

## 1.9 Examples of evolving good governance practices in sport

Michael Pedersen<sup>1</sup>

Although a holistic framework can offer a useful basis for considering all relevant aspects of sport governance, national and international sport governing bodies are very different in terms of size, resources and management challenges – and therefore also in terms of which specific solutions add the most value to them. This contribution highlights three succinct examples of evolving good governance practices across several sports and countries.

### Netball New Zealand and its model for professionalising the boardroom

As early as 1999, way ahead of most other sport governing bodies throughout the world, Netball New Zealand went through a comprehensive governance modernisation. A particularly noteworthy outcome was the organisation's decision to build the foundation for good and effective decision-making by creating a skills-based, eight-person-strong board with no or few conflicts of interest and financial compensation to board members.

In accordance with the governance standards<sup>2</sup> that were put in place, the eight-person board of Netball New Zealand consists of three elected members, four appointed members and the chief executive of the sport governing body. The three elected members are chosen by the membership of Netball New Zealand, for a three-year term, including the president. There is no automatic board representation for specific geographical membership groups. The elected president mainly has a representational role, as it is the role of the chairman to lead the board.

The four appointed members of the board are recruited by a so-called Appointment Panel, also for a three-year term. The panel is comprised of three people nominated by the board, including a

member of the Institute of Directors in New Zealand. There is a process in place for receiving and considering applications from candidates. Any person can apply. There are no specific requirements either of affiliation with netball or of independence from the sport.

The commencement of the terms in office for board members is staggered, so as to ensure a rotation of board members over a three-year period. The board appoints one of its members as chairman. All board members, except for the chief executive, can serve on the board for a maximum of nine years.

At the beginning of every board meeting the members are asked to declare any potential conflicts of interest related to the agenda items of the meeting – personal as well as institutional ones.

Furthermore, beyond the reimbursement of relevant and appropriate travel expenses, board members are given a yearly honorarium payment in appreciation of their work. In 2012 board members received US\$8,500 each, while the chairman received US\$21,000.<sup>3</sup>

### **The Badminton World Federation and its model for democratising sport**

Unlike most other sport governing bodies, nationally as well as internationally, the Badminton World Federation (BWF) does not have a democratic governance system along the lines of ‘one member association, one vote’ at its general assembly. Rather, member associations are allocated a minimum of one and a maximum of five votes on the basis of criteria that favour the ones that prove able to contribute the most to the further development of badminton.

The allocation of votes to member associations is made for a four-year period at a time, based on a four-year retrospective assessment period. Accordingly, under the precondition that a member association is in good standing, the number of votes it has at the general assembly is allocated in line with the following criteria.<sup>4</sup>

**[INSERT TABLE 1a Vote weighting HERE]**

Rights and responsibilities go hand in hand for member associations in the Badminton World Federation. The actual size of a member association's membership fee is determined according to a scale of units, which is a function of the number of votes allocated to the association. The scale of units is as follows.

[INSERT TABLE 1b Vote weighting HERE]

The BWF covers travel expenses for all its member associations to send one representative to attend the general assembly. Voting by proxy is not allowed; only member associations directly represented at the general assembly are in a position to cast votes.

### **The South African Rugby Union and its model for annual reporting**

Although annual reports are critical means of maintaining and increasing trust with key stakeholders, internally as well as externally, many sport governing bodies have yet to create and publish such reports. The annual reports of the South African Rugby Union (SARU) are particularly noteworthy, inasmuch as they are integrated: not only do they provide the consolidated financial statement, they also provide a range of governance measures, strategies, activities and results achieved throughout the year.

A substantial part of SARU's 2013 annual report<sup>5</sup> consists of governance measures relating to the political management of the sport governing body. Notably, details are given regarding the composition of the Executive Council and committees (including individual actual attendance at meetings), the terms of reference for committees and a list of independent members of committees (in areas such as audit and risk and human resources and remuneration). Another significant piece of information is the figure for the total compensation of Executive Council members (approximately US\$1.1 million).

As for governance measures related to the operational management of the South African Rugby Union, one of the more striking accounts is of the organisation's HIV/AIDS policy, aimed at promoting a non-discriminatory work environment for employees with HIV/AIDS. Other notable details are the figure for the total expenses of the CEO's office (some US\$870,000) and the total numbers of male and female employees (143 women, 433 men).

Finally, the auditing of the consolidated financial statement is noteworthy in at least two ways. First, it is carried out in accordance with International Standards on Auditing. This reflects SARU's commitment to comply with the Companies Act 2008 and the so-called 'King Code of Governance Principles' in South Africa, despite not being incorporated and, therefore, not legally required to do so. Second, the South African Rugby Union appoints both internal and external auditors; for the 2013 annual report, KPMG was the internal auditor while PwC was the external auditor.

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<sup>1</sup> Michael Pedersen is the founder of M INC. and the former Head of the World Economic Forum's 'Partnering against Corruption Initiative'.

<sup>2</sup> Constitution of Netball New Zealand Inc.

<sup>3</sup> Netball New Zealand, *Annual Report 2012* (Auckland: Netball New Zealand, 2012).

<sup>4</sup> Badminton World Federation constitution.

<sup>5</sup> South African Rugby Union, *Annual Report 2013* (Cape Town: SARU, 2013).