



Australian Government
Australian Sports Commission

Sports Governance Principles

March 2012

The Australian Sports Commission is the Australian Government agency that develops, supports and invests in sport at all levels. It was established in 1985 and operates under the Australian Sports Commission Act 1989. The Commission's national leadership role is achieved through three operational areas: the Australian Institute of Sport, Sports Development and Corporate Operations. The Australian Sports Commission forms part of the Department of Regional Australia, Local Government, Arts and Sport portfolio.

For general enquiries:

Tel: (02) 6214 1111

Fax: (02) 6214 1836

Website: ausport.gov.au

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1.8 That each board should be structured to reflect the complex operating environment facing the modern sporting organisation.

Normally, it is envisaged that a board will:

- comprise between five and nine directors
- have a sufficient blend of expertise, skills and diversity necessary to effectively carry out its role
- have all directors being independent, regardless of whether they are elected or appointed
- have the ability to make a limited number of external appointments to the board to fill skills gaps
- institute a staggered rotation system for board members with a maximum term in office to encourage board renewal while retaining corporate memory
- be broadly reflective of the organisation's key stakeholders, but not at the expense of the board's skills mix and the organisation's objectives.

Commentary and guidance

The number of directors on a board should reflect the size and level of activity of the organisation.

As such, the ASC advocates a board with the necessary skills to carry out its governance role rather than a representative board.

Independent directors are those that are not appointed to represent any constituent body, are not employed by or have a significant business relationship with the organisation, do not hold any other material office within the organisational structure and have no material conflict of interest as a result of being appointed director.

In relation to traditional federal sporting structures, the holding of state-level positions would be seen to be a material conflict of interest if held at the same time as national-level positions.

In unitary sporting structures, where there is only one organisational entity with a direct relationship to individual members and/or their clubs, club-level positions may create a similar level of conflict to that of the state level in the federal structure. Similarly, sporting organisations whose operations are predominantly of a business-owner nature should avoid situations where the owners of those businesses are also the key decision-makers of the organisation, where those decisions will have a material effect on the outcomes of those businesses, perceived or actual.

Examples of material conflicts are: presidents of member bodies, representatives of select groups (for example, umpires) and chief executive officers or senior staff.

When directors do represent a constituency, they are bound by their legal responsibility to represent the organisation as a whole.

External appointments (appointed directors) are appointments to the board that have not been elected by the constitutional members and are at the discretion of the existing board.

Appointed directors are an effective means of filling identified skills gaps on the board, and can bring skilled individuals into the organisation from outside the traditional membership.

An external appointment should be used for a limited term (usually two or three years) to fill skill and expertise gaps on the board. After such time that director may stand for election to the board should they wish to continue to serve as a director.

An effective board has a proper understanding of, and competence to deal with, the current and emerging issues of the business and can effectively review and challenge the performance of management and exercise independent judgment.

The creation of a nomination sub-committee can assist the board in developing a broad range of skills and diversity among its directors (see Principle 3.9).