

CORPORATE PLAN 2020-2024

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TABLE OF CONTENTS

INTRODUCTION	3
COMPANY PURPOSE	3
ENVIRONMENT IN WHICH THE SPORTS FOUNDATION OPERATES	4
PERFORMANCE OBJECTIVES 2020-2024	8
CAPABILITY - TECHNOLOGY	10
CAPABILITY - RESOURCING	10
CAPABILITY - STRATEGY	11
RISK OVERSIGHT & MANAGEMENT	12
CONCLUSION	12
APPENDIX 1	13
RISK GOVERNANCE FRAMEWORK	13
THE BOARD	14
THE CEO	15
THE FINANCE AUDIT & RISK COMMITTEE	15
THE EXECUTIVE	16
THE STAFF	16
POLICY ADMINISTRATION	16

INTRODUCTION

The Chief Executive Officer and Directors of the Australian Sports Foundation Ltd (Sports Foundation), present the 2020 Corporate Plan. The plan covers the four years ended 30 June 2024 as required under paragraphs 35(1)(b) and 95(1)(b) of the Public Governance Performance and Accountability Act 2013 (PGPA Act), and has been prepared in accordance with Rule 2014 of the PGPA Act.

COMPANY PURPOSE

The Australian Sports Foundation is a company limited by guarantee. It was established in 1986 to raise money for the development of Australian sport.

The Sports Foundation is now Australia's leading non-profit sports fundraising organisation and charity, and the only organisation to which donations for sport are tax-deductible.

Sport is at the heart of every community in Australia. It has the power to enhance lives; it improves physical and mental health and brings people together in a way that little else does. Sport is fundamental to the Australian way of life, and our mission is that everyone in Australia, regardless of background, ability or culture, has access to the health and social benefits of sport.

In the last 30 years the Australian Sports Foundation has distributed hundreds of millions of dollars to Australian sports clubs to help develop an inclusive and active sporting nation, and to strengthen local communities.



**We are committed to
an Australia where
everyone can play.**





ENVIRONMENT IN WHICH THE SPORTS FOUNDATION OPERATES

PHILANTHROPIC MARKET

The Sports Foundation operates in the philanthropic sector and competes with other charitable and social causes to seek donations from individuals and businesses and, through its charitable fund, from Private and Public Ancillary Funds.

According to figures produced by the Australian Taxation Office (ATO), tax deductible donations by private individuals amount to around c\$3.5bn annually, with approximately 35% of Australians making a tax-deductible donation to a charitable or social cause each year. In addition, corporate donations account for a further \$6bn. This, along with the \$550m distributed each year by Ancillary Funds – a growing part of the philanthropic sector – values the overall philanthropic market in which the Sports Foundation operates at over \$10bn.

Sport currently receives less than 1% of these tax deductible gifts annually, which does not reflect the importance of sport to the Australian culture, nor the many documented health, social and community benefits of participating in sport. Accordingly, the Sports Foundation is seeking to grow philanthropic giving to sport in the coming years to reach a level that reflects its important contribution to social capital.

The Board and Management of the Sports Foundation consider that the opportunity exists to grow philanthropic giving within the next 10 years to a level commensurate with giving to the Arts sector, which is estimated to raise c\$500m from philanthropic sources each year. However, to achieve these levels of growth will require substantial investment in technology, capability and resources.

As the organisation is self-funding, its ability to generate capacity to invest – by making surpluses over and above covering operating costs – is limited. Consequently, the Sports Foundation has adopted a more conservative – but still stretching - growth trajectory covering the period of this plan, in the absence of any significant change in its ability to invest in growth.

ECONOMIC MARKET

The Covid-19 pandemic that commenced in early 2020 has had a dramatic impact on sport at all levels, including the professional codes and our national Olympic and Paralympic teams. At community level, the impact has been even more profound. In May and June 2020 the Sports Foundation carried out a national survey on the impact of Covid-19 on community clubs and received over 4,000 responses covering nearly 100 different sports. Survey responses indicated that around one in four clubs - an estimated 16,000 clubs nationally - fear insolvency due to a combination of reduced income and increased costs.

The survey also highlighted the negative impact on volunteers, and a material decrease in physical and mental health of community sports participants when denied the opportunity to participate in sport.

The Board and Management of the Sports Foundation recognise that Covid-19 has created an urgent need among community sports for more funding, and more fundraising support. Additional investment will be required to enable the Sports Foundation to meet this increased need, and to help community clubs survive the pandemic.

Opportunities for growth include:

- Greater need for fundraising, and the support offered by the Sports Foundation, among community sports clubs;
- Greater awareness among the philanthropic and broader community of the important role of community sport in promoting physical and mental health, and helping our communities survive the challenges of a post-Covid society;
- Greater need for revenue diversification among national and elite sports, given pressures on traditional income streams such as sponsorship etc;

However, Covid-19 has also caused a sharp decline in overall economic activity, and the impact of this over the period covered by this plan is uncertain. What is clear is that broader economic conditions, and those of the market in which the Sports Foundation operates, will be volatile for the foreseeable future.

The uncertain economic conditions also present risks to the organisation, philanthropic giving is discretionary spending and previous recessions and economic downturns have led to a marked decline in philanthropic giving. A recent report by JB Were (*Where to from here: The outlook for philanthropy during Covid-19*) indicates that the philanthropic market is expected to decline by 7.1% in 2020 and a further 11.9% in 2021.

Taking these factors into account, and in the absence of material investment to enable the Sports Foundation to increase the scale of philanthropic giving to sport, this Corporate Plan projects modest growth in the period to FY22, with more significant expansion in the later years of the plan as the economy recovers.

REGULATORY ENVIRONMENT

There are four principal regulatory instruments and environments which impact on the operation of the Sports Foundation Group:

- The Corporations Act 2001 – the Sports Foundation is a company limited by guarantee, and accordingly must comply with reporting and disclosure provisions required by the Corporations Act 2001;
- The PGPA Act – as a Commonwealth controlled company, the Sports Foundation is subject to the provisions of the PGPA Act;
- As Deductible Gift recipients (DGR's), the Sports Foundation and Charitable Fund must comply with specific tax laws and regulations, in particular those relating to the tax deductibility of gifts and receipting of donors;
- As a charity registered with the Australian Charities and Not For Profits Commission (ACNC), the Australian Sports Foundation Charitable Fund must

comply with appropriate regulations governing operating and reporting of charitable distributions.

The combination of these regulatory environments imposes a heavy compliance burden on a relatively small organization that has limited administrative and compliance resources and receives no ongoing Government funding.

SPORTS FOUNDATION SHARE OF THE PHILANTHROPIC MARKET

Given the opportunity to grow sport's share of the philanthropic market, the Sports Foundation invested in certain key areas in recent years to achieve this. The principal investments have been in:

- A digital fundraising platform and supporting CRM system to manage an increase in donors;
- New skills and resources – to enable the Sports Foundation to help the sporting community implement more effective fundraising strategies; and
- Enhanced marketing capability – to enable the Sports Foundation to better inform the Australian sporting community of the opportunity to seek tax-deductible donations, and to increase its footprint among sports clubs and community organisations nationwide.

These investments have had a significant positive impact, with the number of clubs and athletes fundraising with us increasing from around 600 to nearly 4500 in recent years. In the last four years, donations using the Sports Foundation's platform have exceeded \$175m, more than double the amount raised in the preceding four years.





PERFORMANCE OBJECTIVES 2020-2024

Following the establishment of the Charitable Fund, investments have been made in resources and infrastructure to facilitate growth in philanthropic contributions to Australian sport. During the four years to 2024, the Sports Foundation has established growth targets and KPI's as set out below. These are based on the assumption that investment capacity remains unchanged, and that investments have to be funded from self-generated revenues.

Table 1: Performance Objectives

	Donations \$	Registered Projects #	Sports Foundation Programs	Sports Foundation Revenues
KPI	Achieve >\$75m pa in philanthropic donations to sport by 2024	Achieve >10,000 registered organisations by 2024	1. Establish funding programs around four key pillars: Active Kids (growing participation among young Australians) Women & Girls – growing participation among females Inclusion – focusing on providing sporting opportunities for marginalised segments of society Recovery – assisting community sport in recovering from crises, including natural disasters (bushfires, floods) and the impact of Covid-19 2. Secure Corporate Partnership revenues to assist in funding programs and contribute to covering our operating expenses	Generate sufficient income to cover Sports Foundation operating costs, and develop and expand its operations. Achieve Sports Foundation operating income of c\$5.5m by 2024
2021	\$45m	5,500	Raise \$2m for Sports Foundation programs Raise \$1.3m through corporate partnerships	Generate Sports Foundation operating income of >\$3m
2022	\$50m	7,000	Raise \$4m for Sports Foundation programs Raise \$2m through corporate partnerships	Generate Sports Foundation operating income of >\$3.5m
2023	\$60m	8,500	Raise \$6m for Sports Foundation programs Raise \$2.5m through corporate partnerships	Generate Sports Foundation operating income of >\$4m
2024	\$75m	10,000	Raise \$10m for Sports Foundation programs Raise \$3m through corporate partnerships	Generate Sports Foundation operating income of \$5.5m

KEY INVESTMENTS 2020-2024

The Sports Foundation will allocate its available investment in key areas designed to achieve the growth targeted in the period covered by the plan.

CAPABILITY - TECHNOLOGY

Digital strategy is constantly evolving and technology is at the heart of successful fundraising. Continually enhancing digital capability will be fundamental to future growth and the Board and Management believe that continued investment will be required as the market evolves in the years covered by this plan.

The Sports Foundation has an established fundraising platform that currently enables it to provide a fit-for-purpose fundraising platform to sports clubs, along with access to a portal to manage their fundraising programs. The platform is able to handle existing needs and the growth projected in this period. However, further exponential growth could be achieved through new technology investments – specifically:

- Implementation of API's (Application Programming Interface) to work with other organisations to grow reach and make use of enhanced functionality that has been developed by more sophisticated and better resourced organisations; and
- Development of new technology-based tools and resources, delivered digitally, to provide better support to the community sporting sector, and enable community sports clubs to raise funds more effectively.

CAPABILITY - RESOURCING

Whilst this plan involves considerable emphasis on digitally enabling fundraising, and using technology wherever possible, additional skills and resourcing will be required to deliver on this plan. In particular, the Sports Foundation considers that additional resources will be required in:

- Philanthropic fundraising, in particular Major Gifts, Trusts & Foundations;
- Marketing – in particular digital marketing, to enable the Sports Foundation to reach a bigger proportion of Australia's estimated 70,000 community sports clubs; and
- Technology/business systems – to support ongoing improvements in our technology platforms and enhanced cyber security.

Table 2: Resourcing Profile Growth Rate

	2021 FTE	2022 FTE	2023 FTE	2024 FTE
Executive	4.0	4.0	4.0	4.0
Fundraising	5.0	6.0	7.0	8.0
Marketing/Tech	3.0	4.0	4.5	5.5
Finance	3.0	3.0	3.5	3.5
Client service	1.5	1.5	2.0	2.0
TOTAL	16.5	18.5	21.0	23.0
Notes/key changes	Based on current headcount and projections for FY21.	Additional digital, marketing & fundraising resources.	Additional digital, marketing & fundraising resources.	Additional digital, marketing & fundraising resources.

CAPABILITY – STRATEGY

The Sports Foundation’s strategic plan is designed to enable the planned growth. It involves the following key areas of focus:

- Utilise partnerships to increase reach and profile, and to enhance functionality of our fundraising platform at a lower cost;
- Deliver fundraising support digitally, to enable us to help more community clubs raise more money more effectively;

- Continued focus on community sports, using digital marketing techniques and collaboration with the relevant National and State Sporting Organisations to drive philanthropic fundraising among grassroots clubs;
- Increase the profile of sport as a philanthropic cause through a concerted advocacy campaign targeted at philanthropic organisations, backed by aligned media and PR strategies.
- Engage with Private and Public Ancillary funds to source funding for key Sports Foundation programs

RISK OVERSIGHT & MANAGEMENT

The Sports Foundation acknowledges that risk is a fact of corporate and commercial life and accordingly has an established Risk Management Policy. This provides a framework to address the key corporate, regulatory and commercial risks facing the organisation as the Sports Foundation embarks on its projected growth journey in the period to 2024.

A copy of the Risk Management Policy is attached as an Appendix to this plan.

CONCLUSION

The Chief Executive Officer and Directors of the Sports Foundation have adopted this plan to provide a framework for achieving substantial growth in philanthropic donations to sport during the period to June 2024. These targets are stretching, based on the considerable economic uncertainty caused by Covid-19, and having regard to the current restricted investment capacity of the Sports Foundation. It is considered that growth substantially in excess of these targets could be achieved with increased investment capacity.

The plan will be monitored and updated during the years ahead to reflect progress and adapt to market and other environmental changes.

Patrick Walker
Chief Executive Officer

Mark Stockwell
Chair, Board of Directors

APPENDIX 1

RISK GOVERNANCE FRAMEWORK

The Sports Foundation and its employees understand that risk management is designed to assist the company to achieve its strategic objectives. Risk management is used to identify and manage uncertainty in the company so that there is a balance between risk and reward of the company's business for the best interest of its stakeholders. Hence, risk management provides for:

- Appropriate risk taking.
- Planning to reduce or control unforeseen or unexpected events and costs.
- Embedding risk management into critical business activities, functions and processes, with risk understanding and risk tolerance being the key considerations in decision making.
- Designing risk controls that protect the company from those risks of significant likelihood and consequences in pursuit of Sports Foundation's strategic objectives, with the effectiveness of those controls being systematically reviewed and reviewed where necessary.
- Protecting against personal injury and property damage, including having sound insurance management practices.
- Protecting assets and reputation against planned and unplanned events.
- Meeting legal or statutory requirements.

The Sports Foundation aims to maintain a consistent approach to managing risks by:

1. Maintaining a risk management framework.
2. Maintaining a risk management process.
3. Understanding the environment within which Sports Foundation Ltd operates.
4. Using a structured, systematic and explicit risk management process such that:
 - 4.1. All current and future activities are to be risk assessed prior to commencement and risk managed throughout the duration of any activity.
 - 4.2. A risk assessment will be part of any Board paper seeking approval for a new activity.
 - 4.3. All Sports Foundation risk identification, analysis, evaluation and treatments are reported and updated within the Risk Register and ranked in a consistent manner.
5. Reviewing the risk profile and treatment plans on an on-going basis to ensure the information is contemporary and relevant.
6. Regular reporting to the Finance and Risk Committee and the Board. The Finance Audit & Risk Committee supports the risk management function through developing, implementing and overseeing the Risk Management Framework.

The Risk Management Framework permits the Sports Foundation and its employees to practice sound risk management with the intended outcomes of:
Enhancing the Sports Foundation's ability to meet its corporate objectives.

- Improving awareness and management of risk.
- Accepting that risk is an integral part of managing the Sports Foundation.
- Creating a culture of preparedness to manage risk and minimise adverse impacts.

The Sports Foundation views risk management as a continuous process and fundamental to driving effective corporate governance.

The Executive will develop and maintain a risk management plan in accordance with AS 31000: 2009 and report on that policy to the Finance Audit and Risk Committee.

The Sports Foundation will apply risk management to each organisational level. This includes strategic, operational, team and individual. Both top down and bottom up approaches will be employed to facilitate a comprehensive program. The governance structure that is applied at the Sports Foundation is represented below:

Table 3: Risk Governance Framework

Board	Oversight and review
CEO	Drives risk Management
Finance, Audit and Risk Committee	Reviews process and policy
Executive	Support, manage and identify
Staff	Identify risks and follow procedures

THE BOARD

The role of the Board in relation to risk management is:

- Understanding the risks associated with the organisation's activities;
- Agreeing risk management strategies which are consistent with Sports Foundation's Mission, Vision and Organisational Values;
- Ensure written management policies are implemented and monitored for compliance and are consistent with any regulatory requirements;
- Ensuring risk management control systems are established and operating effectively;
- Questioning the CEO on risk management processes and giving appropriate priority to discussion and action regarding risk management issues; and
- Regularly re-evaluating Sports Foundation's tolerance for, and exposure to, risks.

THE CEO

- Reviewing key risk information, identifying key risk trends and assessing the impact for the organisation as a whole;
- Monitoring the management of significant risks and monitoring the effectiveness of controls;
- Ensuring adequate processes are being followed and promoting a strong risk management culture; and
- Advising the Board of key changes in risk or emerging risks.

THE FINANCE AUDIT & RISK COMMITTEE

- Oversees the Risk Management Policy and overall risk management framework of the company and is to:
 - Review the risk register to ensure that the major risks identified are monitored within internal or external audit programs
 - Liaise with the CEO to ensure that major financial risk areas are addressed.
 - Consider the effect on Sports Foundation of any new or proposed accounting practices, principles, disclosure requirements and legislative or regulatory pronouncements.
- Oversees the discharge of the compliance responsibilities including reviewing the Compliance Framework, ensuring compliance with legislative requirements and reviewing the findings of reports to ensure that issues are rectified in an appropriate and timely manner and is to:
 - Review and determine the adequacy of systems and procedures to ensure compliance with legislation, codes of conduct and any other regulatory and industry requirements.

THE EXECUTIVE

- Supporting the CEO and staff in managing and identifying risks.

THE STAFF

- Identifying and reporting risks
- Involving themselves in the management of risks.

MONITORING AND REVIEW

The Sports Foundation maintains a Risk Register which is used as the basis to monitor and review the risks. They are also recorded in order of control effectiveness and risk rating. All risks are reviewed annually by the Board and the Finance and Risk Committee. Where risks have unsatisfactory control effectiveness, in order of risk rating priority, a treatment plan must be established.

Specific key risks are reported to the Board on a regular basis, with performance monitored against objectives with each Board report.

POLICY ADMINISTRATION

The policy is reviewed annually