Developing and delivering Australian sport
in the 21st century:
Riding the "third wave"

A keynote Address to the
ASC National Development Directors Conference
Castlemaine
Thursday 27 November 1997

Martin Stewart-Weeks
The Albany Consulting Group
Sydney
I: Introduction

In a characteristically prescient analysis of the major trends shaping the emerging post-industrial world, Alvin Toffler\textsuperscript{1} used the concept of a "third wave to describe what would succeed the second, or industrial wave, which in turn had succeeded the first, or agricultural wave. Toffler claimed that "we cannot cram the embryonic world of tomorrow into yesterday's conventional cubbyholes. Nor are the orthodox attitudes or moods appropriate."

My basic argument is that we have reached a stage in the development and delivery of Australian sport at which we are discovering that some of the traditions, structures and values that have got us to this point do not offer a sound base from which to move forward.

Many of the stresses, strains and frustrations which sporting organisations experience on a daily basis reflect exactly that desire to make the future fit into our "conventional cubbyholes". I am increasingly convinced that we will not be successful in our collective efforts to reduce those frustrations if we do not first acknowledge, as I have argued elsewhere\textsuperscript{2}, that we can't keep trying to cram the future into the past. Quite fundamentally, we have to rethink the philosophy, practice and management of Australian sport from top to bottom.

But let's be clear from the start what that actually means.

Firstly, it means that everyone involved in developing and delivering sport to Australians has to become engaged, at some level, in this debate. It is not just an esoteric debate that happens somewhere in the policy stratosphere with little or no connection to the real world in which people are engaged in the day-to-day business of delivering sport.

This debate is about very practical things like whether or not the traditional club and association structures as we have come to know them can survive into the next century and, if so, on what form. It is about how we offer a range and variety of sporting experience that more closely matches people's preferences, interests and values. It is about how much money is invested in sport, by whom and for whose benefit. It is certainly about the changing nature of the relationship between sport and its investors - government at all levels, corporations and, most importantly, our members and customers, the people who play.

Secondly the debate is not calling for the wholesale or automatic junking of clubs, associations or any other element of the sports development and delivery traditions we have inherited. I am not arguing that these structures and traditions are somehow automatically past their "use-by" date just because the new century is a couple of years away (although I am convinced that some of that have achieved that status, but not because of the impending new millennium).

The call, rather, is for a careful, thorough and demanding assessment of the best tray in which the structures, systems and skills of a contemporary sports industry should change and adapt in order to achieve the kinds of success we want in the kind of world we have to live in.

Perhaps, more than anything, that central observation lies at the heart of the 'third wave' argument as it has evolved to this point. The reason we now face this position is primarily because of powerful forces for social, economic, political and technological change that are affecting every other industry or sector. As we confront those changes, we have to stand ready to measure every aspect of the way we do business against the standards and demands that People - our customers, when all is said and done - are creating for us.

And that leads to the third and final opening observation. The process I am calling for means, in some measure, potentially radical change. It means that we may have to accept the need to do things differently, or to do different things (or both). It means confronting at least some of the ways we used to run our activities (at whatever 'level) and agree that they simply are not up to scratch in a more demanding world.

\textsuperscript{1} In The Third Wave (Pan, 1981)
\textsuperscript{2} In a draft policy paper prepared for the Confederation of Australian Sport (CAS) called A Whole New Ball Game (September 1997).
I do not underestimate at all how difficult that process is. I have been involved in it, in one way or another, for 15 years and, for much of that time, with sporting bodies both here and in New Zealand. I know how hard it is and how often the impulse to change is undermined by entirely predictable and understandable human instincts for certainty, security and familiarity. So I know what is at stake.

But I also know that, like all good theories, the whole "third wave" debate is already old news, at least in some organisations. The insights and implications I have been articulating, and will briefly touch on in this paper, are not especially original or exclusive to my analysis or me. Probably more people than even I am directly aware of are already (and have been for some time) taking on the "third wave" challenge and fashioning change in their own areas. It is always difficult and demanding, but it is being done.

In the end, I am trying to contribute to a debate throughout sport, and at every level that concentrates on three central questions:

- How do we reveal people's preferences for the sort of sport and recreation experiences they are willing to pay for and participate in (either as players, spectators, officials or managers)?
- What sort of delivery system do we need to make sure that the mix of sport and recreation opportunities in Australia matches closely to those revealed (and constantly changing) preferences?
- What sort of results and indicators should we establish as an appropriate performance framework within which to assess how well people's needs and preferences are being served by sport?

It is our collective responsibility, I suggest, to give those questions some serious analysis. They are not so different from the sort of questions with which people in other industries and sectors have been (and still are) grappling. They are the touchstones, I believe, of our search - or sustained success and top performance into the new century.

But, to set the scene, briefly, let me back track for a moment.

**II: The "third wave": restating the basic case**

In an article published earlier this Year, I argued that Australian sport was entering into a "third wave". Partly with Toffler's insights in mind, and partly trying to articulate a sense that we were facing a real watershed in sports development, I argued that the third wave brought with it some demanding, even dramatic new challenges.

The first wave took us from the turn of the century to the mid-1970s. The link between sport and government was low-key and minimal. The notion of sport as a sector, and as a serious policy issue, was ill formed and not widely accepted. The concept of sport as a sector or an industry was not on the agenda. For some, the very concept was (and still is) highly offensive.

The second wave was triggered by the Whitlam Government's decision in 1972 to create a Department with responsibility for sport and to allocate $1 million for sports development. The link between sport and government was significantly upgraded. Since that time, public investment in sport has increased dramatically. The institutional framework for sports policy and sports program delivery has become more complex and expensive (Commissions, Departments, Institutes etc).

The size, scope and impact of sport as an industry has emerged as a key issue in its own right, although somewhat reluctantly in some quarters. We know we're now dealing with a sector that generates about 2%...
of Australia's GDP - that's about $7 billion. Something just under 5 million Australians play sport or are involved in other ways (coaching, managing etc), investing about $3 billion annually.

The third wave can only be defined speculatively at this stage. It is likely to be defined by a very different relationship between government and sport. This will be reflected both in the level, source and focus of public funding and in terms of a less cumbersome and extensive institutional "machinery" much of which is likely to be privatised in one form or another.

It is also likely to be a time when the sporting community itself will be thrown back much more on its own resources - in a strange way, perhaps not unlike the situation that existed in the first wave.

But the difference is that the context has changed dramatically. The competitive pressures to perform and survive are much tougher, the demands and expectations of customers and members are growing and are increasingly unforgiving. The relationship between sport and government will be different. The notion of a sports industry (and the obligations that imposes on its members) is likely to become entrenched. The need for a long-term strategy to develop that industry, but without failing for the alluring temptation of a "master plan", will search for direction, focus and coherence. But, like other sectors, it will have to find ways of delivering on its desired outcomes without relying on outmoded traditions of hierarchy, power and authority.

III: Pressure and possibilities: the need for change?

Two things are important to grasp about the notion of a "third wave". The first is that it is evolving in response to major shifts and changes, some in the sports industry itself, but most in the wider social and economic context within which it functions.

The second is that the dimensions of this third wave in Australian sports development and delivery are themselves also being shaped by those same external pressures. But, importantly, they are also being driven by changing values, assumptions and expectations of those for whom, in the end, the whole business operates - Australians who, at every level and at every age, simply want to enjoy the experience of sport.

Drawing on some of the recent work I have done to develop this debate, and to analyse some of its policy implications, I have briefly reviewed here some of the key possibilities and pressures that have given rise to the emerging third wave.

The Olympic Games

The 2000 Olympic Games to be held in Sydney represent both a culmination and a new beginning. They are the crowning achievement of the 'second wave' that consists of 25 years of sports development in Australia (using the Whitlam Government's first $1 million sports budget as a convenient 'marker').

But in another, the Games leave some of the most difficult questions begging, not least "after Sydney, what happens next?". The relentless focus on top competitive performance and the skewing in sports funding to invest heavily in Australia's potential medal haul in Sydney masks the really difficult questions for Australian sport. After 25 years or so of considerable public investment in sport, what is the appropriate framework of objectives, strategies and policies that makes sense for the next 25 years.

Community versus commercial

The nature of sport, especially the emerging tension between its elite, commercial manifestation and its role as a community-based recreation and leisure activity, changing the rapidly and dramatically. Traditional "pyramid" models of sport which tried to link the top (elite/competitive) and bottom (recreational/community) in a coherent development framework is now being tested and, at least in the minds of some, being found severely wanting.
Social and economic change

Social, technological and economic changes are creating new demands by those who want to participate in sport, either as players, spectators, officials or managers. In 20 years, we have leapt from the kitchen table to the Internet, from voluntary administration to professional management, from club member to (in many instances) paying customer, from relative backwater (at least in business and policy terms) to massive business.

The shape and nature of the Australian community has been changing for a while. It is now becoming clearer that some of those changes are driving equally significant changes in the patterns of demand for, and consumption of, sport and recreation.

In the consultation that went into preparing the CAS sports policy framework, for example, there were frequent references to, and much anecdotal evidence of, the way those changes were evident in sport. Double-income families spending more time at work had less time to contribute to volunteering and were less able to get their children to sport, especially on weekends.

Young people were "playing, not joining", often bypassing traditional sports structures and getting involved in 'fast-food' sports packaged by entrepreneurs. By the same token, many traditional club and association structures were failing to make themselves relevant and accessible to a more multicultural mix of potential customers and members.

So far as the evidence can be easily summarised, some of the key elements of the social shifts driving consumption patterns are summarised briefly below:

- Rise of two-income families
- Changing patterns of time-use
- Changing patterns of income distribution (a phenomenon of a growing gap, the rise of the working poor etc).
- An aging population
- The growing evidence of a more multicultural mix the population

The convergence of telecommunications and information processing of the most powerful forces for change in virtually all aspects of our social and economic life. Most obviously in developments like the Internet, these changes are introducing a new capacity for interconnection and delivering services (and products) that transcend the tyranny of distance.

People can increasingly access services, information and products through their computers, whether it is a beginners coaching course, information about the weekend's fixtures or buying new sports equipment.

The technology is also increasingly accessible that allows often large and geographically dispersed organisations to stay in touch more easily and to subvert the old hierarchies whose effective control relied on distance and poor communication. Information and ideas now flow more quickly and need not be a function of whether or not someone can get to a meeting or is elected to a committee.

As well, technological change is opening up new forms of television and broadcasting, with obvious (but not always comfortable) implications for sport. Hungry for product, new forms of satellite, pay and "narrowcasting" television are creating both powerful niche opportunities for sports as well as potentially global audiences for a wider and wider range of sports.

The more I think about my own work with sporting bodies, which has taken me into virtually every level of a wide range of sports both here and in New Zealand, the more I am convinced that many in the sector are still in various stages of denial and shock about what has happened to them and their familiar world over the past 20 years. Sport in Australia is still reeling from changes and new demands that have irrevocably redefined the scope, focus and nature of its 'core business'.
Sport and Government

The relationship of the public sector to sporting organisation and to sports policy more generally, is already changing. The relative largesse of the last 5 years or so seems almost incomprehensible in the light of a public policy framework characterised increasingly by diminishing resources, an emphasis on "empowerment" and devolution back to communities and organisations and an acceptance of government as the appropriate institutional framework for developing and implementing policy (privatisation, contracting out, harnessing public/private collaborations to achieve outcomes).

Management Changes

Management and organisational theory have been grappling for some time with ways to respond to the new demands that customers are placing on organisations in all sectors, with an emphasis especially on quality, service, value and performance. It is no different for sport.

Like other sectors, it has to come to grips with the end of hierarchy, the transformation of traditional structures of power and authority and the inexorable rise of an ethic of collaboration, partnership and integration.

The "third wave" in sports policy is going to put a premium on better management within sporting bodies themselves. In a way which the focus of the past 25 years on "sports administration" has only hinted at, sporting bodies are going to have to make what in some cases will be huge leaps to embrace more contemporary notions of effective management and organisational practice.

That doesn't necessarily imply that sporting bodies have to be slaves to management fashion and fad, or that they have to adopt 'business' models and practices. Far from it. What this means is that they will have to become very good at being outstanding sporting organisations, but in a way which responds to contemporary demands for value, service, quality and performance.

That is going to require a fundamental rethink about virtually every aspect of sporting organisations. It means revisiting often-painful debates about their basic structure, including the increasingly dysfunctional relationships between national and state bodies within the same sport.

It means addressing in a much more serious fashion than we have up to now the whole issue of governance and leadership. What that means, simply, is the quality, focus and work of governing boards or management committees. In this area, we are a long way behind the United States, for example. There, the focus on boards and governance is well established and extensively researched.4

It also means looking long and hard at internal systems and procedures, and then changing them when necessary. That includes how decisions are made, structures of accountability and responsibility, financial management and human resource development.

The competitive/community Paradox

An increasingly urgent problem for sporting bodies in the next few years will be the need to integrate their commercial and community imperatives. In fact, the challenge may be even more basic than that. Perhaps the attempt by a single organisation to respond, on the one hand, to commercial pressures to commodify," sport and turn it into commercially attractive packages and, on the other, to maintain a focus on sport as a community-focused activity is no longer realistic.

There seems little doubt that it will be possible to identify and describe increasingly distinct images of sport at both ends of the continuum (if that is what it really is). Sport is (and will remain) a significant aspect of community development. It has an important part to play as a part of, and by giving effect to, the growing interest in "localisation"- that is, the search for local context and social meaning which people

4 I am thinking, for example, of the work of National Centre for Non-profit Boards in the US, which has an international arm and an extensive publishing and training operation in all facets of non-profit leadership and governance.
reach for instinctively in a world increasingly driven by the implacable imperatives of "globalisation". Just as surely, though, sport has a distinct reality as a commercial property, something which can (and ought quite reasonably to be) traded, developed, changed and evolved to respond to changing consumer preferences for new product and entertainment.

Customers, not members

One of the most interesting aspects of the third wave debate is the extent to which we are witnessing a fundamental shift from "member" to "customer" when it comes to consuming sport in Australia.

In a trend that has been noticed by other commentators, people seem reluctant (in sport and in other aspects of community life) to pay the price of traditional forms of membership. That price is not necessarily the financial cost. In fact, the financial cost of joining clubs in some sports remains ludicrously low and is rarely the real issue.

The real price is measured in terms of time and effort or the other "transaction costs" associated with club membership - attending meetings, being pressured into accepting voluntary leadership positions, worrying about the books and the clubhouse and so on.

What we now see is people exercising their instinct for social recreation and activity in new forms that minimise the amount of administrative infrastructure needed so they can focus on playing and enjoying themselves. So in many sports, it is not uncommon to witness static or declining formal club or association membership with often-booming participation numbers. People are playing, but they are not joining.

My basic point is simple to state, but complex to analyse properly. Are we witnessing an increasingly significant "boycott" of traditional structures like clubs and associations by people anxious still to enjoy a sports experience (at various levels of competitiveness and performance) but unwilling to put up with their more dysfunctional dimensions? Are we, in other words, witnessing demise of the club (primarily, but not exclusively) and the rise of a wide range of different, often more overtly entrepreneurial and commercial delivery mechanisms that seem to meet people's contemporary demands and values more effectively? The difficulty in trying to answer that question is the absence of good information to work with. Mostly, we've got anecdotal and other forms of ad hoc reported experience, some (usually poor and unreliable) figures, especially from sporting bodies themselves and some disparate and unconnected pieces of research by government, universities and so on.

But we do know, for example, that in some sport the proportion of people who are actively involved in the sport (although often at fairly low levels of intensity) is far higher outside the traditional structures than within it. So, for example, when I worked with skiing a few years ago, we found out that formal membership through clubs had been pretty static at about 30,000 (roughly) for quite some time, while the estimates of community participation in skiing were anywhere from 650,000 upwards.

The interesting thing about that information is what we ought to make of it. When we were researching this paper, we contacted a number of national sporting bodies to get some information on numbers. Something of a pattern emerged:

- Their own registration or participation figures were not always reliable but tended to show relatively static or declining formal participation rates.
- They all acknowledged large unregistered pools of participants, teams and competitions (netball, for example, reported a figure of 370,000 registered players, but an estimated informal participation base of over 1 million).

The question that ought to arise is does this disparity matter? Is it significant that, in many sports, the traditional structures that provide for formal participation are static or in decline while the non-formal involvement is growing or at least much larger? What does that tell us about the core business of traditional clubs and associations? And what does it tell us about the appropriateness of the growth and marketing plans that many of these traditional organisations have developed?
It is virtually impossible to access easily any reliable data that would throw some light on this same question in other sports. We have the somewhat dubious self-reported participation figures from national sporting bodies (some of which I have looked at again for this paper). We have studies like the recent ABS survey of involvement in sport\(^5\). That tells us some important (and impressive things), such as:

- Almost 5 million (or 32%) of the Australian population over 15 are involved in sport (with participation rates significantly higher for men than for women).
- We know that figure has increased slightly from 1993, but the overall participation rate has actually fallen.
- We know\(^6\) that, in 1995-96, sports participants spent something over $2.7 billion on sport and physical activities.

But what we don't know is how those participants are accessing their sport. We don't know, for example, the proportion of all Australian netballers who play in competitions run by the traditional clubs and associations, versus those who play in non-traditional competitions run by leisure centres or other entrepreneurs. We don't know the number of unregistered soccer competitions or the proportion of organised basketball that is not by groups affiliated with the Federation or its State members, but by commercial providers who, in effect have "privatised" much of the club and association function.

As part of my continuing research on these issues, I have collated some interesting details that provide at least sonic evidence for what might be happening on the ground.

We contacted a range of private and municipal sport and leisure centres around Sydney, and asked them for the same information:

- In what sports did they provide their own competitions (that is, competitions they ran and which were not affiliated with the local association)?
- How many teams and players were involved in those competitions and how had those numbers changes over the past few years?
- What other types of sporting activity (e.g. coaching clinics) did the centre provide, off its own bat?
- Where they involved in any form of "joint venture" with local associations or traditional sports bodies (other than simply providing a venue for hire)?

The table attached to this paper summarises the (incomplete) responses we got. But some of the key findings that emerged included:

- The centres we spoke to were running competitions in 8 separate sports, involving a total of over 1200 teams, which amounts to a large number of people, say almost 10,000 assuming an average per-team figure of 8. What we couldn't find out, though, was the proportion of those playing in these "private" competitions who also participated in the traditional competitions of the local or State-affiliated associations. And that also needs to be put in perspective in terms of the official or traditional competition base - for example, we were told that there are over 200,000 officially registered touch football players in almost 19,000 registered teams.
- Most of them run their own coaching and school holiday programs, for which they provide their own specialist people.
- Most of them also provide venues or competitions arranged by the traditional association in a range of sports.
- The centres have been running these competitions for as long as 16 years, although some are relatively new to the business (within the last 18 months or so).

\(^5\) Involvement in sport, Australia, ABS catalogue No. 6285.0 (November, 1997)
\(^6\) Participation in sport and physical activities, Australia, ABS Catalogue No. 4177.0 (June 1997)
• Numbers fluctuate (and the detailed trend figures were not easy to obtain), but the overall trend seemed to be either steady or growing, with some centres reporting significant unmet demand (i.e. people who wanted to arrange or play in competitions for which the centre did not have the facilities or space).

What is interesting to me is that, in effect, these sports centres have "privatised" the sports development and delivery function that traditional clubs saw as their core business. They organise the competitions, get the umpires (usually trained by the traditional association) and pay them, provide the venue and collate the results. All the players have to do is turn up and enjoy the game with their friends (and often with the children safely in the centre's professionally run crèche). No presidents to elect, no internecine political warfare to put up with, no-one to dragoon into being Treasurer for another year, not tedious AGM's to sit through.

Now, the point of this analysis is not to try and provide conclusively that the figures show the demise of clubs and associations. They clearly do not. The trouble is, we don't, have a good information base from which to work to make those kinds of assessments. Much of our "evidence" is anecdotal and ad hoc.

But, coupled with the familiar and persistent complaints by many in clubs and traditional sporting bodies about the difficulty of getting people involved, of getting people to accept the voluntary administration and governance roles that inevitably go with that traditional territory, these bits of evidence should at least give some pause for thought.

Two issues arise from this analysis.

One is to reconsider what the notion of a "club" means in the post-2000 context. What do we (or should we) expect a "club" to offer and provide for people who still hanker after the social context, sense of connection and solidarity it has always offered but who don't want to reach back to the values and instincts of a world, over a century old, which simply doesn't fit the way they live their lives.

The other is to work through in more detail what the distinction between "member" and "customer" means for sporting bodies and for sports programs. If at least some proportion (and perhaps a growing proportion) of people who play a sport are doing so outside the formal structures and processes established to run and develop that sport (that is, they are voting to be "outsiders" and not the traditional insiders of a formal club structure), what is the real role and significance of those traditional structures? Given that some element of organisation is still necessary to make the sport happen, what ought a contemporary sports management and delivery structure to look like in which people are looking only for value and service.

IV. Some issues and implications

So what, in the end, might these bits and pieces of analysis add up to? Part of the value of this conference is to ask you that question, of course. Your own observations and experience in your own sports provide a solid basis on which to think about these issues and their potential implications for the way you run your sport, and for the way you do your job.

I would like to conclude with, firstly, some tentative propositions that seem to me to flow from this debate and, secondly, some questions that we might usefully pose both for the remainder of this conference and when we get back to the real world on Monday!?

Firstly, whether it is traditional clubs and associations or newer, more entrepreneurial forms of sports delivery, the watchwords for success will be the same. Service, quality and carefully listening to the changing needs and values of your customers (whether you call them "members" or "customers", it doesn't matter) will be the inescapable measure of performance. In the end, the key to long-term survival

---

7 Some of this analysis is adapted from an article I wrote for the ASC called Delivering sport in the third wave: are we up to the challenge? (Activate, Issue 3, December-March 1998).
will be to keep relevant and authentic - that is, to consistently do things of value in ways that customers want.

Secondly, in this kind of changing environment, there is a premium on good management. That starts from the Board or management committee and goes right the way through to the person on the front desk and the day-to-day workers (whether or not they are volunteers or paid staff).

Organisations that are going to survive will be running their organisation in ways that deliver value and good service.

Thirdly, the organisations most likely to survive will be those who work out quickest that some of the old barriers and distinctions don't matter any more. I can remember in some recent discussions hearing some from within the traditional club and association structures refer to their more commercial competitors as "renegades". It was as if their very success in drawing people away meant that they were somehow doing something slightly unethical. In the future, the game is likely to be won by those who can work with the "renegades" to share skills, knowledge and expertise in the service of some common goals and values (not the least being to get more people through the doors to play and watch).

Fourthly, the easy part of this shift will be to teach people the skills and techniques they need to operate in the new environment. The hard part, at least for some, will be to shift attitudes, values and assumptions. As we know, changing culture is not something you can teach or legislate for. But without it, the prospects for success are severely diminished.

Beyond these initial reactions, I have thought a bit further about how these ideas might impact on sporting bodies themselves, on the concept of a sports industry and, finally, on the role and function of government (socially at the national level).

**Sporting Bodies**

- Review their basic structures and governance, especially the need to update the concept of federal structures to reflect contemporary emphasis on networks alliances, more open and equal relationships, freer flow of better quality information to maintain a focus on outcomes etc.

  In the end, the impact on, and implications for, sporting bodies especially will be felt in four key areas - strategy, structure, systems and skills.

- Coming to grips with the shift from members to customers and recognising the need to adopt a more complex analysis of the different groups who use their services and their changing choices and preferences.

- A greater focus to lifting the skills of governance and management within sporting bodies (skills at the board/committee level, professional management skills, greater focus on skills of volunteers, etc).

- A more innovative approach to partnerships and collaboration, especially where they require crossing traditional boundaries between the non-profit and the commercial sectors and a willingness to see them as potential partners.

- A core commitment to rigorous quality standards and procedures based around a core commitment customer (or member) service.

- A recognition of the importance of being part of a larger industry and recognising that the industry will contain a diversity of players with different interests and skills, but with some level of shared values and common objectives. Accept the importance of making a contribution to evolving mechanisms for industry solidarity and self-governance (i.e. understanding the need for the industry itself to in effect take charge of its own destiny).
The sports industry

- Building a sense of cohesion and connection amongst a wider range of stakeholders whose different interests and focus should not be at the expense of some common value and shared outcomes. Also increasingly exploring the need for "cross factional" partnerships and a growing recognition of the potential power of those collaborations.

- Experiment with different institutional models for self-governance and collective action within the sports industry.

- Recognition of the need for "thought leadership" and taking the strategic thinking and policy task more seriously than before.

Government (especially at the national level)

- Clearer about its intentions, outcomes and processes for evaluating results.

- Increasingly focusing on its role as an investor, setting and sustaining high standards and acting as an external driver of change within the sports industry by maintaining high expectations.

- New processes of accountability that pull back from increasingly intrusive and operational concern to take a more strategic, risk-sensitive approach.

- Clearer distinction between a policy and provider role. If the full implications of that model are applied to sport, it is likely that, in a post-2000 environment, sports policy will be the responsibility of a small unit in government, with all "provider" or program delivery roles either privatised or outsourced to the private or non-profit sectors.

That would mean the government (in particular at the national level) might increasingly assume a "strategic investment" role, looking to "purchase" outcomes some of which may be delivered by the traditional sports sector, some of which may come from other, less traditional sources. It would also signal at least the possibility of shifting the funding focus away from grants that are attached to specific roles and activities in specific organisations (e.g. national sporting organisations) and towards program and outcome-based funding for which those organisations (and others) will have to compete.

V: A guide to the third wave.

This final section is deliberately brief and speculative.

I distilled from the previous analysis and my own continuing thinking about these issues three basic propositions that I feel will characterise the third wave.

Proposition 1: a new framework for sports development

The new sports development and delivery framework will combine traditional and often radical innovation. It will reflect two basic assumptions:

- The first is that the fundamental purpose of any sports system is to respond to the changing preferences and demands of customers - Australians who want to participate in sport at whatever level and in whatever form.

- The second is that no matter who is paying the bills - governments, commercial sponsors, users - they are investors. They demand performance and results that match their needs and their values.

The framework will harness the expertise and resources of the sports industry to achieve three key outcomes:
• To provide as much choice as possible for customers (Australians who want to participate in sport) in terms of the range of sports and the way in which they are delivered to reflect their values, preferences and needs.

• To evolve a new way of delivering sport in Australia that combines a contemporary form of traditional, community-based clubs and associations with newer, more entrepreneurial methods across the full range of sporting experience - general participation, "recreational" competition and top, elite competition at national and international level.

• To measure the success of sports policy, and of specific initiatives within that policy, against indicators of performance, quality and service (that is, on the outcomes achieved), not the preservation of particular structures and systems for their own sake.

Proposition 2: a thriving sports industry

Although hardly a new concept, the demand for a strong, cohesive and contemporary sports industry, capable of linking its disparate elements to focus on a few basic values and shared outcomes, has probably never been stronger.

In this context, though, the idea of an "industry" with interests in the development and success of sport at all levels in Australia goes beyond sporting bodies and associations. It needs to draw in the interests, resources and skills of organisations in transport, tourism, energy, and manufacturing. If, for example, Australians spend almost $1 billion getting to and from sporting events, that means oil companies, the tourist industry (especially hotels and motels, tour operators etc) and car manufacturers are legitimate members of the sports industry.

If governments are going to make a clearer distinction between their policy role and their service provider role, and increasingly 'outsource' that provider role to the industry (or anyone else who wants to take on the job), then the sports industry needs to be ready. Part of that task involves better research and information about the scope, size and nature of the industry itself (something in which CAS has already invested resources and effort). Part of it involves experimenting with new institutional structures that will make the necessary connections between the various players within that industry.

One continuing priority for the industry is the need to constantly promote the benefits of the industry and of sports participation in a more competitive environment. The choices for people beyond sport for their leisure and recreation time and money is always tough and likely to become tougher. The response from sport has to be both coherent and compelling.

Proposition 3: a "mixed economy" centred on quality, service and value.

Perhaps the single most important insight about the third wave and what it means for sport at all levels is the realisation that there will be no 'one true way' to do the job. The search should not be, in that sense, for the central structure that will take the place of the sports club or association.

We ought not to be trying to replace one outmoded piece of institutional machinery (at least in some circumstances) with some sort of "new, improved" version. I'm fairly confident that we are not, in fact, going to witness the demise of the traditional, community-based sports club, at least for some key functions. I'm also fairly confident that we are going to witness an increasingly diverse array of new forms of delivering the level, quality and value that people want from their involvement in sport.

In either case, I can't predict exactly the how these traditional or new forms will look or how they will operate. But I can be very confident that, whatever form they take, they will all survive and prosper because they will be authentic, purposeful and relevant, totally committed to doing things of value for customers in ways that customers want.