

Australian Government
Australian Sports Commission

SPORT FINANCIAL ADVISORY

SPORT FINANCIAL

BENCHMARKING 2019-2021

SECTOR INSIGHTS AND TRENDS

ACROSS AUSTRALIAN SPORTS

December 2022

Purpose

In advance of the new calendar year, the purpose of this financial benchmarking is to provide retrospective insights into financial trends, opportunities and risks across the sector. The ASC has also developed and distributed sport specific financial benchmarking reports, providing bespoke analysis and insights for each funded Sport. These reports provide a snapshot of the financial environment within the sector and assist Sports to make informed decisions that improve their financial performance and sustainability.

About this document

BACKGROUND

The Australian Sports Commission (ASC) is the Australian Government agency responsible for supporting and investing in sport. Since 2014 the ASC has taken an active role in providing financial advisory support and education to national sporting organisations and national sporting organisations for people with disability (collectively Sports) on topics such as financial sustainability; financial capability and capacity, and best practice risk management. This has included providing financial insights at both an organisational and sector level.

SECTOR BENCHMARKING DATA

This sector snapshot is informed by data from 62 Sports who were allocated baseline funding from the ASC, over the three year period under review, collected through the ASC annual Financial Data Collection process. Note that financial data has not been collected from each sport in each year, due to Sports either beginning or ceasing to be a funded sport part-way through the three-year period. As such, there were only 60 templates received in each year, and only 58 Sports across all three years.

PERIOD UNDER REVIEW

The analysis in this document covers three years, with 2021 including the financial periods ended 31 October 2020, 31 December 2020, 31 March 2021 and 30 June 2021 (with the prior years following the same pattern). The 2021 data covers all submissions received in 2021, with 2022 data still being received.

LIMITATIONS

The data in this report is predominantly self-reported by Sports. Whilst key lines have been cross-referenced against relevant audited financial statements (where possible material discrepancies were adjusted), due to the nature of self-reporting, not all data within this report is able to be independently verified. As such, there is the potential for data anomalies.

SUMMARY FINDINGS

In general, Sports improved their financial position and performance from 2019 to 2021, with increases in reported cash, 'unrestricted' cash, net assets, along with Asset and Cash reserves.



Improved cash balances were significantly boosted by income in advance, though 'unrestricted' cash balances also increased.



Most Sports have **reasonable asset and cash reserves**, although a number continue to face financial challenges.



Sports saw **significant decreases in income**, especially commercial and membership, although these were predominantly offset by reduced expenses; however staff costs increased.



Ongoing **Federal Government financial support** has been provided through consistent ASC funding, with significant support from COVID-related government stimulus; without which many more Sports would likely have reported deficit results in 2021.



Future considerations

Increased cost bases, including from higher staff and programme costs, could present future challenges for Sports unless additional income can be secured.

FINANCIAL TRENDS

3 YEARS

[2019–2021]

Overall trends

In general, Sports improved their financial position and performance. There were increases in reported cash, 'unrestricted' cash, net assets, along with Asset and Cash reserves (comparative to expenditure).

NET ASSETS



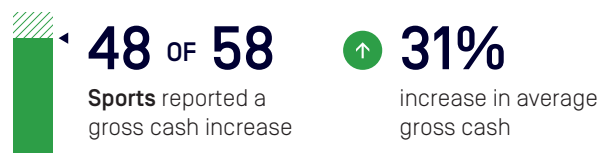
RESULT



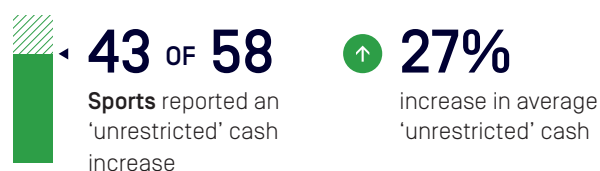
Cash trends

Whilst increased cash balances were significantly boosted by income in advance, 'unrestricted' cash balances also increased.

GROSS CASH



'UNRESTRICTED' CASH



Staff cost trends

Despite the reduction in expenditure noted across the sector, staff costs increased, which creates a larger employee cost base for Sports going forward.

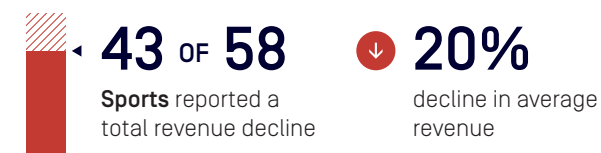
SALARIES AND WAGES



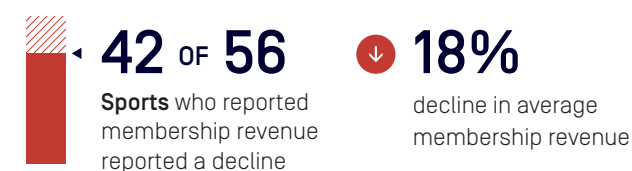
Revenue / Expenses trends

Sports saw significant decreases in income, especially commercial and membership revenue, although were predominantly able to reduce expenses to offset this.

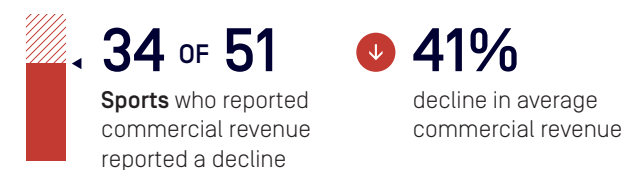
TOTAL INCOME



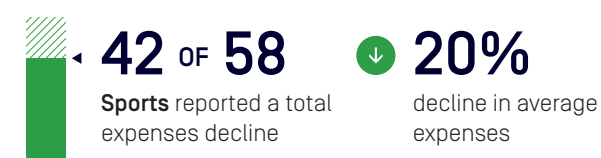
MEMBERSHIP REVENUE



COMMERCIAL REVENUE



TOTAL EXPENSES



Future considerations

There are concerns that increased cost bases, including higher staff costs, following a return to normal operating conditions, will not be matched by membership and commercial revenue returning to pre-COVID levels; potentially creating financial challenges.

ASC FUNDING/ COVID STIMULUS SUPPORT

Financial support to Sports has been provided through ongoing ASC funding, along with Federal Government COVID-related stimulus.

Without Federal Government COVID-related stimulus many more Sports would likely have reported deficit results in 2021.

ASC funding

Sports who received baseline ASC funding for all three years were allocated

\$171.9M

for 2021

↑ **7%**

increase from 2019.

On average, ASC grant revenue recognised for the 58 Sports increased from **35%** of total income in 2019 to **40%** in 2021.

COVID Stimulus

Of those Sports allocated baseline ASC funding,

51

Sports
received

\$42.3M

of Federal
Government COVID-
related **stimulus**,
which supported

1,334

employees across
these organisations
at its peak.

Across all ASC recognised Sports,

68

Sports
received

\$99.5M

of Federal
Government COVID-
related **stimulus**,
which supported

3,650

employees across
these organisations
at its peak.

Whilst **49 of 60** ASC funded Sports reported a surplus in 2021, directly adjusting for one-off Federal Government COVID-related stimulus suggests **19 [39%]** of these would have reported a deficit.

Future considerations



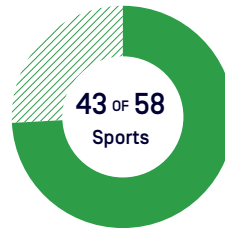
A broad range of Sports have accumulated unused ASC funding from previous years due to COVID-19 restrictions limiting activity and associated expenditure. Anecdotal evidence suggests that many Sports are reliant on these reserves to meet increased cost bases in the short-term. This indicates a mismatch between recurrent revenue and ongoing expenditure, with a potential need to scale back cost bases or secure additional alternative funding from other sources in future years.

FINANCIAL HEALTH

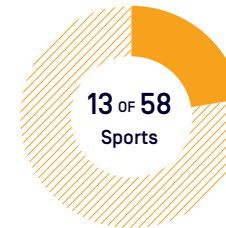
Most Sports have reasonable asset and cash reserves cash reserves in 2021 to absorb unforeseen financial shocks or make strategic investments.

Asset reserves

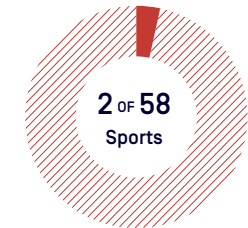
REASONABLE ASSET RESERVES (>3MTHS)



LIMITED ASSET RESERVES (0-3MTHS)



NEGATIVE ASSET RESERVES



MEDIAN ASSET RESERVES

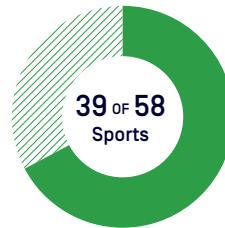
6.9mths

LOWEST ASSET RESERVES

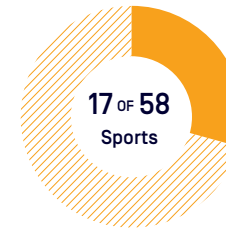
-0.9mths

Liquid reserves ('unrestricted' cash)

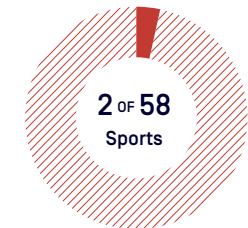
REASONABLE LIQUID RESERVES (>3MTHS)



LIMITED LIQUID RESERVES (0-3MTHS)



NEGATIVE LIQUID RESERVES



MEDIAN LIQUID RESERVES

5.7mths

LOWEST LIQUID RESERVES

-4.9mths



Future considerations

Despite reasonable average sector reserves, there remains a number of Sports who have minimal asset reserves or minimal 'unrestricted' cash reserves, suggesting financial challenges.



Queries

The Sport Financial Advisory team is happy to discuss any of the information included in this document. The team's mailbox is: sportfinancialadvisory@ausport.gov.au