

# SPORT GOVERNANCE STANDARDS BENCHMARKING REPORT



Australian Government  
Australian Sports Commission

## SPORT GOVERNANCE STANDARDS BENCHMARKING REPORT

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# CONTENTS

|  |    |
|--|----|
| <b>Introduction</b>  | 2  |
| <b>Key insights from the self-assessed Sport Governance Standards</b>                                  | 3  |
| <b>Principle 1:</b> The spirit of the game—values-driven culture and behaviours                        | 4  |
| <b>Principle 2:</b> The team—aligned sport through collaborative governance                            | 5  |
| <b>Principle 3:</b> The gameplan—a clear vision that informs strategy                                  | 6  |
| <b>Principle 4:</b> The players—a diverse board to enable considered decision-making                   | 7  |
| <b>Principle 5:</b> The rulebook—documents that outline duties, powers, roles & responsibilities       | 8  |
| <b>Principle 6:</b> The playbook—board processes which ensure accountability & transparency            | 9  |
| <b>Principle 7:</b> The defence—a system which protects the organisation                               | 10 |
| <b>Principle 8:</b> The best and fairest—a system for ensuring integrity                               | 11 |
| <b>Principle 9:</b> The scorecard—embedded systems of internal review to foster continuous improvement | 12 |
| <b>Background</b>  | 13 |

# INTRODUCTION

The Sport Governance Standards benchmarking report is a document developed by Sport Australia to provide insights for National Sporting Organisations and National Sporting Organisations for People with Disability (collectively 'NSOs'). This report highlights the findings of how federally funded NSOs assessed themselves against the new Sport Governance Standards (SGS) and will be produced annually.

The Sport Governance Standards (SGS) are the measures by which both Sport Australia and NSOs can evaluate the effectiveness and efficiency of their governance systems and processes.

These standards, co-designed with the Australian sport sector, focus on accountability and transparency, with the main aim being continuous governance improvement in all sporting organisations.

In total, there are **37 Sport Governance Standards** across the **nine Sport Governance Principles**. NSOs were asked to self-evaluate their governance maturity against each standard using a four point scale, with a score of 1 representing low maturity, and a score of 4 representing the highest level of maturity.

The SGS data in this document will be used by NSOs and Sport Australia's Governance and Organisational Enhancement team to:

- benchmark the current governance maturity of all NSOs. This will form the basis of a Sport's Governance and Organisational Enhancement Plan
- determine the SGS that will be annually publicly reported by SportAUS for each NSO; and
- identify the major development needs of the NSOs to prioritise support, education and resources for the sector.

# KEY INSIGHTS

## from the self-assessed Sport Governance Standards

### Average standard score

2.95/4 — The average self-assessed score for a Standard [across the 9 Principles] for all NSOs

### Collaborative Governance

The highest-scoring Standard across the sector was *Standard 2.3 — 'The organisation proactively engages, communicates and collaborates with its members, ensuring accountability and transparency'*, which is somewhat inconsistent with the current issues presented to the Governance team on various fronts. Without diminishing the good work of many NSOs, given that this Standard does not map to a clear outcome, it is possible that the self-assessed nature of the evaluation reveals a discrepancy between perception and reality.

### Values, Culture and Behaviours

Principle 1 has two corresponding Standards which measure both the board's utilisation of a code of conduct to set the example for the organisation; and the level to which the board engages with its stakeholders to establish, define and communicate its core values and behaviours. Consistently, NSOs reported, at best, under-utilisation of the Code of Conduct, and at worst none at all. In addition, NSOs also reported that there was room for improvement in the level of stakeholder engagement used to establish, define and publishes their core values and associated behaviours, and the communication of those values and behaviours across the sport.

### Board Composition

Principle 4 — 'The Players' — revealed a disparity in results for board diversity. While gender diversity was the second-highest score in the assessment (3.5 out of 4), NSOs scored lowly in the Standard related to developing and achieving broader diversity targets within its board composition. Further, 71% of NSOs reported that all elected and appointed directors were independent and had no conflicts, achieving the maximum score for that Standard.

### Incorporation

One of the most objective SGS measures is the assessment of an organisation's legal status. This standard achieved the fourth lowest average score (2.4 out of 4), with 85% of NSOs stating '*Our board has commenced discussions regarding transitioning to a legal entity under their jurisdiction's relevant legislation*'.

### Board Performance and Evaluation

Board performance evaluation has consistently achieved low scores over numerous NSOs governance reviews. This Standard achieved the second-lowest score (2 out of 4), indicating a need for improvement in the evaluation of Boards and Directors and the implementation of resultant action plans. To support the sector, Sport Australia has recently developed (and is piloting) an updated board evaluation tool designed to provide alignment with the new Principles and Standards.

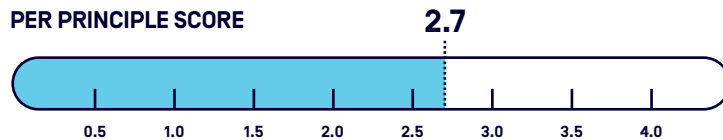
### Succession Planning

Consistent with previous industry assessments (Mandatory Sport Governance Principles 2016 and 2018), NSOs continue to score Succession Planning at the lowest end of the scale, with an average score of 1.7 out of 4).

# 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.



| Standard |   | Average all NSOs |
|----------|---|------------------|
| 1.1      | The board have a directors' code of conduct which outlines the high standards of professional and ethical conduct expected by directors in the interests of members | 2.4              |
| 1.2      | The organisation actively engages with its stakeholders to establish, define and publishes its core values and associated behaviours                                | 2.9              |



### INSIGHTS AND OBSERVATIONS

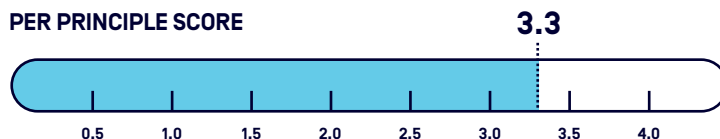
- Standard 1.1 registered the fifth lowest score across all NSOs, with only 15% of NSOs scoring a 4 which states *'Our board has a published directors' code of conduct, which is reviewed annually by the board (and with input from stakeholders) and annually executed by all directors. The code directly integrates behavioural expectations with the organisation's value.'*
- Further, for Standard 1.1, 11% of NSOs scored a 1 which states *'Our board does not have a directors' code of conduct.'*

# 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.

### PER PRINCIPLE SCORE



| Standard |   | Average all NSOs |
|----------|---|------------------|
| 2.1      | The board develops and publishes a strategy for engaging with, and listening to, the organisation's members and stakeholders (including boards of their member; bodies) | 3.0              |
| 2.2      | The board identifies and implements opportunities to meet with and collaborate regularly with the boards of their member bodies   | 3.4              |
| 2.3      | The organisation proactively engages, communicates and collaborates with its members, ensuring accountability and transparency  | 3.6              |



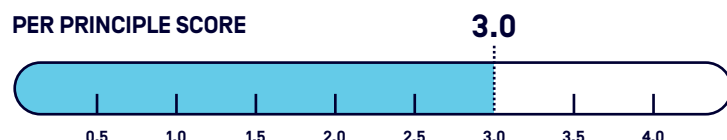
### INSIGHTS AND OBSERVATIONS

- The Standards measuring Principle 2 scored consistently strong, with Standard 2.3 relating to engagement, communication and collaboration the highest-scoring Standard across all 37 in the self-assessment.
- For Standard 2.3, 71% of NSOs scored 4 which stated '*The organisation regularly and proactively communicates with its members and provides regular forums where members are given the opportunity to provide feedback and input on the direction of the organisation*'.
- The Sport Governance & Organisational Enhancement team will be undertaking a validation process with targeted NSOs as it relates to Standard 2.1, 2.2 and 2.3, as this self assessed scoring reflects differently to what the team has seen in practice in the sector.

# 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.



| Standard |  | Average all NSOs |
|----------|--|------------------|
| 3.1      | The organisation has adopted, in consultation with its members, a strategic plan with clear and measurable targets which link to a detailed operating budget | 3.0              |



### INSIGHTS AND OBSERVATIONS

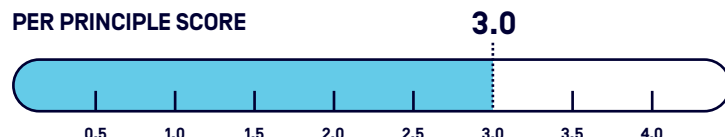
- Standard 3.1 achieved a moderate score [equal to the average for all Standards].
- Only 15% of NSOs scored 4 for this Standard, which states *'Our organisation has a whole of sport strategic plan which is endorsed and implemented consistently and effectively by our member bodies. The plan has measurable objectives and a detailed three-year forward financial model that is compared with historical'*.
- 13% of NSOs scored a 2 *'Our organisation has a strategic plan with no accompanying budget'*.



# 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.



| Standard |  | Average<br>all NSOs |
|----------|--|---------------------|
| 4.1      | The board should have a diverse mix of skills, expertise and experience in order to meet the strategic goals of the organisation   | 3.3                 |
| 4.2      | The board demonstrates a strong and public commitment to progressing towards achieving its diversity targets within its board composition including: Geographical locality, Aboriginal and Torres Strait Islander, CALD, Age, SES, Disability, Sexual Orientation, Gender Identity, Race, Religion | 2.1                 |
| 4.3      | 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% of the total number of Directors  | 3.5                 |
| 4.4      | The organisation's directors should be independent, regardless of whether elected or appointed   | 3.5                 |
| 4.5      | The organisation has a documented and transparent process for the identification and appointment of directors  | 3.1                 |
| 4.6      | The board has a composition which incorporates both elected and appointed directors  | 2.7                 |



### INSIGHTS AND OBSERVATIONS

- There is considerable discrepancy within this Principle in regard to scores, with the equal second-highest scores being for 4.3 and 4.4, yet the third-lowest score for 4.2 (board diversity).
- 4.4 measures board independence, and 71% of NSOs scored 4 'All elected and appointed directors are independent and have no conflicts'.
- 4.3 relates to gender balance, which is a very positive result; further:
  - No NSO scored a 1 'Our board has more than 90% of one gender'
  - 13% of NSOs scored a 2 'Our board has more than 80% of one gender'
  - 22% of NSOs recorded a 3 'Our board has more than 70% of one gender'
  - 65% of NSOs recorded a 4 'Our board has no gender which accounts for more than 60% or less than 40% of the total number of Directors'.

# PRINCIPLE 5:

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

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

PER PRINCIPLE SCORE

2.9



| Standard |  | Average all NSOs |
|----------|--|------------------|
| 5.1      | The organisation should be a legal entity incorporated under the legislation which best fits its size, need and jurisdiction   | 2.2              |
| 5.2      | The organisation should have a staggered rotation system for directors, with term limits and a maximum tenure of no longer than 10 years. A director may serve on the Board for a maximum of 12 years if appointed as chair of the organisation or to a senior position with an international federation | 3.4              |
| 5.3      | A director who has completed the maximum term on the board is not eligible to stand as a director for that organisation for a period of at least three years   | 2.9              |
| 5.4      | The board has a process for inducting new directors  | 3.1              |
| 5.5      | The board operates under a documented board charter  | **               |

\*\* Technical issue prevented this Standard being entered



### INSIGHTS AND OBSERVATIONS

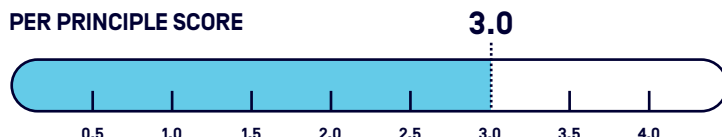
- Standard 5.1 was the fourth-lowest score in the assessment:
  - 9% of all NSOs scored 4 'Our organisation is a legal entity under our jurisdiction's relevant legislation and we comply with this legislation'.
  - 85% of all NSOs scored 2 'Our board has commenced discussions regarding transitioning to a legal entity under their jurisdiction's relevant legislation'.
  - The Sport Governance & Organisational Enhancement team will be undertaking a validation process with targeted NSOs to gain further insights as to why this standard scored so lowly, noting it is a requirement of the NSO recognition agreement to be a Company Limited by Guarantee.

# PRINCIPLE 6:

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

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

### PER PRINCIPLE SCORE



| Standard |   | Average<br>all NSOs |
|----------|---|---------------------|
| 6.1      | The organisation has a Finance, Audit and Risk committee  | 3.3                 |
| 6.2      | The board shall appoint the chair and evaluate their performance  | 2.6                 |
| 6.3      | The board shall ensure that the CEO, upon leaving their role, is not appointed or elected to the board within 3 years | 3.3                 |
| 6.4      | The board has rigorous processes for identifying and managing director conflicts of interest                          | 3.4                 |
| 6.5      | The organisation reports on governance outcomes at both its Annual General Meeting (AGM) and in its Annual Report     | 2.7                 |



### INSIGHTS AND OBSERVATIONS

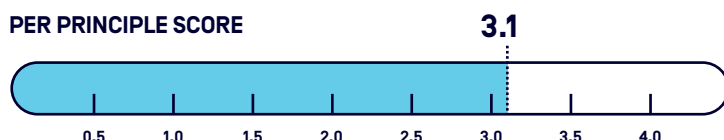
- Out of the five measures, there were two low averages of note.
- Only 5% of all NSOs scored a 4 '*Our organisation has a chair elected by the board, with a clearly defined and reviewed position description and a documented process for this election. The Chair's performance is assessed bi-annually and a development action plan created and implemented*'.
- Standard 6.5 (reporting governance outcomes at AGM & annual report) saw only 13% of all NSOs reporting a 4 '*Our organisation reports on governance outcomes at its AGM and in its annual report. We provide an 'If not, why not' statement as to why we haven't met the Sport Governance Standard/s and outline plans to meet the standard/s going forward*'.

# 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.

### PER PRINCIPLE SCORE



| Standard |   | Average<br>all NSOs |
|----------|---|---------------------|
| 7.1      | The organisation has a documented process to ensure compliance with working with vulnerable persons legislation (that reflects the varying legislative requirements of all States and Territories) including maintenance of relevant checks | 3.2                 |
| 7.2      | The board has a documented process for ensuring that the policies and procedures implemented by management are consistent with the organisation's risk management framework   | 2.9                 |



### INSIGHTS AND OBSERVATIONS

- Standard 7.1 [compliance with vulnerable persons legislation] achieved a solid result, however one NSO scored 1 'Our organisation does not have a documented process for workers/volunteers working with vulnerable persons' and 15% of NSOs scored 2 'Our organisation has a documented process for workers/volunteers working with vulnerable persons but it is not a national policy'.
- Standard 7.2 relates to Risk, and 9% of NSOs scored 1 'Our organisation does not have a risk management framework or associated policies'; further, 27% of NSOs reported having policies however these were not regularly reviewed or reported against 'Our organisation has policies associated with the management of risk' achieved a score of 2.

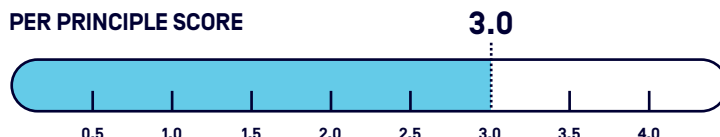


# PRINCIPLE 8:

## 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.

PER PRINCIPLE SCORE



| Standard |   | Average all NSOs |
|----------|---|------------------|
| 8.1      | The organisation maintains an appropriate stakeholder education and communication plan for its integrity framework  | 2.6              |
| 8.2      | The organisation has a defined process for reporting integrity issues (e.g. bullying, corruption, harassment, doping) throughout the organisation and escalation to the board and Sport Integrity Australia where appropriate       | 3.2              |
| 8.3      | The organisation has clearly defined processes for resolving NSOs related disputes that include both internal means of handling complaints, and external dispute resolution mechanisms  | 3.3              |
| 8.4      | The organisation's Member Protection Policy and Child Safeguarding Policy are compliant with Sport Australia and Sport Integrity Australia requirements   | 3.4              |
| 8.5      | The organisation has established mechanisms to create a culture that promotes inclusion, safety and good behaviour through codes of behaviour and education to support their Member Protection Policy and Child Safeguarding Policy | 2.7              |
| 8.6      | The organisation has a Sport Integrity Australia approved Anti-Match-Fixing Policy  | 3.1              |



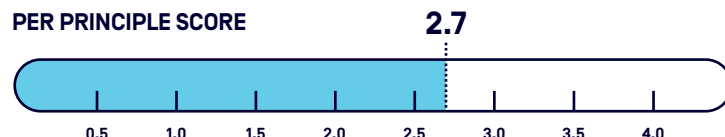
### INSIGHTS AND OBSERVATIONS

- Principle 8 involves measures which have seen significant investment and improvement over the past several years in regard to Integrity, however there are two Standards which highlighted areas requiring attention in the immediate future:
  - Standard 8.1 is about stakeholder education and communication, and 27% of NSOs achieved a score of 1 'Our organisation does not have a stakeholder education and communication plan in place for our integrity framework', with a further 18% not having a national plan (score of 2).
  - Regarding Standard 8.5, whilst all NSOs reported having codes of behaviour, 44% reporting not providing education to promote inclusion, safety and good behaviour (score of 2).

# 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.



| Standard |   | Average all NSOs |
|----------|---|------------------|
| 9.1      | The board should regularly evaluate its performance and performance of individual directors. The board should agree and implement a plan to take forward any actions resulting from the evaluations   | 2.0              |
| 9.2      | The board will operate itself in an efficient manner and directors meet as appropriate to discharge their duties effectively  | 3.3              |
| 9.3      | The board has documentation and processes to operate its meetings in an efficient and effective manner  | 3.5              |
| 9.4      | The board maintains accurate records of meetings and board decisions  | 3.1              |
| 9.5      | The board has documented financial delegations. This includes, but is not limited to: expenditure, funding, grants, other financial transactions as resolved by the board                             | 3.0              |
| 9.6      | The board has documented non-financial delegations. This includes, but is not limited to: staffing, public relations, strategic actions, business plans, board resolutions, grievances and complaints | 2.6              |
| 9.7      | The board has a documented CEO performance evaluation process   | 2.7              |
| 9.8      | The board has a documented succession planning process for key personnel and the retention of corporate knowledge   | 1.7              |



### INSIGHTS AND OBSERVATIONS

- Principle 9 provided the highest discrepancy of scores within a Principle, with the equal second-highest score of 3.5 for Standard 9.3 (meeting documentation and processes) to the lowest overall score in 1.7 for Standard 9.8 (succession planning).
- Standard 9.1 was the second-lowest of all scores, demonstrating the sector, on average, does not effectively or sufficiently evaluate board or director performance.

# BACKGROUND

In August 2020, Sport Australia, in partnership with our colleagues from the State and Territory Agencies for Sport and Recreation, launched a new co-designed Sport Governance Framework. This framework incorporates the evolved Sport Governance Principles, new educational and support resources as well as a new evaluation and assurance system [the Sport Governance Standards].

The Evaluation and Assurance system has a greater focus on transparency, accountability and provision of ongoing support for continual improvement. This report, a combination of data from 64 NSOs, including 38 funded Olympic/Paralympic NSOs, is designed to provide insights for NSOs into the results and findings of the self-assessment process against the new SGS.

## Limitations of this report

The data in this report is predominantly self-reported by NSOs. Sport Australia has reviewed the submitted data for obvious errors. However, due to the nature of self-reporting, Sport Australia is not able to independently verify all data in this report.

## Why have standards?

The SGS are an organisational governance evaluation tool. Sport Australia will be able to identify, advise, support, resource, and educate partners and, in turn, work with NSOs to continually improve their governance systems and processes. Similarly, State/Territory agencies are able to adopt the SGS to assist sporting organisations in their jurisdiction.

The standards enable accountability to both Federal and State Governments who provide significant investment to sporting organisations. This is coupled with members and participants, who have high expectations that sport at every level will be administered with the highest level of integrity and good governance. Finally, the SGS establish a transparent accountability framework that is publicly reported which evaluates a NSO's adherence to the expected level of governance maturity.

Additionally, the SGS are intended to offer clear leadership on how improvement can be measured. The language is such that the SGS are applicable to all sporting organisations no matter size, jurisdiction or maturity.

## How many standards are there?

Replacing the Mandatory Sport Governance Principles, there are 37 SGS across the 9 Sport Governance Principles, bringing the principles to life in practice.

## Engagement with other agencies

Sport Australia will share the report, its finding and insights with other government agencies including Sport Integrity Australia and State and Territory Agencies for Sport and Recreation. Sport Australia will engage with these relevant agencies in the development of Governance and Organisational Enhancement Improvement plans for identified NSOs.

## Acknowledgement

The Sport Governance and Organisational Enhancement team would like to acknowledge the invaluable contribution of the State and Territory Sport and Recreation Departments, as well as the NSO and state sporting organisation leaders who provided their time and expertise to the development of the Governance Principles and accompanying Standards. Further, the team would like to thank our colleagues at Sport Australia, in particular the Partner Portal team who helped to deliver a vital new system for self-assessment directly contributing to increasing capability across the sector.

## Omission

Due to an unforeseen technical issue at the time the self-assessment went live, Standard 5.5 'The board operates under a documented board charter' was not measured.



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