute to good governance by promoting trust, confidence and collaboration?
- Do I reflect on my own behaviour, the impact I have on others and the way decisions are made?
- How do we call out behaviour which goes against our values?

### BENEFITS

- There is a set of shared and agreed values that encourages collaborative relationships with all stakeholders.
- There is a culture of values-driven behaviour that leads to better decisions being made at all levels of the organisation.
- The organisation is better able to attract and retain skilled people because of its culture.
- It is easier to assess and address whether an individual's behaviour is in line with the organisation's values and culture.
- There is decreased likelihood of misconduct.

### BEHAVIOURS, CULTURE AND VALUES

People bring the policies and structures of governance to life. While policies and structures are an important part of governance, they are only meaningful if they are implemented, enacted and enforced by people within the organisation. As such, governance occurs through the behaviours and actions of individuals. For example, this could be a director reminding their peers at the start of a meeting to declare their conflicts of interest.

Individual behaviours are partly driven by culture; culture being an organisation's shared values and beliefs. Values are intangible guides to how an individual is expected to behave. A shared set of values, and the resulting culture, outlines what behaviours are and are not acceptable. Describing and measuring an organisation's culture can be difficult because of its abstract nature. Culture is not the ticking of boxes; it is lived and breathed, and influences all aspects of an organisation.

### GOVERNANCE AND THE ROLE OF THE BOARD

Governance is impacted by culture. For example, a culture which fosters constructive communication between directors leads to more considered decision-making. Conversely, a passive or reactive culture may mean directors do not consider all decisions with the same level of rigour, leading to ill-informed and ill-considered decisions.

The relationship between behaviours, culture and governance is not simply one way. Governance, while influenced by culture, also shapes culture. As the leaders of an organisation, a board and its directors can influence culture and behaviours by defining and modelling organisational values. This occurs in the way the board works with the CEO, represents the organisation and makes decisions. Additionally, clearly articulated values provide an objective and shared reference point for discussing, assessing and challenging culture and behaviours.

### WHAT SHOULD OUR VALUES BE?

There is no right answer, but they should reflect current or changing societal expectations. Values should be, and are, specific to each organisation. However, values should be developed in collaboration with members and with the future in mind.

## EXAMPLE BEHAVIOURS AND ACTIONS

### BOARD

- Assess options against organisational values as part of the decision-making process
- Regularly review the values to ensure they are current and relevant
- Recognise examples of value-driven behaviour within the organisation
- Ensure the induction process for directors includes a discussion of values and expected behaviours

### DIRECTORS

- Reflect on how behaviours and actions exhibit the values
- During meetings, ask whether proposed decisions are in line with and demonstrate organisational values
- Challenge fellow directors, staff and volunteers for acting in contradiction with the values

### ORGANISATION

- Publishes and refers to its values in major documents (i.e., strategic plan, annual report)
- Undertakes and acts on cultural assessments
- Calls out and acts when individuals behave in a way that contradicts the values
- Ensures the induction and performance management process for staff and volunteers includes meeting values and expected behaviours

### CEO

- Acts in a way that exemplifies the values
- Provides the board with honest assessments of organisational culture from both internal and external stakeholders

## RECOMMENDATIONS

- Develop a set of values and behaviours in consultation with all stakeholders.
- Publish, state and refer to values as a part of 'business as usual'.
- Document and discuss values and behaviours as part of an induction process.
- Ensure a values criterion is part of the board's assessment of decisions.
- Annually evaluate the directors, chair and CEO on their modelling of the organisation's values.
- Conduct a periodic culture survey of the organisation, with results published, actions documented and progress communicated.

# PRINCIPLE 2

## THE TEAM—ALIGNED SPORT THROUGH COLLABORATIVE GOVERNANCE

Across a sport, boards should work together to govern collaboratively and create alignment to maximise efficient use of resources and implement whole-of-sport plans.

### QUESTIONS TO ASK

- How does our board build and maintain relationships with other boards?
- Are we considering what's best for the sport, its members and participants?
- How do we plan and communicate as whole of sport?
- How do we ensure our collaboration and consultation is meaningful and enduring?
- What areas of organisational development, resource utilisation and delivery of our sport can we collaborate on?
- How do we recognise and embrace the diverse priorities of the organisations within our sport?

### BENEFITS

- The experience of participants and other stakeholders is enhanced, with aligned communication and shared access to information and resources.
- There is a greater return on investment of time and money by being aligned in functions, systems and processes.
- A united voice and coordinated delivery method allows the sport to activate the strategy.
- There is long-term financial sustainability and reinvestment in strategic priorities because of efficient strategic and operating frameworks.
- Across the sport, each organisation can proactively identify opportunities to achieve strategic objectives.

Like the rest of society, sport is constantly challenged by external influences and market forces. Sport organisations must adapt to the environment and cater for new trends. This is achieved best by collaborating across the whole of sport.

### WHAT IS GOVERNANCE ALIGNMENT WITHIN A SPORT?

Collaborative governance is the term used to describe the need for boards in a sport network to interact and develop a whole-of-sport vision. To achieve this, boards within the same sport engage in collective decision-making that is formal, consensus-oriented and deliberate. This decision-making process provides the foundation for an aligned vision across the whole of sport with a common purpose for implementing strategy and associated policies.

### WHAT IS ALIGNMENT AND HOW CAN ALIGNMENT LEAD TO SHARED EXECUTION?

Alignment describes how the organisations within a sport work cooperatively and collaboratively to benefit the sport. There is no singular model for achieving alignment as sports differ in many areas. Alignment within a sport can refer to areas such as branding, digital, commercial, strategy, finances, workforce, and participation program design and delivery. Alignment enables a sport to become more effective and efficient in the delivery of the sport, and ultimately improve the experience for the sport's stakeholders.

Success of alignment and shared execution fundamentally relies on enduring cooperation, collaboration and, above all, the collective will of the boards in a sport network to promote the importance of alignment. Though one organisation, due to capacity, may be the primary facilitator of an alignment process, the outcomes must be developed and agreed upon by all parties, with the participant experience at the front of mind.

### HOW CAN BOARDS LEAD ALIGNMENT?

Boards should apply an objective and inquiring mind, devoting appropriate and quality time to considering matters relating to alignment. As the leaders of an organisation, boards make impactful decisions. The board can, in making these decisions, deliberately and actively decide to align services and functions with other organisations within the sport. The board can also promote and advocate for alignment through the direction of resources. Furthermore, directors of the board can engage in formal and informal collaborations with other stakeholders to seek out potential areas of alignment, design an implementation strategy and approve these actions to help create an aligned sport. Therefore, the benefits of alignment and shared execution must be identified and articulated by boards. Boards have a responsibility for overseeing the strategy, but also for ensuring the future security and health of the organisation.

## EXAMPLE BEHAVIOURS AND ACTIONS

### BOARD

- Actively engage in their sport network to share ideas and build and implement a cohesive vision and strategy for the sport
- Recognise where decision-making and approvals may influence other organisations within the sport and seek their feedback and insights
- Transparently communicate with members about changes which affect them or require their approval

### DIRECTORS

- Engage peer to peer with other directors to share ideas and build a cohesive strategy for the sport
- Sit on working groups across the whole of sport and transparently liaise between the working group and the board
- Ask 'how do these changes benefit our organisation?' and 'how do they affect our colleagues?'

### ORGANISATION

- Facilitates and encourages regular communication between boards and executives across the sport
- Implements aligned systems and processes
- Collaborates with other organisations to develop and deliver grant and facility proposals

### CEO

- Organises and attends informal CEO forums where the CEOs from a sport share successes and challenges in implementing shared strategy
- Identifies opportunities for shared systems across the sport and recommends these to the board for approval

## RECOMMENDATIONS

- At the national level, the different forms and disciplines of a sport should all sit within one entity, from juniors to high performance.
- The legal entities of a sport should agree upon objects and purpose and include these in their constitutions.
- The legal entities of a sport should collaborate to develop shared strategic and operational plans. These should be designed in a way to facilitate shared execution while recognising the needs of different geographic areas.
- The legal entities of a sport should identify and implement opportunities for aligned and integrated structures, systems, processes and reporting mechanisms.
- Strategic working groups should be established involving key personnel with relevant expertise from across the sport as part of the strategy formulation and execution process.

# PRINCIPLE 3

## THE GAMEPLAN—A CLEAR VISION THAT INFORMS STRATEGY

The board is responsible for overseeing the development of the organisation's vision and strategy as well as determining what success looks like.

### QUESTIONS TO ASK

- Why does our organisation exist? What are we trying to achieve? Is this documented and published?
- Would all members and directors know and agree on the vision of the organisation?
- Do we have a strategic plan that is aligned with our purpose and vision?
- How does the board ensure it makes decisions in line with our strategy?
- How does the board communicate decisions in the context of the approved strategy?
- Does the sport have an aligned strategic plan, particularly across national and state levels?

### BENEFITS

- Good strategy ensures organisational resources are used in a coordinated manner for maximum return.
- A clear strategic plan means organisations can be proactive rather than reacting to situations as they arise.
- There is consistency in board decision-making.
- Staff and volunteers are more effective as they have clear targets to work towards.
- Members understand the direction of the sport and feel connected to the outcomes.

### WHAT ARE OBJECTS AND PURPOSE, VISION, AND STRATEGY?

The objects and purpose of an organisation, found in the organisation's constitution, are usually quite broad. The objects and purpose provide legal permission for the allocation of resources towards the stated objectives. Vision outlines what an organisation is specifically trying to achieve, while the purpose describes what the organisation does. Strategy is the way in which an organisation will achieve its objects, purpose and vision.

### WHY IS STRATEGY AN IMPORTANT PART OF GOVERNANCE?

Strategy connects the objects, purpose and vision with the organisation's operations and activities. A clear strategy guides the organisation and provides a framework for decision-making. When making decisions about investment, particularly large and impactful decisions, an effective board will ask how the proposed course of action contributes to the achievement of the strategy.

### WHAT IS THE ROLE OF THE BOARD WITH RESPECT TO VISION AND STRATEGY?

A board leads a vision which is activated through good strategy developed in consultation with members. The scope of strategy may vary from organisation to organisation. Well-resourced organisations may have an ambitious strategy focused on growth requiring significant investment. Organisations experiencing difficulty may be better served with a strategy focused on consolidation or returning to stability.

The board should explore and understand the interests, aspirations and requirements of its members and stakeholders, to develop a strategy for the organisation which is aligned with the overall strategy of the sport. The strategy should offer all stakeholders a clear picture of what success will look like for the organisation and how success will be measured by the board. The strategy should be reviewed annually by the board. Regardless of the method of development, it is the board which ultimately is responsible for monitoring the progress of the strategy.

## EXAMPLE BEHAVIOURS AND ACTIONS

### BOARD

- Discuss and review the vision of the organisation to ensure it remains relevant as a guiding statement
- Consider the organisation's environment, resources and risk appetite when developing and approving a strategic plan
- Draw on internal and external sport expertise when developing and evaluating the execution of strategy

### DIRECTORS

- Use knowledge, expertise and experience to inform the board's discussion on strategy
- In boardroom debates, ask how a proposal relates to the organisation's strategy

### ORGANISATION

- Collaborates with critical partners to develop an aligned strategy
- Publishes the strategic plan and develops mechanisms for regular, published reports on progress

### CEO

- Provides the board with the information it needs to formulate strategy
- Communicates the purpose and strategy to staff and volunteers
- Creates an annual operational plan for board approval which progresses the strategic plan

## RECOMMENDATIONS

- The board approves a four-year strategic plan which is reviewed annually.
- The board approves annual operational plans and budgets.
- When developing strategy, incorporate input from member bodies and other key partners.
- Proposed strategy is specifically considered against the organisation's risk framework.
- The board reviews an evidence-based business case which incorporates budget, risks and accountabilities prior to making major decisions.

# PRINCIPLE 4

## THE PLAYERS—A DIVERSE BOARD TO ENABLE CONSIDERED DECISION-MAKING

A board should be a diverse group of people who collectively provide different perspectives and experience to facilitate more considered decision-making.

### QUESTIONS TO ASK

- Do we have diversity in age, gender, cultural and linguistic background and geography, on the board?
- How do we ensure our board has the skills needed to implement our strategy and provide effective oversight to achieve our vision?
- Are all our directors representing the organisation and its interests and not acting in favour of personal or other interests?
- How do we promote vacancies to actively seek diversity of directors?
- Does the director nomination, appointment and election process consider diversity?
- What opportunities exist to bring diversity to the leadership of our sport (e.g., committees or workgroups)?

### BENEFITS

- Better decisions are made by the board due to a more robust debate informed by diverse perspectives.
- Diverse boards can help attract new participants to the sport by highlighting opportunities the board may not have considered.
- Succession planning can help prepare a board for a smooth transition between directors and retain corporate memory.
- Boards can make better decisions because they contain a mix of elected and appointed directors and can balance institutional knowledge with fresh perspectives.
- Boards can draw on ideas and insights from other sports or industries during the decision-making process.

### WHAT SHOULD A GOOD BOARD LOOK LIKE?

Boards are best able to fulfil their roles and responsibilities when the directors have a diversity of skills, perspectives and backgrounds and a culture that values this diversity. This diversity of perspective means the board is more likely to consider different options, risks and implications leading to more informed decision-making.

The differences in size and capability across sporting organisations means there is no single formula for how a board should look. Each organisation should aim to have a board which reflects its needs and goals. Some areas of expertise will be generic to all boards (e.g., finance, law, governance) while other expertise will be more dependent on the strategy of the organisation and the skills and experience it needs to execute the strategy at a particular time (e.g., digital transformation or high performance). Board composition should also consider gender, age, and cultural and linguistic background, as well as geographic location, independence from the sport and professional background.

### HOW DO WE GET THE 'RIGHT' PEOPLE ON THE BOARD?

The priority in board composition is building the best board, not assembling a group of the best individuals. A narrow focus on who would be the 'best' director can lead to missing out on the 'right' director. Good boards will have a mix of elected and appointed directors. Elected directors are selected by the members through a voting process, while appointed directors are selected by the board. A robust nominations process, with a nominations committee where appropriate, has an important role in supporting and educating members to understand how the skill and background of the nominees for election will contribute to the board's functioning and achievement of the strategic goals.

### WHAT ARE SOME RED FLAGS?

Within a sport, directors should only sit on the board of one organisation at a time. That is, an individual should not be on a state and national board of the same sport. Furthermore, while experience within a member body can be a valuable perspective, this experience in and of itself does not mean an individual would be a suitable director. It is also recommended that an ex-CEO should not become a director for at least three years to allow a new CEO the autonomy to take on the role.



## EXAMPLE BEHAVIOURS AND ACTIONS

### BOARD

- Should decide who would be the right person to chair the organisation
- Consider the recommendations of the nominations committee when appointing directors
- Discuss and arrange for succession planning for directors and the CEO

### DIRECTORS

- Actively encourage fellow directors to contribute to boardroom discussion and ask questions
- Provide accurate self-reflection about their skills and experience
- Disclose actual, potential or perceived conflicts of interest
- Consider the skills and diversity needs of the board when appointing directors
- Regularly discuss contingency plans for the CEO's departure or prolonged absence

### ORGANISATION

- Appoints potential future directors to committees to upskill and prepare them for a board position
- Identifies the skills needed for directors based on the strategic plan

### CEO

- Regularly discusses contingency plans for extended absence with the board
- Actively engages in conversations regarding succession and succession planning with the board

## RECOMMENDATIONS

- The board should regularly conduct skill and composition evaluations and act upon these findings.
- The board, while ensuring the prevailing criterion for election is eligibility, skills, expertise and experience should be composed in a manner such that no gender accounts for more than 60 per cent or less than 40 per cent of the total number of directors.
- The board should elect its chair from among the directors.
- A nominations process, which may be led by a nominations committee, should be used to independently assess and review the skill and capability of the board and identify the right directors for any vacancies.
- All directors should be independent.

# PRINCIPLE 5

## THE RULEBOOK—DOCUMENTS THAT OUTLINE DUTIES, POWERS, ROLES AND RESPONSIBILITIES

An organisation should clearly define and document its structure and the duties, responsibilities and powers of members, directors, committees and management.

### QUESTIONS TO ASK

- Have we documented how we govern?
- How does our structure ensure members and directors can fulfil their duties under the relevant incorporating act now and in the future?
- How do we ensure our constitution is aligned with contemporary governance practices?
- How much authority and power should be delegated to the CEO and how do we determine and review this?
- What committees are needed and appropriate for our organisation?

### BENEFITS

- Organisations meet their legal and regulatory obligations, and responsibilities for fulfilling these are clear and documented.
- There is more time to focus on the direction and oversight of the organisation as rules and structures result in the systematic and efficient handling of procedural matters.
- Staff operate efficiently as they understand their level of autonomy and will engage the board where necessary.
- Board committees provide a value-add to the governance of the organisation as they exist for a specific purpose and operate under regularly reviewed terms of reference. They provide an important learning opportunity for people considering board membership.

### WHY ARE GOVERNANCE DOCUMENTS IMPORTANT?

Just as the rules of a sport outline how a sport is played, a set of documents outline the rules for governing an organisation. These documents should provide a clear set of rules about when things happen and how things are done. Additionally, a good set of governance documents explicitly outline the duties, responsibilities and powers of members, directors and management. These rules are in place regardless of who is in charge and ensure continuity in the organisation.

### WHAT DOCUMENTS ARE NEEDED?

The two most important documents are an organisation's constitution and the legislation under which an organisation is incorporated. Every constitution should outline an organisation's objects and powers, members and membership conditions, board structure, director appointments, meeting procedures, management of company documents, auditors, accounts, indemnity and insurance of directors, and the process of winding up. The incorporating act may also impose requirements concerning the duties of directors, powers of members, meetings and meeting procedures, and other critical information which binds the organisation and should therefore be considered. Organisations may also have a set of regulations, which are usually created under a power located in the constitution. These provide more detail or specifics on areas outside the fundamental governance matters found in a constitution.

Generally, a combination of the constitution and the incorporating act will divide duties, responsibilities and powers between members and the board. However, the board may wish to delegate some of its powers to management or committees. These delegations should be explicitly outlined in writing in a delegated authority document for management and a terms of reference for each committee.

### WHY IS DOCUMENTATION IMPORTANT?

Unclear, incomplete or poor documentation can lead to serious problems. As an extreme example, some sports have ended up in costly legal battles over who is actually a director of the organisation because of different interpretations of the constitution. Furthermore, confusing or poorly written documents can lead to conflict because of perceived overlaps in the duties, responsibilities and powers.

Ultimately, these documents are both the rules of an organisation and a reference point for members, directors and management. People should be able to read these documents and understand what responsibilities they have and when they are expected to fulfil them. Also, these documents provide the foundation for both raising and resolving disputes and so must be written as clearly as possible.

## EXAMPLE BEHAVIOURS AND ACTIONS

### BOARD

- Discuss the effectiveness of the structure in meeting the sport's current and future needs
- Refer to and use the governance documents regularly to ensure the board is conforming to its rules
- Develop and adhere to a board calendar that outlines when documents are reviewed

### DIRECTORS

- Regularly review documents (e.g., constitution, regulations, terms of reference)
- Engage in learning and development regarding governance, legislation and contemporary practices
- Challenge 'it's always been done that way' attitudes

### ORGANISATION

- Consults with members regarding structural changes which may impact their rights and responsibilities
- Seeks alignment across governing bodies of the sport
- Refers to and uses the governance documents to ensure the organisation is meeting its responsibilities

### CEO

- Adheres to the delegations set by the board
- Works with the chair to prevent director involvement in operational activities and matters
- Ensures sufficient flow of information from management to the board

## RECOMMENDATIONS

- Organisations should be incorporated under the legislation which best fits their size and needs.
- The board is responsible for all powers and responsibilities of the management of the organisation aside from those duties and powers required to be held by members by the constitution or incorporating act.
- The board structure should reflect contemporary understanding of effective board structures around independence, term limits, rotation systems and appointment methods. These structures include:
  - Size of five to nine directors
  - All directors should be independent
  - A mix of elected and appointed directors
  - Staggered rotation system
  - Maximum tenure of 10 consecutive years
  - Three-year cooling-off period.
- The board documents and regularly reviews the delegated authority to staff.
- All committees are accompanied by a written terms of reference which outlines the committee's purpose, scope, responsibilities, powers, requirements, roles of the chair, timelines, duration of effect and a schedule for board review.
- Organisations should have and use a nominations committee and a finance and risk committee.

# PRINCIPLE 6

## THE PLAYBOOK—BOARD PROCESSES WHICH ENSURE ACCOUNTABILITY AND TRANSPARENCY

Through effective processes and continual review of its performance, the board is able to demonstrate accountability and transparency to its members and stakeholders.

### QUESTIONS TO ASK

- How do we ensure that directors are aware of and able to discharge their duties, powers and responsibilities?
- What policies or practices can we put in place to assure stakeholders that the board is governing effectively and in the best interests of the organisation?
- How do we identify and manage conflicts of interest (real and perceived)?
- Are members able to find relevant policies for interaction with the board?
- What are we communicating to stakeholders about the organisation's progress and achievements?

### BENEFITS

- There is increased stakeholder understanding.
- The level of trust is higher between the board and members as members are assured their interests are considered in decision-making.
- Mistakes are not repeated as the board learns and adjusts processes accordingly.
- The organisation is trusted, giving it greater access to resources and more freedom to operate.
- Disputes are easily managed through an established resolution process.
- Better decisions are made because directors understand their role and have the information they require.

### ACCOUNTABILITY AND TRANSPARENCY

Accountability and transparency are often linked, but are not interchangeable terms.

An organisation is accountable when it fulfils its responsibilities owed to another. In sport governance, the board is accountable to its members for its decisions and actions.

Transparency is providing visibility via the disclosure of information. Organisations should be transparent by providing insight into the operation of its board to assure members that the board and its directors are acting in the best interests of the organisation.

### HOW CAN THE BOARD DEMONSTRATE ACCOUNTABILITY?

Documenting board processes and decisions provides accountability by defining how governance is actioned within the organisation. The documented processes can be referred to by directors and management to inform themselves of their individual responsibilities, while also providing guidance for directors and management to hold each other accountable. All decisions made by the board should be recorded, along with any evidence or information the board relied upon to make the decision. Documented decisions are a basis for evaluating accountability.

### HOW CAN THE BOARD DEMONSTRATE TRANSPARENCY?

Public disclosure of the processes and policies which underpin the board's operations and decision-making provide transparency. Such disclosure would allow members and stakeholders to be assured that the board is following good processes, creating confidence in the actions and decisions of the board.

Transparency does not mean that the board needs to disclose everything it discusses. Board meetings will, for example, involve discussions which are confidential and should not be made public. Having documented processes about what, when, and by whom information will be disclosed allows the board to be transparent without compromising the need for confidentiality.

## EXAMPLE BEHAVIOURS AND ACTIONS

### BOARD

- Guiding new directors through a comprehensive induction process and taking time to address questions they may have
- Regularly reviewing board processes to ensure they align with contemporary thinking on good governance
- Including a governance statement in the annual report outlining the work and achievements of the board during the year

### DIRECTORS

- Disclosing conflicts of interest and following the policy to manage conflicts
- Referring to the board charter during meetings to ensure the board is acting in line with how it has agreed to act
- Reviewing meeting minutes to ensure they provide an adequate level of detail and are an accurate reflection of the meeting and decisions made

### ORGANISATION

- Establishing a clear plan for engaging with stakeholders and a process for communicating feedback
- Publishing strategic plans and other organisation-wide documents, including governance processes
- Ensuring all annual reporting is accurate, meaningful and provides enough information for members to evaluate the performance of the organisation

### CEO

- Supporting the chair to develop meeting agendas
- Preparing board papers which provide adequate detail for informed decision-making
- Coordinating a thorough induction for new directors regarding the management of the organisation
- Circulating minutes within a week of any board meeting

## RECOMMENDATIONS

- Organisations should have a board charter which outlines how the board fulfils its duties, powers and responsibilities.
- The roles of key positions in an organisation's governance system should be documented and understood. Key positions may be listed in a constitution. At a minimum, there should be position descriptions and expectations outlined for the roles of an individual director and the chair.
- Directors should undergo an appropriate induction process.
- The board should document, disclose and enforce a process for managing director conflicts of interest.
- The board should establish and work to an annual board calendar/work plan which includes major annual activities such as budget approval, strategy review, CEO evaluation, policy reviews and the annual general meeting.
- An agenda and board papers, in an appropriate and agreed format, should be circulated sufficiently in advance of all board meetings.
- Board meeting minutes, in an appropriate and agreed format, and including a clear record of decisions, should be distributed among directors within one week of the meeting.
- Organisations should publicly publish documentation regarding their governance processes.
- Organisations should publicly publish their financial reports, strategic plans, risk registers and other appropriate documentation along with an annual report which meets the requirements of its incorporating legislation.

# PRINCIPLE 7

## THE DEFENCE—A SYSTEM WHICH PROTECTS THE ORGANISATION

To proactively protect the organisation from harm, the board ensures the organisation has and maintains robust and systematic processes for managing risk.

### QUESTIONS TO ASK

- Is our approach to compliance rigorous enough to ensure we do not breach any legislated or regulated requirements?
- Do we know what our key risks, challenges and emerging issues are?
- How much risk are we willing to accept in pursuit of our purpose and vision? Is the manner in which we are managing risk creating an unintended consequence to our members?
- Do our current systems and processes ensure the board has a clear and current overview of our risks (positive and negative) and mitigation strategies?
- Are we including both financial and non-financial risks into our risk management process?
- Are the directors receiving sufficient information to be able to competently assess and manage the organisation's risk?
- Do we have early identification of emerging risks and processes to enable the treatment of risks identified outside an annual assessment process?
- Do we have an effective and tested business continuity plan?

### BENEFITS

- The ability to avoid or limit the negative consequences of risk through a proactive framework.
- There is an effective and consistent approach to risk throughout the organisation.
- There are clear parameters on what decisions and risk events require escalation to the board and what management is expected to report against.
- Goals and objectives are achievable as risk has been considered.
- Compliance can lead to eligibility for funding and grants programs.

### WHAT IS RISK?

Risk is not inherently a bad thing. According to the international standard for risk management (ISO:31000), risk is the 'effect of uncertainty on objectives'. This uncertainty is often where opportunities are found, but can also result in negative consequences. Risks can be categorised as financial or non-financial. Financial risks are the risks associated with financing an organisation, such as access to funding and capacity to pay bills. Non-financial risks describe other risks facing an organisation (i.e., compliance, conduct, strategic and operational). Despite the name, non-financial risks often carry financial implications (e.g., loss of sponsorship revenue due to reputational damage).

### WHAT CAN THE BOARD DO?

The board is responsible for determining how much risk the organisation is willing to accept in pursuit of its purpose and vision, monitoring adherence to that level of risk, and ensuring action is taken when the level of risk exceeds the organisation's stated comfort level. The board must ensure that the organisation effectively manages risk in line with a board-approved risk management framework. Documenting the risk management framework is essential.

### WHAT GOES INTO A RISK MANAGEMENT FRAMEWORK?

A risk management framework describes an organisation's approach to the management of risk. The key elements of a risk framework are the risk appetite statement, risk management policy and the risk register. The risk appetite statement is a statement by the board about how much risk an organisation is willing to accept, usually by type of risk. The risk management policy describes how an organisation will assess, treat, monitor and report on, and make decisions related to risk. The risk register should document the level of threat of current risks facing the organisation and what is being done to mitigate or treat the likelihood and/or consequence of those risks. A risk management framework should be implemented in line with the scale of the organisation and the nature of the risks it faces. A framework should be regularly reviewed, incorporating continuous improvement, to ensure it remains fit for purpose.

### WHY IS A SYSTEM NEEDED?

Boards which take an ad hoc or informal approach to managing risk may place the organisation in danger and/or fail to effectively achieve strategic objectives. Failure to monitor financial and non-financial risks can have very real implications for an organisation and, potentially, legal implications for directors who fail to fulfil their duties. While many of these implications are very similar for sport and non-sporting organisations, sport has some unique risks and consequences (e.g., ineligibility for competition, and loss of membership rights).

## EXAMPLE BEHAVIOURS AND ACTIONS

### BOARD

- Use the risk appetite statement as a guide in making major decisions
- Determine the metrics that management reports on, rather than relying on management determining what is relevant
- Monitor adherence to the risk appetite statement and act when the organisation is outside the stated appetite
- Respond to evolving or new risks facing the organisation

### DIRECTORS

- Engage in ongoing learning and development about emerging risks
- Regularly challenge reports from management or risk committees
- Seek information from independent sources where required

### ORGANISATION

- Regularly updates the risk register
- Educates and trains staff and volunteers on how to recognise and report on risk in line with the risk management policy
- Regularly updates and tests the business continuity plan
- Ensures all business cases for major decisions include risk

### CEO

- Prepares thorough and accurate reports in line with the requirements of the board
- Reports any breaches of the risk management framework to the board according to policy
- Sets the cultural tone that managing risk should be a part of 'business as usual' and not something separate from operations

## RECOMMENDATIONS

- As a board, develop and regularly review a risk management framework that includes, at least, a risk appetite statement, risk management policy and risk register.
- Ensure board meetings regularly review the risk management of the organisation, even if the organisation also has a risk committee and an internal audit function.
- The board may delegate some of the management of risk to a risk committee, but maintains ultimate responsibility for the effective management of risk.
- Annually review all applicable legislative and regulatory requirements and develop a compliance system for adherence to these requirements.
- Acquire and maintain appropriate insurance policies for directors and officers.
- Develop a system for directors and officers to access independent professional advice where required.

# PRINCIPLE 8

## THE BEST AND FAIREST—A SYSTEM FOR ENSURING INTEGRITY

An organisation should have measures and protocols to ensure integrity of the sport and safeguard its participants.

### QUESTIONS TO ASK

- Do we have an integrity framework which is up to date and available to all stakeholders?
- How effective is our integrity framework at identifying, analysing and managing existing and emerging integrity risks to our sport and our organisation?
- How do we learn from a breach of integrity within our sport or the sport sector?
- How does the organisation ensure all complaints received are properly documented and resolved? What does the board do to understand trends and patterns of complaints?
- Does the organisation actively and openly promote a culture of being safe for children and vulnerable people?

### BENEFITS

- The sport's focus on handling integrity proactively and dealing with challenges when they occur is reflected by a positive reputation in the community.
- All participants have a safe experience and their health and wellbeing is valued.
- There is enhanced participant retention.
- There is reduced likelihood of incidents that undermine the integrity of the sport.

### WHAT IS INTEGRITY?

The Sport Integrity Australia legislation defines integrity as the 'manifestation of the ethics and values that promote community confidence in sport'. There are two primary ways the integrity of sport can be compromised: threats to fair and honest sport performance and threats to positive sporting experiences.

A failure to manage integrity threats can lead to significant consequences for an organisation, members and participants, including reputational and financial damage and possible criminal liability. Legislation, standards and best practices around managing integrity threats are evolving and emerging.

### WHAT IS AN INTEGRITY FRAMEWORK?

An integrity framework outlines how an organisation identifies, analyses and manages existing and emerging integrity threats. It is a collection of policies which apply to all involved with the organisation and the sport. Examples include a member protection policy and an anti-doping policy. However, a robust integrity framework alone cannot eliminate all integrity threats. Therefore, it is critical that the integrity framework goes beyond documents and is an embedded cultural practice throughout the organisation.

### WHAT SHOULD THE BOARD DO?

Boards have a responsibility to protect and maintain integrity in their sport and to provide safe, ethical and inclusive sporting environments. Directors have an obligation to be aware of policies and practices which may undermine integrity within their organisation. For all integrity matters, 'don't ask, don't tell' is not a sufficient response.

The board must regularly review the effectiveness of the organisation's integrity framework, monitor developments in integrity, and act to continually protect the sport, the organisation and its participants. This includes ensuring the board follows best practice, promotes a culture of integrity, and complies with legislative and regulatory requirements.



## EXAMPLE BEHAVIOURS AND ACTIONS

### BOARD

- Promote education and training throughout the sport
- Regularly review and monitor integrity risks and measures
- Ensure the director induction process includes integrity matters
- Reflect on and review experiences in other sports when a breach of integrity occurs, and identify learnings or changes to the integrity framework

### DIRECTORS

- Engage in ongoing learning and development about current and emerging integrity threats
- Seek information from independent sources where required
- Understand the legal and governance responsibilities they have in relation to child safety

### ORGANISATION

- Educates and trains staff and volunteers on how to recognise and report on integrity issues
- Ensures each person involved with children has appropriate working with children checks and registration in line with local legislation and national sport policy
- Embeds a culture and environment that is supportive and protective of children in the sport

### CEO

- Reports any breaches of integrity to the board according to policy

## RECOMMENDATIONS

- Develop and regularly review an integrity framework consistent with the requirements of Sport Integrity Australia.
- Establish integrity systems and processes to protect the sport's integrity, including, but not limited to: match-fixing and corruption; anti-doping; illicit substances; member protection; and safeguarding children and vulnerable people in sport.
- Liaise with other organisations within the sport to establish consistent integrity requirements and messages.
- Establish and ensure adherence to appropriate complaint handling policies and procedures.
- Develop and monitor adherence to an education plan for athletes, participants and stakeholders in relation to all integrity rules, standards and expected behaviours.
- Annually review all applicable legislative and regulatory requirements for all integrity areas and develop a compliance system for adherence to these requirements.

# PRINCIPLE 9

## THE SCORECARD—EMBEDDED SYSTEMS OF INTERNAL REVIEW TO FOSTER CONTINUOUS IMPROVEMENT

The board must have an appropriate system of internal controls to enable it to monitor performance, track progress against strategy and address issues of concern.

### QUESTIONS TO ASK

- How do we know if we're on track to achieve our strategy?
- What information, evidence and data does the board collect and collate to make informed decisions regarding organisational performance?
- How do we know if we, as a board, are effective in our role?
- How do we act on the results of our evaluations to ensure the continual improvement of the organisation?

### BENEFITS

- The organisation is more likely to achieve its strategic goals and be positioned to adjust when required
- Enhanced stakeholder trust through transparent review of board and director performance
- Better performing board and CEO due to professional development opportunities identified through performance evaluation
- Early identification of issues which are likely to cause financial, strategic or reputational risk

### WHAT SHOULD BE THE BOARD'S INTERNAL CONTROLS?

The board is ultimately responsible for the ongoing performance and stability of the organisation. The board should have a system for regular evaluation and oversight of the performance of the organisation against its strategic goals. The board should also monitor the financial position of the organisation, the performance of the CEO, the effectiveness of its own performance, as well as the overall governance of the organisation.

The board should define measures, which can be both qualitative and quantitative, which provide meaningful insight for the board to act. Regular evaluation against such measures allows for oversight of the organisation's current state and monitoring to safeguard the future of the organisation.

### WHY DO WE NEED A SYSTEM?

By developing a system of internal controls, the board can assure itself that organisational performance and strategic progress are being regularly reviewed and done so in a way that can be compared over time. A system should include a collection of policies, schedules, measures and reports which, when combined, provide the board with the tools needed to ensure continuous improvement.

Importantly, the board should not simply observe. Where a system of evaluation identifies gaps, deficiencies, issues or other concerns, the board must act. As defined by policy, action could be as simple as getting additional information, but could also include reallocating resources, readjusting targets, and reviewing the responsibilities and deliverables of the CEO.

### HOW DOES A BOARD EVALUATE ITSELF?

A process to review the contribution of individual directors, board processes, and interpersonal and group dynamics is important to ensure continuous improvement of the board. The process can and should involve members and stakeholders of the organisation.

There are many ways to evaluate board performance. At a minimum, at a board meeting once per year, boards should include an agenda item to formally discuss the board's performance. A more in-depth process can include a formal evaluation by an external party. The evaluation process should consider not only the performance of the board as a whole, but also the performance of individual directors and the chair, and should put in place action plans for continual improvement.

## EXAMPLE BEHAVIOURS AND ACTIONS

### BOARD

- Develop and adhere to a schedule for reviewing the performance of the organisation against specific measures
- Scrutinise the budget and reforecast financial priorities
- Make decisions to enforce change when needed
- Regularly evaluate the performance of, and take action to develop and support, the CEO
- Have robust conversations about the interpersonal and group dynamics among board members

### DIRECTORS

- Critically examine reporting by asking appropriate and probing questions
- Request more or different information from management or external experts when needed
- Reflect on personal contributions made to the board and engage in professional development to strengthen directors' capability and contribution

### ORGANISATION

- Develops annual operating plans which outline clear and measurable targets aligned with the strategic plan
- Creates, uses and updates a system for capturing information for board reporting

### CEO

- Provides accurate and timely updates to the board on the performance of the organisation, including specific information requested by directors
- Discloses any breaches of policy which may affect the performance of the organisation

## RECOMMENDATIONS

- The board regularly reviews progress against defined measures, including elements of the strategic plan.
- The board regularly reviews the financial performance of the organisation.
- The board seeks and receives additional information where needed and requested.
- The board acts where the internal controls indicate issues or concerns.
- The board has a policy for handling breaches of the code of conduct.
- The board regularly reviews the performance of the CEO.
- The board regularly reviews its performance as a board, and the performance of individual directors and the chair.

# THE GAME IS CHANGING— CONTEMPORARY AND STABLE GOVERNANCE STRUCTURES

## CAN OUR SPORT BENEFIT FROM SHARING OUR RESOURCES?

Sporting organisations should regularly consider how their governance structures allow them to best achieve their purpose and respond to the challenges of a changing environment.

Sporting organisations can benefit from taking action in the best interests of the sport as a whole, and should look for opportunities to maximise the sustainability, efficiency and effectiveness of their sport. Across a sport, organisations should adopt evidence-based and contemporary governance structures which are reflective of good governance.

Many sports are now realising the significant benefits that can be achieved by presenting a picture of the sport as a whole. This whole-of-sport view may include marketing, sponsorships, fundraising, government programs or even borrowing money. Effective sports are no longer focusing their marketing and sponsorship programs through states or regions, but rather looking for the efficiencies and returns of national campaigns. A procurement opportunity also exists within areas such as travel and even utilities. Public and private investors in sport are now seeking to understand the consolidated financial positions of a whole sport. This is part of their overall due diligence process in awarding grants or in the funding of projects, as often projects require an ongoing operational expenditure component to manage infrastructure or programs.

Having the ability to prepare a national picture on a range of functions for sport is considered to be at the forefront as an outcome of good governance and reflective of a strong united sport. Sports seeking to move towards a national approach, and particularly in relation to the consolidation of annual financial statements, can begin by aligning all state sporting organisation financial year ends, and either pursuing alignment of financial systems or creating shared services. This will position the sport to prepare annual consolidated financial statements and to take advantage of the significant whole-of-sport opportunities.

## THE MODERN ERA

There is increasing evidence that the historic structural model for sport lacks the agility required to best meet the needs of our changing community and the associated expectations of participants, spectators, partners and other consumers. As a result, the position of traditional sport in Australian culture is being challenged by the proliferation of recreational activities and the rise of the

internet and on-demand consumerism. More than ever before, Australians are choosing non-sport options for their physical activity.

Sporting organisations that are best able to meet the needs of their consumers, deliver high performance outcomes and grow participation are those that have adopted contemporary governance models and operate in a cohesive manner. These organisations harness the collective capability within the sport, are led by capable and experienced directors, and are underpinned by modern constitutions and corporate models.

Sporting organisations must comply with multifaceted legal obligations; produce audited financial statements; negotiate partnerships with government and commercial organisations; and meet important obligations for the protection of children and vulnerable people. No longer is a sport's success determined only by the on-field contest. The business of sport is competitive, technical and intense. It takes significant commitment from those who choose to participate in the governance of sport.

The traditional federated system of governing sport in Australia has not changed significantly in over 100 years and is embedded within Australian sporting organisations. Unlike the alternative contemporary activity and recreation offerings, traditional sports often operate in a system of shared responsibility across a national sporting organisation and multiple state sporting organisations, which creates duplication and inefficiencies.

While national and state sporting organisations may share the same goals for a sport, each may favour different methods or approaches for achieving those goals. Without contemporary structures, a sport's resources—both human and financial—can be duplicated and at times wasted as national and state bodies work to deliver separate (and sometimes competing) outcomes, or the same or similar outcomes in different ways.

Structural change is not easy or quick. It must not be led by any one party in isolation, and requires the absolute commitment of the national sporting organisation and state sporting organisations to achieve a common purpose of strengthening the whole of sport in the most efficient way. To do this, a sport should look at how it could transform to create stability and representative democracy, and how it can place emphasis on an outward vision of the future rather than the past or present. It is incumbent on directors at every level of the structure to initiate change. It is relatively easy to point out what is wrong and what the problems are.

## LEAD THE CHANGE

Genuine leadership is the creation of strategies that will promote change and solve the problems faced by the sport.

Sporting organisations should review how their practices and structures align with the emerging and established evidence base for contemporary good governance. This will likely require challenging some historical practices and structures within both the organisation and the sport. By robustly discussing and evaluating the effectiveness of current governance structures, the organisation can identify what works and what may need to change. There is no single best structure for all sporting organisations. Each sport and each organisation is responsible for identifying and justifying what the best structure is for it into the future.

Structure is an enabler for supporting the way national and state sporting organisations collaborate—shared strategies, streamlined administration, consistent constitutions and governing structures, practices and behaviours—decreasing complexity and increasing agility so that sports can best achieve their purpose and deliver timely responses to market needs.

Leaders in our sector have a joint responsibility to recognise and address structural deficiencies, while respecting and appreciating the historic achievements of Australian sport. In doing so, sporting organisations can co-design and deliver the structures required to optimise their sport at all levels, respond to a changing society, and deliver the best experiences for their participants, partners and consumers.

### QUESTIONS TO ASK

- Does our sport maximise the use of its resources?
- How can we improve our current structures?
- Does our structure optimise the services we can provide to our participants, partners and consumers?
- Who should our members be?
- Do our voting structures reflect the breadth of our membership?
- Does our membership structure reflect how people engage with our sport?
- How effectively does our structure distribute responsibilities and provide checks and balances on these requirements?

### BENEFITS

- Increased efficiencies enabling greater support for community and participant programs
- Increased consistency in positioning and presentation of the sport
- Greater reach and consolidated membership base, being more attractive to private sector partners and perhaps creating new partnership opportunities
- Improved organisational agility to take advantage of emerging opportunities
- Enhanced ability to recruit and retain high-quality directors
- Greater stability in the governance structure of a sport at all levels

# GLOSSARY AND DEFINITIONS OF COMMON GOVERNANCE TERMS

**Appointed director**—a person who is on the board of directors of an organisation by virtue of being appointed by the board for a set period of time.

**Associations Incorporation Act**—makes an association a legal entity and gives it a legal structure independent of its individual members, making it easier for the organisation to enter into enforceable contracts, and to sue or be sued.

**Board** (aka board of directors, executive committee, club committee, committee of management, council, committee)—a group of individuals (directors, committee members), either elected or appointed or both, who hold ultimate responsibility for the organisation in accordance with the constitution.

**CEO** (aka executive director, general manager)—chief executive officer, the highest-ranking person in a company or organisation, ultimately responsible for making managerial decisions.

**Chair** (aka president)—person elected from within and by the board of directors who is responsible for presiding over board/committee meetings. The chair ensures that meetings run smoothly and remain orderly, and works at achieving a consensus in board decisions.

**Committee** (aka sub-committee; committee of the board)—a group of people appointed or elected by the board, including at least one board member, for a specific function under a terms of reference.

**Company limited by guarantee**—a company formed on the principle of having the liability of its members limited to the respective amounts that the members undertake to contribute to the property of the company if it is wound up.

**Constitution**—a set of rules for the running of a company or organisation. It details for members and others the name, objects, methods of management and other conditions under which a company or organisation operates, and generally the reasons for its existence.

**Cooling off period**—an agreed period of time during which two sides with opposing views try to resolve a dispute before taking any serious action.

**Corporations Act**—the Corporations Act 2001 is an Act of the Commonwealth of Australia which sets out the laws dealing with business entities in Australia at federal and state level. It deals primarily with companies, but also with other entities such as partnerships and managed investment schemes.

**Deed of access**—a formal instrument for companies to enter into agreements with their directors relating to access to documents, rights of indemnity and insurance.

**Director** (aka board member, committee member)—a person who is on the board of directors of an organisation either by being elected or appointed to the board. Section 9 Corporations Act 2001

**Elected director**—a person who is on the board of directors of an organisation by virtue of being elected by the members of the organisation.

**Independent**—a person has no direct links, perceived or real, to any official position within the organisation or its directly related member bodies.

**Insolvency**—the inability to pay debts as and when they fall due for payment.

**Legal compliance**—adherence to the various laws and statutes that govern the operations of the organisation by virtue of the activities that it is involved in.

**Members**—those persons, clubs or associations, that by virtue of fulfilling the conditions stated in the constitution, belong to or 'own' the said sporting body.

**National sporting organisation**—the organisation recognised by Sport Australia as the pre-eminent body for the sport in Australia.

**Not-for-profit organisations**—may be not-for-profit companies, associations or clubs. Not-for-profit organisations can still make a profit, but this profit must be reinvested in the organisation to carry out its objects, and must not be distributed to owners, members or other private people.

**Organisation**—a collection of persons, clubs or associations registered as an incorporated association or company limited by guarantee.

**State sporting organisations**—the organisation recognised as the pre-eminent body for the sport in the respective state or territory.



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