

2.4: CAPACITY OF AUSTRALIA'S SPORTING ORGANISATIONS

Findings

27. The capacity of Australia's sporting organisations to expand the delivery of sport and physical activity opportunities needs urgent attention.
28. The number of women in sport leadership positions is disproportionately low to their representation in the population.
29. Australia needs a system which supports the efforts of volunteer coaches, administrators and officials at all levels of sport.
30. Coaches play a particularly important role in developing children's sporting abilities and mentoring their overall development and therefore particular attention needs to be given to recruiting and retaining volunteer coaches.
31. Elite athletes are not sufficiently supported after they retire from their chosen sport with the result that, in many cases, their talents and experience are not being passed on effectively.

The Panel has consulted with a range of sporting organisations (local clubs and sporting organisations, state sporting organisations and national sporting organisations). While the issues of structure and leadership of the system have been addressed in previous sections, this section focuses on the capacity of Australia's sporting organisations to deliver better outcomes.

NATIONAL SPORTING ORGANISATIONS

National sporting organisations (NSOs) are key drivers of national elite sports performance. Their role in community sports structures is less clear-cut but their potential contribution is huge. Findings outlined in the Australian Sports Commission (ASC) submission to the Panel confirm that NSOs are typically small organisations that are mostly under-resourced and dependent on public funding to survive.⁶²

⁶² Australian Sports Commission, Submission to the Commonwealth Government's Independent Review of Sport in Australia, October 2009, pp. 38.

Public funding is very important for many sports, particularly the Olympic sports. The sports most heavily focussed on Olympic success find that this is a two-edged sword because it does little for the financial viability of the sport.

It is clear that some sports will continue to have a significant reliance on government funding in the foreseeable future. In the view of the Panel this does not abrogate NSOs from a responsibility to move away from this reliance. Furthermore the Australian Government has a responsibility to tax-payers to actively ensure improvements in their financial accountability.

Smaller sports tend to be critical of the larger professional sports (such as the football codes and cricket), often suggesting that their advantage is due to unfair decisions by the media (particularly television) to broadcast these sports while neglecting others. In the view of the Panel, this argument confuses cause and effect. The buyers of content buy and show the sports that are popular which, of course, reinforces the popularity of that sport. The challenge for small sports is the same challenge that small competitors face in every industry—how to grow market share in environments where the larger competitors have long established positions. Smaller sports have a duty to themselves and their sports to develop alternate funding streams. These organisations should, as a first step, establish a joint advocate to lobby the Australian Government for policy or regulatory platforms that support the joint sale of content for a ‘raft’ of sports.

NSOs themselves have contributed to their difficulties. As discussed in the previous section, *Cultural and Societal Impacts*, cultural, demographic and lifestyle changes have led to a change in what the sports consumer requires of sport. Many traditional sports organisations have had an ambivalent view of consumers’ changing needs of sport and have failed to embrace them. As a result, many NSOs have ignored these social developments and failed to grasp the commercial opportunities that accompanied them. In many instances, the recreational participation base is now ‘owned’ by private interests and the national sports body is not involved. In the view of the Panel the recreational versions of sports give NSOs possible new sources of income.

There are a number of examples where the governing body overseeing the sport has neglected the grassroots participants. Some NSOs have been wholly focussed on the elite level and have effectively defined their purpose as winning Olympic medals. In doing this, they have neglected a growing constituency of recreational participants who are now affiliated and paying fees to private providers. The huge number of recreational cyclists, many of whom spend large sums of money on their recreation are an example. Others include recreational skiers, runners, soccer players and casual participants in a range of sports, who have no affiliation to a NSO. Many sporting bodies have ignored the huge growth in recreational activity in their sports until it was/is too late.

Two factors have contributed to this:

- governance structures that make it harder for sports to respond to emerging commercial threats and opportunities
- an excessive preoccupation with winning gold medals.

In the view of the Panel, sports organisations are hindered by their federated structures, which make it harder for the sport to build commercial capability and capture its ‘intellectual capital’.

Community sport will continue to be controlled by community governance structures. Not even the most successful commercial sports in Australia, such as cricket or the football codes, seek to control community football or cricket structures across the country. There are hundreds of amateur football and cricket leagues across Australia that are all independently governed and should remain that way. They are mostly affiliated with their governing bodies and supported in various ways.

It is at the national elite level where the athletes are professional or near to it that the local and state/territory based structures become more than problematic. Such structures can struggle to work well because of the inherent conflict of interest. Directors are expected to represent their state/territory constituencies—and this is precisely what good directors should not do. Directors are expected to look after the interests of all shareholders and this means all state and territories. Unless this is done, national talent and national commercial matters cannot be handled effectively. National talent pathways must be managed nationally and must be funded according to need rather than according to state/territory voting rights.

Most sports still have governance structures that enshrine ‘state’s rights’ at their centrepiece. This is fine so long as the sport has no aspiration beyond being a community based sport. But if the sport aspires to building a commercial franchise as well as strong national talent development and pathways, it should develop governance structures that separate the elite national and professional programs from community-level programs. Sports cannot commercialise their national assets without control over these assets at a national level. Similarly major sponsors must be managed and protected nationally.

The ASC provides advice on governance structures to sporting organisations and for the most part the Panel agrees with the advice.⁶³ However the Panel strongly disagrees with the *ASC Governance Principle 1.5* that ‘the board is the mind of the organisation and the executives

⁶³ Australian Government, Australian Sports Commission, *Governance Principles. A good practice guide for sporting organisations*.

are the hands'⁶⁴. This premise is not appropriate in an era where the executive team has to be the initiator of strategy and change. It might be appropriate to a local sporting club where the management is part-time or even volunteer. It is completely wrong in a professional environment where the executive team will be responsible for developing strategies and negotiating commercial arrangements with sponsors, governments and media organisations.

The role of the board is to appoint, support and challenge the executive team but it will be the executive team that drives the business. They will be 'minds' as well as 'arms'. The ASC Guidelines also state that the chief executive officer (CEO) should not be a member of the board. There is no reason for this rule. It is completely out of step with corporate practice.

The diminished view of the role of management that is implicit in the *ASC Governance Principles*⁶⁵ points to the strategic shortcoming of many NSOs. As was discussed in Panel consultations, the problem facing many NSOs is that they have given little thought to the strategic 'end game' that they are playing. Is it simply to win medals or achieve elite success in international competition? Or is it also to find ways to grow community participation and also secure commercial benefits from that growing participation base?

If both board and management are to be the 'minds' as well as the 'arms' of the NSO at the national level, it is obviously important that selection of personnel for these positions be primarily based on skill. For this reason, the 'state-based' representation of directors on the boards of NSOs is a second-best form of governance, as well as embedding conflict of interest in the structure.

The second factor that has contributed to some NSOs neglect of grassroots participation and development of their consumer base is a preoccupation with the Olympics. A sport that is fixated on performance outcomes at the Olympics finds itself, paradoxically, highly dependent on governments for support.

NSOs that focus mostly on Olympic medals face a particular challenge in achieving financial viability. The Olympic Games may be the world's greatest sporting event but it comes with strings attached for the competing NSOs. The sports are required to sign over their games-related intellectual property and commercial assets to the Australian Olympic Committee (AOC) for several weeks around the event itself during which time the International Olympic Committee (IOC) and AOC control the rights and receive the revenues. In addition, the *Olympic Insignia Protection Act 1997* provides intellectual property protection to the AOC over particular Olympic symbols and words at all times.

64 Australian Government, Australian Sports Commission, *Governance Principles. A good practice guide for sporting organisations*, pp. 5.

65 Australian Government, Australian Sports Commission, *Governance Principles. A good practice guide for sporting organisations*.

It appears participating sports receive limited revenue in return from the Olympic movement. For example, approximately \$500 million was appropriated by the Australian Government to the ASC for high performance sport for the four year period ending in 2008–09 yet for a similar period (calendar years 2005–2008) the AOC annual income statements indicate that the AOC contributed approximately \$33 million⁶⁶ in direct support to Olympic teams, ‘National Federations’ and medallists and their coaches. The Panel suggests that further analysis be carried out on the commercial restrictions placed on the NSOs (and athletes) by the AOC as well as the proportion of AOC/IOC revenue returned to NSOs. The Panel’s preliminary analysis suggests the commercial restrictions in Australia are even more stringent than those that apply in some other countries such as the United State of America (USA).

The problem for Olympic sports is that their big day occurs once every four years and on these occasions their revenue potential is wholly signed over to the AOC. It seems, therefore, that it is no coincidence that sports most dependent on the Olympic Games for their ‘day in the sun’ are also among the least financially self-sufficient. Only by developing commercially valuable ‘properties’ outside of the Olympics will a sport be able to develop independent sources of revenues.

A sole pre-occupation with high performance, most notably winning medals, has also led some sports to ignore grassroots participation potential which, as discussed previously, has been captured by private providers and for-profit interests.

Many NSOs are funded primarily to deliver high performance outcomes. Yet stakeholders want a broader national leadership of their sport. The Panel supports the view of the ASC that the structure of most sports, with multiple layers of governance, management and delivery, has meant that most NSOs are still struggling to gain consensus, alignment and the resources to create a nationally unified vision and product. The majority of NSOs simply do not have the organisational capability or capacity to provide the resources to make an impact across their entire sport, from the community and club level right through to high performance.

The result is that the gap has widened between elite sport and the participation in structured physical activity and sport by the general population. There is significant work to do to assist sport at the club and grassroots level to meet the needs of modern society.

In future, increasing the capacity of the NSOs to control their own futures will be important. The Panel believes there is a role for government in assisting sporting organisations to establish marketable content for their sport through targeted programs and regulatory change to media requirements.

⁶⁶ Australian Olympic Committee Annual Reports 2005–2008.

The development of viable domestic or international competitions for sports can produce marketable content. The Panel is of the view that NSOs, government and the corporate sector must work more closely and strategically to 'think outside the box' in developing viable sporting competitions. The Super 14 franchise is an obvious example of a competition that has succeeded despite major jurisdictional and structural issues. With this example in mind could other sports develop viable cross-border competitions?

The ability to reduce costs and increase expertise by simplifying administration, increasing collaboration and sharing resources between NSOs and state sporting organisations (SSOs) is significant.

There is also a large opportunity for sporting organisations, clubs and associations to share services to create efficiencies and cost savings. Currently most work independently of each other which results in duplication and loss of expertise. They would function more effectively and efficiently if they were able to share administrative support and aggregate purchasing of items like equipment and insurance. Even marketing functions can be shared. NSOs, leagues and individual clubs working collaboratively and sharing support functions would reduce costs, increase skill and lower the burden on volunteers. In a world cheaply connected by internet, this sharing can operate across distances.

The main obstacle, of course, is the usual reluctance of independent organisations to give up any of their roles. The Panel sees a major role for the ASC in promoting large scale adoption of the sharing model. Grants to financially strapped NSOs and community sports bodies can be tied to readiness to participate in 'shared function' schemes. The ASC can encourage and support organisations that promote shared ventures. The Panel notes that even highly competitive Australian Football League (AFL) clubs (regarded by many as wealthy) are sharing back-office functions even including, in some instances, marketing functions. Organisations like the Melbourne Cricket Club are already home to clubs involved in a variety of sports and could be encouraged to grow this activity as a stand-alone business.

Many sports raised with the Panel the difficulty they encounter in retaining elite coaches as they are unable to compete with packages on offer from other countries. It should be noted that in a number of sports the opposite trend is occurring and that international elite coaches are coming to Australia to train our elite athletes. In a global market, particularly in those sports where the supply of quality coaches is limited, the mobile movement of coaches from country to country is inevitable. The challenge for our sports is to look at ways of ensuring that the packages on offer (including remuneration and access to facilities) remain competitive.

WOMEN IN SPORT

Women are under-represented in leadership roles, as coaches and administrators in sporting organisations. This is an opportunity missed in this extremely competitive sector. Of 50 NSOs that consulted with or made submissions to the Panel only 15 had a female chief executive officer or executive director. Of the 350 identified board positions in these organisations, only 25 per cent are held by women.⁶⁷ In another survey of the top 40 sporting organisations in Australia, only 13 per cent of executive positions are filled by women. With roughly the same number of participants in sport, it would be a realistic goal to have closer to 50 per cent representation of women in these leadership roles.

The Panel supports the analysis and findings of the *About Time!* report⁶⁸ of the 2006 Senate Environment, Communications, Information Technology and the Arts Committee *Inquiry into Women in Sport and Recreation in Australia*. The Panel understands that while the Australian Government is yet to formally respond to that report, it has implemented a number of these recommendations already and has supported other initiatives that support the thrust of the recommendations. Nevertheless, the Panel suggests that the Australian Government formally responds to the Senate Committee's report to at least place on the public record progress in implementing the Senate Committee's recommendations.

MORE VOLUNTEERS VITAL FOR INCREASED PARTICIPATION

There are about 1.5 million volunteers⁶⁹ involved in club and sport associations in Australia operating in various capacities, such as coaches, officials and administrators. The Panel acknowledges the contribution and dedication of volunteers and the key roles they play in maintaining participation levels in Australian sport. Volunteers play an important role in generating revenue for sporting organisations through fund-raising activities as well as encouraging other community members to be part of their organisations.

The tradition of volunteering is a competitive advantage for Australia, not replicated in many other countries. Its importance is not limited to its direct contribution to the efficient running of sporting clubs. Volunteer engagement is a major part of community social capital and should therefore be encouraged.

⁶⁷ Analysis by the Independent Sports Panel of publicly available information on board and executive positions of 50 NSOs that engaged with the Panel through the consultation process. Accurate at 1 April, 2009.

⁶⁸ Parliament of Australia, Senate Environment, Communications, Information Technology and the Arts Committee, *About Time! Inquiry into women in sport and recreation in Australia*, September 2006.

⁶⁹ Australian Sports Commission, Submission to the Commonwealth Government's Independent Review of Sport in Australia, October 2009, pp. 29.

Feedback from various forums suggests that volunteer numbers are declining and this is creating significant difficulties for sporting clubs and associations in their efforts to, at a minimum, maintain and hopefully increase participative rates. It is clear that there are additional external pressures on volunteers as they try to balance work-life pressures and the rising incidence of single-parent families. It is also apparent that the role of volunteer is undertaken by a capped number of individuals who have increasingly been left with responsibility for organising sporting club activities. Sport and physical activity within Australia is reliant upon volunteer coaches and administrators who are too often overloaded and under-resourced. Without their efforts, Australian sport will struggle to maintain participation numbers. At the end of June 2001, 43,154 persons were employed by the industry yet these same organisations engaged a total of 170,329 volunteers during the same period.⁷⁰

At the same time the operations of organisations that deliver sport and recreation services have become progressively more complex. Sporting organisations are evolving to an industry that is increasingly focussed on professionalism and commercialism, particularly in the case of strong commercial sports. Organisations are required to operate as a business with all the regulatory, legal, insurance and other administrative components of such operations clearly evident.

Adapting to an evolving industry with all the time constraints that accompany volunteer workforces, places clear pressures on sport and recreation volunteers. Volunteers are often required to fulfil functions for which they are not necessarily trained. Of the volunteer organisations surveyed by Volunteering Australia as a part of the *National Survey on Volunteer Issues 2007*⁷¹, 51 per cent of organisations indicated they experience barriers to involving volunteers such as appropriate volunteer skills and training. Sporting clubs should be looking at innovative ways of supporting individuals who undertake various courses that support their club, through direct financial reimbursement or other means, such as establishing or strengthening relationships with organisations that deliver training.

Other barriers to volunteerism outlined in the Volunteering Australia survey include the costs borne by volunteers. Volunteering will often come at a financial cost to individuals. Accredited coaching and first aid courses cost money for which there is usually no reimbursement. Volunteers not only contribute their time to these important community activities, they contribute to social capital. But they are also expected to pay for training mandated as part of their role. Sports report increasing difficulties in securing enough volunteers and little is systematically being done by government at all levels to ease these burdens. Governments should consider supporting

⁷⁰ Australian Bureau of Statistics, *Sports Industries Australia*, 2001–01, cat. no. 8686.0.

⁷¹ Volunteering Australia, *National Survey of Volunteering Issues 2007*, 2007.

local sporting organisations by subsidising costs associated with courses designed specifically for sporting organisations. It is important to firstly identify and accredit those courses that are considered appropriate and determine how such a scheme would operate.

It is important that Australia supports a system which recognises the contribution of volunteers. There is no suitable scheme which recognises and acknowledges the efforts of volunteers in our sporting system. Some sporting clubs have initiatives that encourage volunteering, such as reduced registration fees for families that commit to volunteer their services. These schemes must be encouraged by all levels of government.

Sporting organisations are not financially strong enough to provide direct financial compensation to their volunteers at all levels of sport. It is important that all local sporting organisations partner with government and review and explore innovative ways of compensating individuals and families in an effort to support and encourage volunteering at the local level.

COACHING

Attracting quality coaches for sporting teams continues to be a problem in the Australian sporting community. Parents are often ‘thrown in the deep end’ with no knowledge of basic skill development and people management. This can often lead to frustration among both coaches and young participants.

There was a general consensus in many of the forums and submissions, that sports that have a more professional approach to club organisation, find it easier to retain and attract volunteers. It is clear that participants (including parents and guardians of junior participants) are more likely to participate when coached, guided and mentored by appropriately skilled coaches and administrators.

It would be cheaper and easier for sporting organisations to revert to the old style volunteer who is given the necessary equipment and told to coach a team or run a local sporting organisation. But those days are well behind us. Professional administration and a full-time, qualified coaching network is becoming more common and necessary to compete for participants and volunteers. With greater awareness of the risks involved in physical activity, individuals and communities are demanding a safe and secure participative environment. Sports that do not have this or use unqualified coaches, risk liability and loss of participants to other, better organised and equipped sports. The difficulty is that such administration and management comes at a cost, borne by the sporting organisations. There is scope, particularly on the administrative side, for greater collaboration and sharing of resources and costs between similar sporting organisations in a district and across sporting organisations.

Sporting organisations must take responsibility for better management and organisational practices. They must consider innovative management practices that assist delivery of their product; they must look at outdated practices that are hindering their ability to attract and retain

volunteers. Today, with sporting organisations operating in generally 'time poor' communities, unless change is made, efforts to attract and retain volunteers will be increasingly difficult.

Parents, too, have a responsibility for assisting sporting activities. It cannot be left to the same individuals who, year after year, are given the responsibility for coaching teams or taking on the role of club president, treasurer, secretary and the like. Parents, in general, should be looking at how they can support the individuals who undertake these roles, whether in an assisting role or the way they treat officials at sporting events. Sporting organisations cannot be a 'baby-sitting' service for parents who think they are either too busy or do not have the knowledge or skills to assist. For far too long we have heard about the 'ugly' Australian in the sporting arena. Unfortunately, there are too many parents who are often highly critical of volunteers in sporting organisations but are still prepared to leave the responsibilities to them.

RECYCLING ELITE ATHLETES

Australia prides itself on our sportspeople delivering superior performances on the world stage. These athletes are continually put forward as role models for budding athletes and our nation. The length of time that sportspeople can operate at the highest level in their chosen sport is often limited and, as a consequence, we often lose these talented individuals from the sport once they have finished competing at the elite level. While a large number of athletes maintain an interest in their chosen sport and operate in a different capacity such as coaches and mentors, we have no national system in place that assists or encourages them to continue involvement in their sport. Clearly, they have a great deal to offer our future athletes, as role models, mentors and coaches.

Greater effort needs to be made in keeping these talented athletes in their sports in some capacity and that greater effort could be made in maintaining contact with them after they have retired. For example, while the ASC operates an alumni program for past Australian Institute of Sport scholarship holders, there is currently no comprehensive system in place which encourages and supports them in coaching and administrative support at the completion of their scholarships