

# STATEMENT OF PERFORMANCE EXPECTATIONS

SPORT NZ GROUP - 1 JUL 2015-30 JUN 2016



SPORT  
NEW ZEALAND





IONI TABOO ORIGINAL DEVICE II

Ford

Lotto

BLACK STICKS

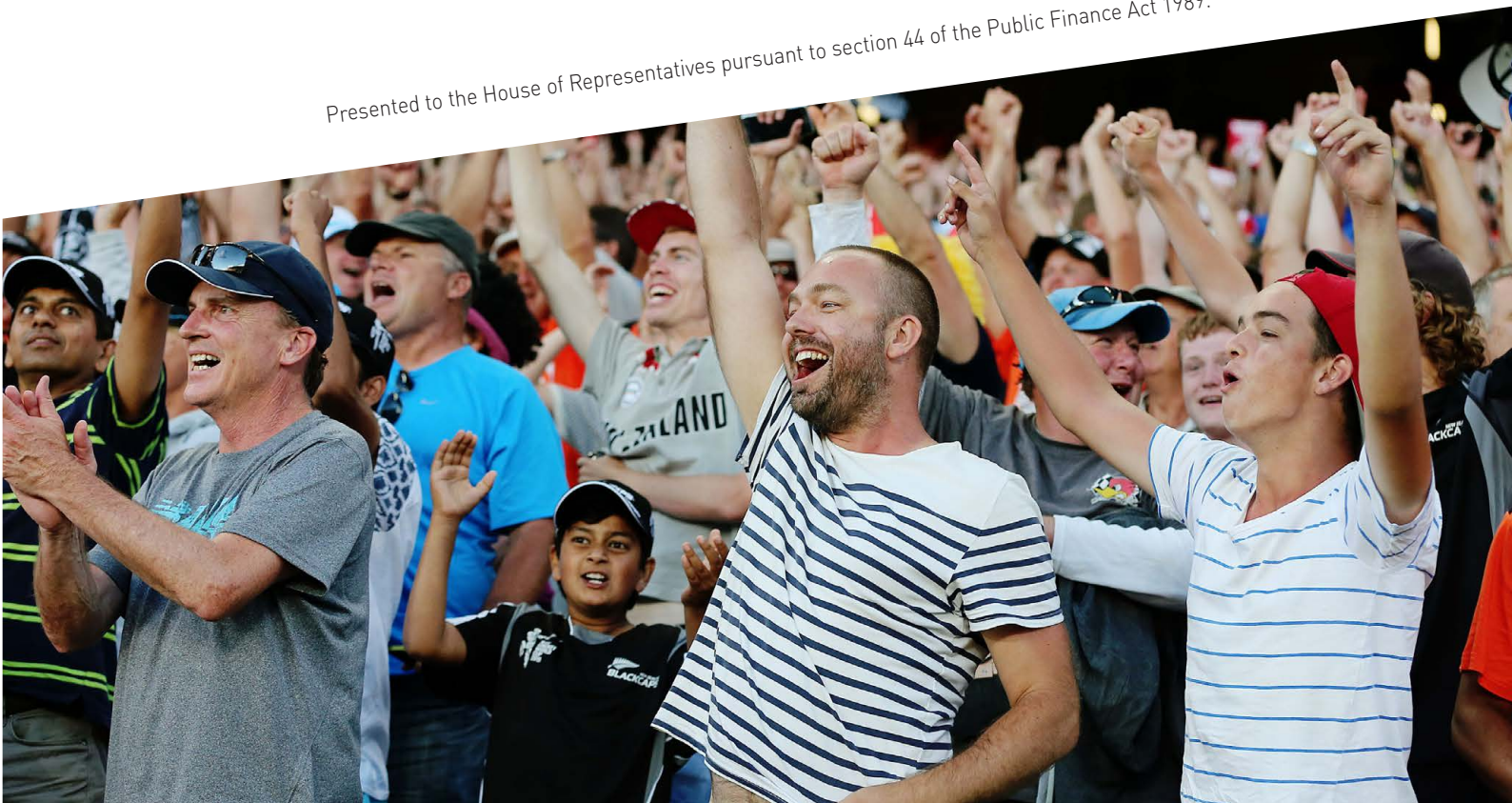
32

BLACK STICKS

# Contents

Introduction .....	2
Our strategic approach .....	4
Focus areas .....	6
What we intend to achieve .....	7
Service performance expectations .....	10
– Output Expense 1: Sport and Recreation Programmes .....	11
– Output Expense 2: High Performance Sport .....	15
– Output Expense 3: Prime Minister’s Sport Scholarships .....	17
Assessing organisational health and capability .....	18
Prospective financial statements.....	19
Statement of accounting policies.....	24

Presented to the House of Representatives pursuant to section 44 of the Public Finance Act 1989.



# Introduction

This Statement outlines the performance expectations for Sport New Zealand (Sport NZ) for the year ending 30 June 2016, covering service performance and the forecast financial statements. The performance expectations for High Performance Sport New Zealand (HPSNZ) are included, being a wholly-owned subsidiary of Sport NZ.

## Building a world-leading system

This Statement of Performance Expectations presents the annual outputs needed to deliver our Group Strategic Plan 2015-2020, which includes our High Performance Sport NZ Strategy and Community Sport Strategy. We are focusing on building a world-leading sport system that enables more young people to participate in sport and recreation, more adult New Zealanders to get involved in sport and recreation (participating and supporting others to participate), and more high performance athletes to win on the world sporting stage.



2015/16 is the first year of our Strategic Plan and Community Sport Strategy when our focus is on developing national frameworks and strategies, re-setting our Community Sport investments and identifying new strategic partners, including greater levels of cross-government collaboration towards shared outcomes.

In Community Sport, we are developing new ways to better meet the needs of sports participants. The new Physical Literacy Framework, for example, will enable greater understanding of what physical skills development and activities are appropriate at any given stage of a participant's life. We will continue to support partners, including national sport organisations (NSOs) and regional sport organisations (RSOs), to deliver to participant needs, including further steps to mature our Insights programme started in 2014/15. We will focus on identifying specific local needs in parts of the community and enabling partners to deliver to those local needs, particularly in low-participation communities.

We remain committed to supporting Māori sports participation and are aiming to ensure an 'As Māori' delivery model will continue.

Across our focus areas of 'school-aged children' and 'local delivery', we have a particular emphasis on engaging with other government partners like the Ministry of Health, the Ministry of Education and Te Puni Kōkiri. This will enable us to align our outcomes with broader government aims and to bring collective effort and solutions to address long-term, societal challenges such as obesity and inactivity. In partnership with Health, we will focus on a national approach to increasing physical activity levels in the 0-18 age group. This will involve increased resource and investment into a range of physical activity interventions, particularly in low-participation and at-risk communities. The shared approach will also be aligned with nutritional and other support provided by Health, to prevent obesity and maintain healthy weight in young people.

In our investment role within community sport, we are introducing a new contestable investment process across all aspects of our investment which requires a clear understanding by partners of their value proposition to participants and within the sport system. Our new Community Sport investment principles are designed to gain the maximum value for the public's money, with assurance of delivery.

High Performance Sport New Zealand(HPSNZ) has a mature strategy focused on supporting our high performance athletes to compete on the world stage across their respective pinnacle events. In 2015/16 athlete preparation will intensify in the run-up to the Rio Olympics 2016. Our initial investment to Tokyo 2020 will need further support from 2015/16 onwards, if we are to continue to deliver more winners on the world stage. In addition, we will continue to support our national sports seeking success in their world championship events. We acknowledge a significant challenge to sustain progress in the face of other nations' advancement.

We will strengthen the talent development pathway which leads to high performance, by bringing in a new talent development strategy. Consultation with the sector will enable broader consideration of what is needed to develop talent.

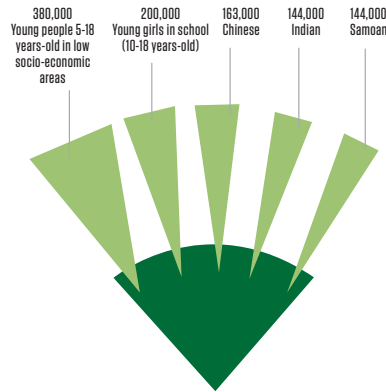
We have challenges ahead. Due to lower profits from Lotto NZ, we have recently been advised that in the current year (2014/15) the share of profits we receive from the NZ Lottery Grants Board will be \$5.9 million below budget and their forecast for 2015/16 is now for a similar result. The impact over two years is \$11 million. Current reserves allow Sport NZ and HPSNZ to protect and deliver their financial commitments in 2015/16. However, longer term there are potentially significant impacts on our ability to achieve our strategic intent if lottery surpluses do not revert to the higher forecast levels.

For HPSNZ, in particular, this is further compounded as it prepares its campaign for Tokyo Olympics 2020 and beyond, with escalating costs of high performance programmes. Success on the international stage comes at a cost – more athletes competing significantly increases the total system cost.

We are taking steps to actively manage this situation over the next six to twelve months.

Results and progress on achieving these performance expectations will be reported in Sport NZ's 2015/16 Annual Report.

### COMMUNITY SPORT BROAD TARGET PARTICIPANT GROUPS



# Our strategic approach

## WHY

Enriching lives and inspiring the nation

## WHAT

To be the world's most successful sporting nation

## HOW

Building a world-leading sport system

## WHO

Young people, adults and high performance athletes

### Participant-focused

We are focused on the needs and expectations of participants and athletes

### System-led

We focus on the 'system attributes' which best impact participation and winning

### Performance-driven

We hold ourselves and others accountable and ensure there is a clear return on all investment



## Participant-focused

Participants are at the heart of our strategy – whether they're Kiwi kids just starting on the sporting pathway, club members or gym-goers, weekend warriors, rising stars or established high performance athletes. We will focus on gathering insights into why and how people participate, to support the system to provide sporting experiences that meet participants' changing needs at all levels.

We will continue to promote and support the development and implementation of sport and recreation in a way that is culturally appropriate to Māori.

We will also continue to encourage participation by traditionally lower-participation groups such as women, older people, Pacific peoples and those with disabilities.

## System-led

A key tenet of coaching sport is that if you focus on playing the game well, then the result will look after itself. We believe the same to be true of our sport system.

The New Zealand sport system is dynamic and complex with lots of moving parts. It's helpful to consider a system like ours as having five attributes:

- **Environment** – the context the system operates within
- **Intelligence** – knowledge, and its application by people in the system
- **Capability** – people and organisations within the system
- **Connectivity** – sharing and collaboration across the system
- **Resources** – financial and physical 'inputs' to the system.

So instead of focusing solely on the results – more kids, more Kiwis, more winners – we will focus on the crucial attributes of a successful system. If we get these right, we're confident the results will follow.

## Performance-driven

As leaders, we will hold ourselves and others accountable for our impact on the system through robust and timely measurement. We will ensure there is a clear return on investment for all money we receive and invest. We will maximise the financial and operational performance of our own business, of partners we invest in, and of the system, to ensure we provide the maximum possible value to New Zealanders.



# Focus areas

Sport and recreation will take place in communities all over the country in many different ways, at many different levels and with the support of many different groups and individuals. We will encourage and support it all; however, we will focus our investment and resources in the areas of the system where we can make the most difference.

We believe that if New Zealanders are to continue to participate and win in sport we need all young people to develop the skills and confidence needed for lifelong involvement. We need strong clubs and strong competition pathways, and we need to reduce barriers to participation. And we need Kiwis to continue to win on the world stage, so future generations are inspired to do the same.

## Our focus areas are:

1. **Young people:** Developing a love of sport at an early age is more likely to encourage a lifelong participation habit. A focus on developing physical, social and emotional skills through a 'physical literacy approach' will ensure all Kiwi kids have the skills and opportunities they need to be involved in sport for life.
2. **Local delivery (particularly in low-participation communities):** The opportunity exists to increase sport uptake by improving local delivery. We will identify and prioritise population groupings where there is low or declining participation, and where barriers to greater participation exist.
3. **Competitive sport (including talent identification):** The preservation of our sporting heritage and high participation rates will be dependent on our ability to sustain numbers of people participating in traditional sport competition structures and pathways, so this will continue to be a focus.
4. **Leading high performance:** To have the best chance of success, athletes need world-leading programmes, support services and facilities, so they can focus solely on performance. We will work with targeted sports, athletes and teams, being performance-driven, coach-led and athlete-focused.

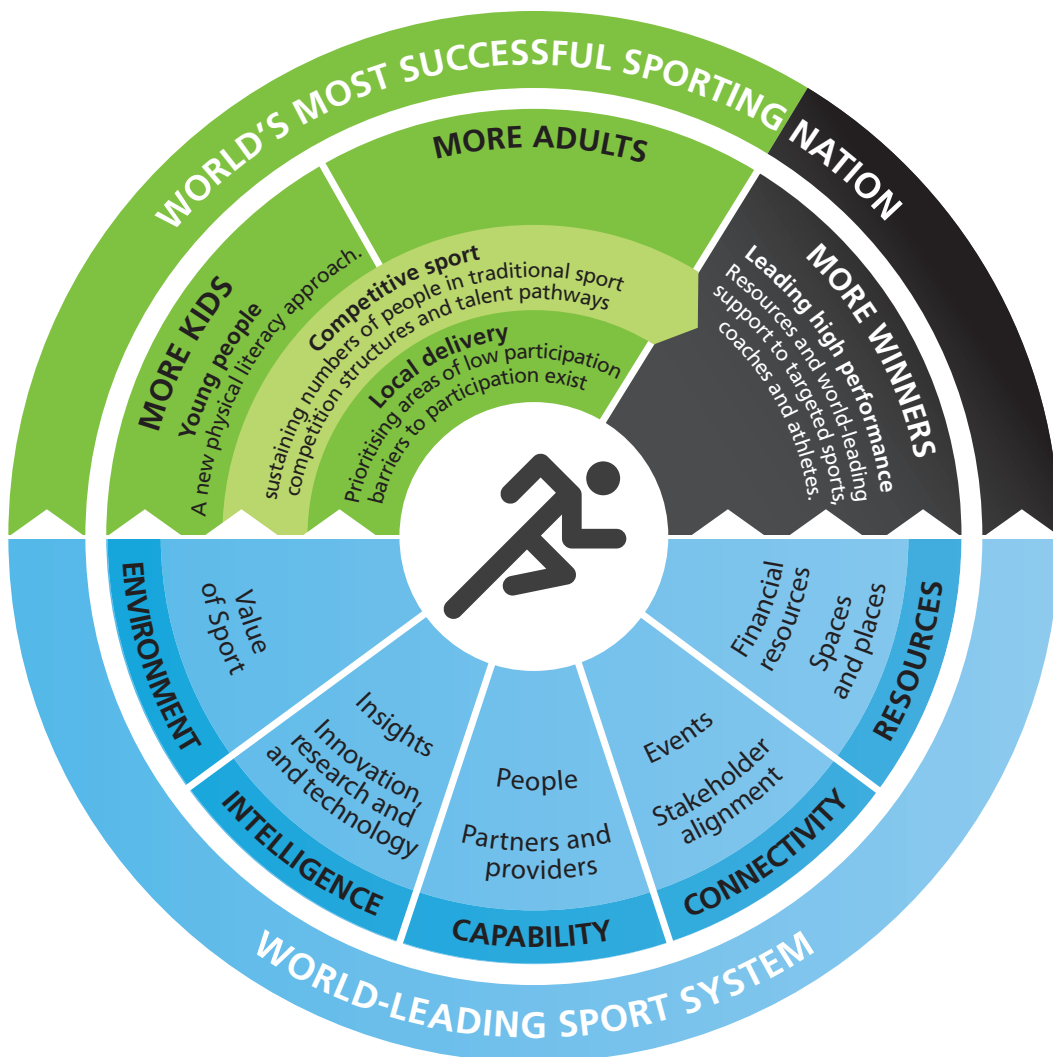




# What we intend to achieve

Through building a world-leading sport system, we will achieve our strategic outcomes: more kids, more adults, more winners. The diagram below is an extension of our Outcome model; the lower 'hemisphere' depicts the sport system attributes or parts we will work through to achieve the outcomes and priorities we have identified in the top 'hemisphere'.

## Why – Enriching lives and inspiring the nation



The New Zealand sport system is dynamic and complex. We have identified five attributes or parts that are critical to system success:

- **Environment** – the context the system operates within
- **Intelligence** – knowledge, and its application by people in the system
- **Capability** – people and organisations within the system
- **Connectivity** – sharing and collaboration across the system
- **Resources** – financial and physical 'inputs' to the system.

## How we will deliver on our strategic priorities

**SPORT NZ GROUP**  
A world-leading sport system

*Community* **SPORT**

More kids, More Kiwis

**HIGH PERFORMANCE  
(HPSNZ)\***  
More winners

**GROUP STRATEGIC SUPPORT**

The diagram above depicts the three delivery arms under the Sport NZ umbrella. The following section describes the strategic approaches by our Community Sport team and High Performance Sport NZ to delivering those respective strategies. The priorities in supporting Community Sport and High Performance Sport NZ are also described briefly.

\* High Performance Sport NZ (HPSNZ) was launched in 2011 as a wholly-owned subsidiary of Sport NZ, the Crown agency that oversees sport and recreation in New Zealand. The HPSNZ mandate is to lead the high performance system in New Zealand.

# Expected results across the five-year strategic period

Throughout the five-year period, we expect results to remain on track for our participant-based strategic outcomes: more kids, more adults and more winners on the world stage. We also expect progress towards our fourth strategic outcome: building a world-leading sport system. The Statement of Intent 2015-2020 provides our planned progress across all areas of our strategy, including priority areas and intended impacts. To achieve incremental progress across the five-year strategic period, specific planned activities and intended impacts include:

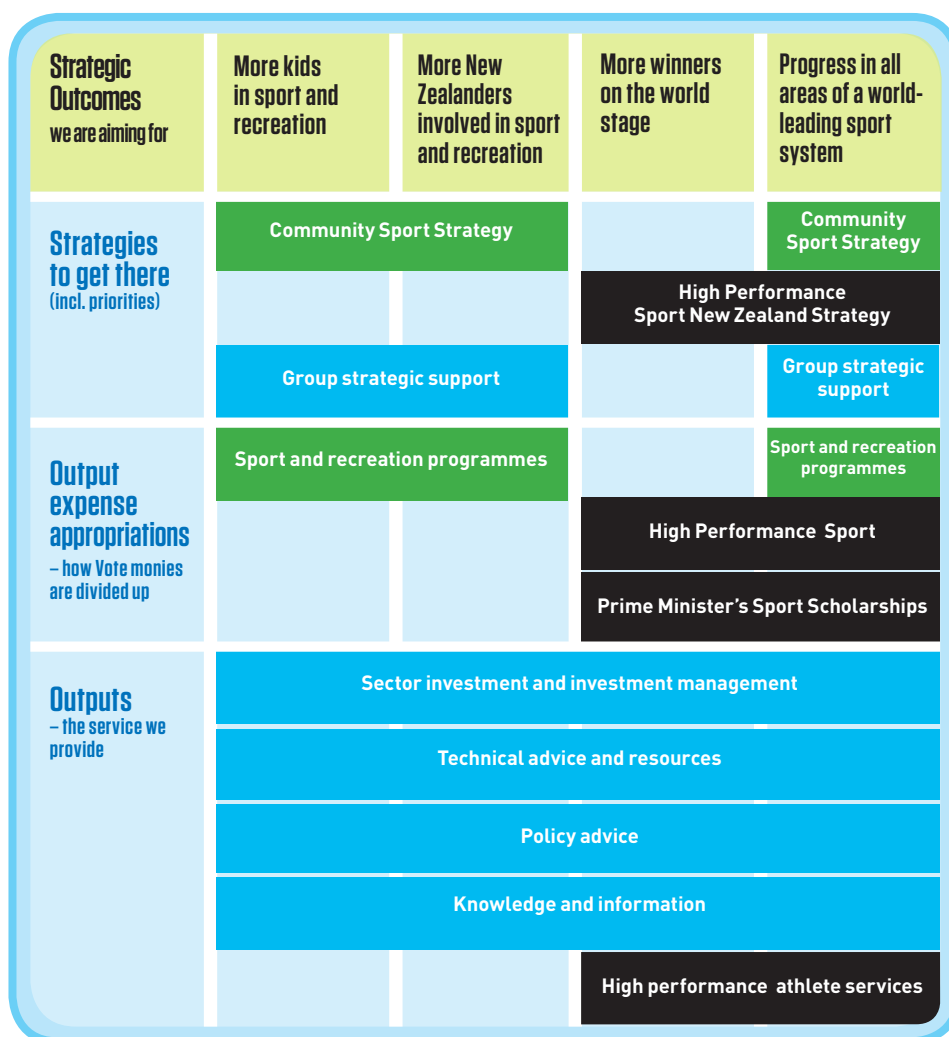
YEAR 1: 2015/16	YEAR 2: 2016/17	YEAR 3-5: 2017-2020
<p><b>COMMUNITY SPORT</b></p> <p>System improvement frameworks will be developed (life stage model, physical literacy, talent development strategy) as cornerstones for our work across the sector.</p> <p>Baselines will be developed across priority projects to measure both participation and system-based improvement impacts.</p> <p>Programmes supporting system improvements (eg Community Sport Insights) will commence.</p> <p>Community Sport and Capability investment decisions will be aligned with the new strategy.</p> <p>Return on Investment metrics supporting the 2016 Community Sport investment decisions will be developed.</p>	<p>System improvement frameworks will be implemented and adopted.</p> <p>Evaluation across priority projects to measure shifts will be in place.</p> <p>Initial findings from Insights programme and others will be provided to the sector and used to guide ongoing improvement actions.</p> <p>Initial ROI metrics across Community Sport investments will be available.</p>	<p>Our medium-term impacts, the changes that we want to see and will make or influence through system improvements, include:</p> <p><b>FOR SCHOOL-AGED CHILDREN</b></p> <p><b>Across targeted school communities:</b></p> <ul style="list-style-type: none"> <li>• Improved physical literacy skills in children</li> <li>• Increased understanding of the value of physical activity and increased confidence to deliver</li> <li>• Local delivery projects matched to local sport and physical activity needs</li> <li>• Sector alignment and collaboration in local delivery provision.</li> </ul> <p><b>Across partners and targeted participant groups:</b></p> <ul style="list-style-type: none"> <li>• Increased awareness and improved delivery of age-appropriate coaching</li> <li>• Increased time allocated to sports coordinator roles.</li> </ul> <p><b>FOR ADULTS</b></p> <ul style="list-style-type: none"> <li>• Local delivery projects matched to local sport and physical activity needs</li> <li>• Sector alignment and collaboration in local delivery provision</li> <li>• Clear talent pathways</li> <li>• More (fit-for-purpose) training available for coaches.</li> </ul>
<p><b>HIGH PERFORMANCE SPORT NZ</b></p> <p>There will be a concentrated focus on ensuring our athletes are as well-prepared as possible for the Rio 2016 Olympics and Paralympics and World Championships.</p> <p>Early preparations for Tokyo 2020 will be made.</p>	<p>Rio performance will be debriefed alongside planning and preparation for Tokyo 2020 Olympics and Paralympics, incl. re-setting investment levels.</p>	<p><b>FOR WINNERS ON THE WORLD STAGE</b></p> <ul style="list-style-type: none"> <li>• Continued success of our high performance athletes across their pinnacle events, in particular, Tokyo 2020 Olympics and Paralympics, 2018 Winter Olympics, 2018 Commonwealth Games and World Championships of targeted non-Olympic sports.</li> </ul>
<p><b>GROUP STRATEGIC SUPPORT</b></p> <p>Strong partnerships will be established with local communities and government agencies like Health, Education and Te Puni Kokiri to deliver wider government goals, and in particular to seek to embed physical activity and enable access to sport for young people.</p> <p>A campaign to increase the public's understanding of the value of sport will commence.</p> <p>Establish system-building programmes; workforce development and 'fuel' for the system.</p>	<p>Early results from the 'value of sport' campaign and system-building work will be available.</p>	<p><b>FOR PROGRESS IN ALL AREAS OF A WORLD-LEADING SPORT SYSTEM</b></p> <ul style="list-style-type: none"> <li>• Supportive cross-government and regulatory environment</li> <li>• Participants demonstrating an understanding of the value of sport</li> <li>• A well-informed, participant-focused sporting system at all levels</li> <li>• Partners utilising Insights knowledge to design quality sports services and products, leading to quality sports experiences for participants</li> <li>• Partners being capable, stable and sustainable</li> <li>• The sector taking a coordinated approach to address workforce challenges in its planning, recruitment and role support and development</li> <li>• Across the sector, staff and volunteers feeling valued in their role/workplace</li> <li>• More (and increasingly) collective efforts being applied to key issues and opportunities across the system to achieve better results (than lone working or less collaboration could achieve)</li> <li>• Successful events which provide leverage to meet Sport NZ and wider government goals</li> <li>• A dynamic major/mega event 'prospecting plan' supported by key event stakeholders (providing NZ with 10 years of events to host and leverage)</li> <li>• Funds being directed to where they are most needed to have the greatest impact on the sport system, participants and athletes</li> <li>• Maintain or increase funding to the sector</li> <li>• More fit-for-purpose places that meet participant needs.</li> </ul>

# Service performance expectations

The following information outlines the outputs and corresponding activities that Sport NZ intends to deliver in the 2015/16 financial year, the measures to assess results and progress, plus data and information sources. The outputs and activities are grouped into the three output expense appropriations within Vote Sport and Recreation: Sport and Recreation Programmes, High Performance Sport and Prime Minister’s Sport Scholarships.

The diagram below illustrates how Sport NZ will deliver strategic priorities under each ‘delivery arm’ against the three output expense appropriations.

## Strategic Outcomes against Expense Appropriations



Comparative results from previous years are included, where available.

## OUTPUT EXPENSE 1: SPORT AND RECREATION PROGRAMMES

### We intend to achieve:

Increased participation in sport and recreation by providing investment, technical expertise, knowledge and information, and technical advice to partner organisations and key stakeholders.

### Sector investment and investment management

Sport NZ invests in national sport and recreation organisations, regional sports trusts (RSTs), territorial authorities (TAs), iwi organisations and other organisations to achieve strategic outcomes.

Community Sport investment in 2015/16 will be interim funding focused on participation increases. From 2016/17 onwards, investments will be made under a contestable process requiring partners to demonstrate alignment with the Community Sport Strategy 2015-2020 and to provide a clear value proposition in accordance with new Community Sport Investment Principles and Guidelines. Corresponding return on investment metrics will be developed for 2016/17 reporting.

Key Activity	Key Output	Key Indicator
<b>Investment to achieve community sport and recreation outcomes</b>	Annual Sport NZ investment indicates a return through the majority of partners producing participation increases.	Return on investment:  Percentage of competitive sport targeted partners sustaining or producing increases in participation by children and adults/volunteers.
	Sector investments (for 2016/17) are based on alignment with the Community Sport Strategy and a clear value proposition.	Sector investment decisions for 2016/17 and beyond (December 2016) are made on the basis of a contestable process whereby partners have demonstrated alignment with the 2015-2020 Community Sport Strategy and there exists a clear value proposition in accordance with Community Sport Investment Principles and Guidelines – 70% of 2016/17 investment decisions are aligned.  Priority partners across School-aged Children and Local Delivery initiatives are identified and contracted and baselines for evaluating impact determined – across 70% of allocated spending.
<b>Investment to achieve capability outcomes</b>	Sport NZ invests in national sport and recreation organisations, and regional sports trusts to achieve capability outcomes (eg, community sport, governance, leadership, commercialisation, people management, IT, finance).	Capability investment decisions are consistent with priority partners and their ability to achieve Community Sport and High Performance outcomes – 90% of investment aligned with agreed Partner Plans.

Key Activity	Key Output	Key Indicator
<b>Investment to achieve event and facility outcomes</b>	Sport NZ invests in national sport organisations to achieve event and facility outcomes.	Event and Facility investments are aligned with the National Events Strategy and National Facilities Framework – 90% alignment.

### Technical advice and resources:

Key Activity	Key Output	Key Indicator
<b>Technical advice for community sport</b>	Sport NZ provides expert advice, guidance and assistance to national sport organisations and regional sports trusts to design community sport plans, programmes and delivery systems to grow and sustain participation.	<p>At least 85% partner organisation satisfaction (priority partners) with the quality of community sport consultancy.</p> <p>2013/14: 68% (result impacted by unavailability of resources)</p> <p>2012/13: 84%</p> <p>2011/12: 83%</p> <p>The following published guidance/ advice will be delivered in support of the new Community Sport Strategy:</p> <ul style="list-style-type: none"> <li>• Life Stage Segmentation Approach</li> <li>• Young People's Plan</li> <li>• Physical Literacy Framework</li> <li>• Local Delivery System Mode</li> <li>• Talent Strategy.</li> </ul> <p><i>The Physical Literacy Framework and Talent Strategy, once implemented, will become cornerstones for improvement within the sector.</i></p>
<b>Technical advice for capability development</b>	Sport NZ provides expert advice, guidance and assistance to national sport organisations and regional sports trusts to improve organisational capability.	<p>At least 85% partner organisation satisfaction (priority partners) with the quality of capability consultancy.</p> <p>2013/14: 89%</p> <p>2012/13: 93%</p> <p>2011/12: 83%</p>
<b>Technical advice for facilities</b>	Sport NZ provides expert advice, guidance and assistance to national sport organisations, regional sports trusts and territorial authorities to improve the development and management of facilities.	<p>At least 80% partner organisation satisfaction (priority partners) with the quality of facilities consultancy.</p> <p>2013/14: 79%</p> <p>2012/13: 92%</p>
<b>Technical advice for event management</b>	Sport NZ provides expert advice, guidance and assistance to national sport organisations, regional sports trusts and territorial authorities to improve the development and delivery of events.	<p>At least 80% partner satisfaction (priority NSOs, RSTs and TAs) with the quality of events consultancy.</p> <p>2013/14: 79%</p> <p>2012/13: 81%</p> <p>2011/12: 83%</p>

## Policy advice

Key Activity	Key Output	Key Indicator
Policy advice	Sport NZ provides high-quality policy advice to the Minister for Sport and Recreation.	<p>The Office of the Minister for Sport and Recreation is satisfied with ministerial servicing:</p> <p>2013/14: Achieved</p> <p>95% of briefings and correspondence provided to the Minister for Sport and Recreation in the agreed timeframes.</p> <p>2013/14: 97%</p> <p>2012/13: 85%</p>
		<p>Strategic relationships in place with other government agencies to achieve shared outcomes, as indicated by:</p> <ul style="list-style-type: none"> <li>• a new strategic cross-government engagement plan to agree shared outcomes or results; and</li> <li>• established partnerships (MoU or similar relationship agreement) with the Ministry of Health to progress initiatives on young people's physical activity and other initiatives, once identified.</li> </ul>

## Knowledge and information

Key Activity	Key Output	Key Indicator
Knowledge and information	Sport NZ develops and disseminates knowledge and information to facilitate sharing good practice.	<p>At least 85% of partner satisfaction (priority NSOs, RSTs and TAs) with information sharing by Sport NZ.</p> <p>2013/14: 95%</p> <p>2012/13: 90%</p> <p>2011/12: 83%</p>
		<p>The following published guidance/ advice will be developed in support of the new Community Sport Strategy:</p> <ul style="list-style-type: none"> <li>• Life Stage Segmentation Approach</li> <li>• Insight Maturity Model.</li> </ul>

## Financial forecast

Our expected revenue is \$58.7 million (\$19.2 million Crown funding, \$39.6 million other). Our expected deficit is \$11.1 million.

	GROUP	
	ESTIMATED 2014/15 \$000	BUDGET 2015/16 \$000
<b>Sport and Recreation Programmes</b>		
Crown funding	19,151	19,151
Other operating revenue	42,217	39,555
<b>Total Revenue</b>	<b>61,368</b>	<b>58,706</b>
Less expenses		
- Sector investment and consulting	47,339	50,267
- Sector management	3,536	3,705
- Technical advice and resources	11,641	12,495
- Policy advice	1,322	1,253
- Knowledge and information	1,950	1,929
<b>Total Expenses</b>	<b>65,788</b>	<b>69,649</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>(4,420)</b>	<b>(10,943)</b>

	GROUP	
	ESTIMATED 2014/15 \$000	BUDGET 2015/16 \$000
<b>World Cups Office</b>		
Crown funding	3,355	-
<b>Total Revenue</b>	<b>3,355</b>	<b>-</b>
Less expenses		
- Sector investment and consulting	8,598	-
- World Cups Office	1,196	134
<b>Total Expenses</b>	<b>9,794</b>	<b>134</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>(6,439)</b>	<b>(134)</b>

Note: \$11.1m budget operational deficit is funded through current reserves. The World Cups Office will be wound down in 2015/16 following the successful delivery of both the ICC Cricket World Cup and FIFA U20 World Cup in 2014/15.



## OUTPUT EXPENSE 2: HIGH PERFORMANCE SPORT

### We intend to achieve:

More New Zealanders winning on the world stage at Olympic/Paralympic Games and World Championships in targeted sports by leading the high performance sport system in New Zealand, working in partnership with NSOs and key stakeholders to allocate resources and provide support to impact NSO, coach and athlete performance.

### Sector investment and management

Key Activity	Key Output	Key Indicator
<b>Investment to support NSO high performance initiatives</b>	Sport NZ invests in high performance sport, on the recommendation of HPSNZ, to achieve high performance outcomes.	At least 85% of total high performance funding will be invested in high performance programmes and initiatives <sup>3</sup> .  2013/14: 92%, \$55.5 million 2012/13: 69%, \$38 million <sup>4</sup> 2011/12: 68%, \$40.7 million

### Technical advice and resources

Key Activity	Key Output	Key Indicator
<b>Technical advice for high performance expertise</b>	HPSNZ provides expert advice, guidance and assistance to national sport organisations to improve the delivery of their high performance programmes athlete development.	At least 85% partner satisfaction with quality of consultancy provided <sup>5</sup> .  2013/14: 100% 2012/13: 90% 2011/12: 86%

### Athlete services

Key Activity	Key Output	Key Indicator
<b>High performance athlete support services</b>	HPSNZ directly supports athletes through the allocation of grants and the provision of specialist services <sup>6</sup> .	At least 85% of coaches and athletes <sup>7</sup> say that HPSNZ support and training environment positively impacts performance. 2013: Athletes = 93%, Coaches = 86%  Performance Enhancement Grants (PEGs) allocated to at least 200 high performance athletes. 2013/14: 274 athletes 2012/13: 279 athletes  400 athletes receive funding and/or access to services through the high performance system. 2013/14: 619 athletes 2012/13: 593 athletes

<sup>3</sup> Programmes and Initiatives include: Investment in targeted sports, Performance Enhancement Grants, Technology and Innovation, High Performance Events and direct costs associated with the provision of technical advice, resources and athlete services to targeted sports/athletes/coaches.

<sup>4</sup> Prior year data were calculated excluding HPSNZ human resources immersed within targeted NSOs' high performance programmes. From 2013/14 the cost associated with this type of resource was considered direct investment. Previous years' results are lower than the key indicator target from 2013/14 onwards.

<sup>5</sup> Priority NSOs.

<sup>6</sup> For example, exercise physiology, biomechanics, strength and conditioning, nutrition, physiotherapy, massage, planning, athlete life, and medical services.

## Financial forecast

Our expected revenue is \$65.6 million (\$58.2 million Crown funding, \$7.4 million other). Our expected deficit is \$7.8 million, which will be incurred to fund high performance infrastructure investments.

	GROUP	
	ESTIMATED 2014/15 \$000	BUDGET 2015/16 \$000
<b>High Performance System</b>		
Crown funding	58,192	58,192
Other operating revenue	5,893	7,367
<b>Total Revenue</b>	<b>64,085</b>	<b>65,559</b>
Less expenses		
- Sector investment	40,063	41,579
- Sector management	1,802	1,795
- Technical advice and resources	6,965	7,201
- Athlete services	14,016	15,010
<b>Total Expenses</b>	<b>62,846</b>	<b>65,585</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>1,239</b>	<b>(26)</b>

	GROUP	
	ESTIMATED 2014/15 \$000	BUDGET 2015/16 \$000
<b>High Performance Infrastructure</b>		
Crown funding	2,000	-
<b>Total Revenue</b>	<b>2,000</b>	<b>-</b>
Less expenses		
- Depreciation	1,132	849
- Infrastructure investment	3,570	6,935
<b>Total Expenses</b>	<b>4,702</b>	<b>7,784</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>(2,702)</b>	<b>(7,784)</b>

Note: \$7.8m budget deficit in High Performance Infrastructure is funded through prior year's Crown funding received for this purpose.

## OUTPUT EXPENSE 3: PRIME MINISTER'S SPORT SCHOLARSHIPS

The Prime Minister's Sport's Scholarships are intended to increase participation and achievement in sport and physical recreation by enabling talented New Zealanders to pursue tertiary study or particular skills development and elite level sport development concurrently. The particular skills are those which contribute to the quality of New Zealand's sport performance at the elite level.

### Sector investment

Key Activity	Key Output	Key Indicator
<b>Investment</b>	Sport NZ invests in the development of high performance athletes, coaches, officials and support personnel through the allocation of Prime Minister's Sport Scholarships as administered independently and recommended by HPSNZ.	<ul style="list-style-type: none"> <li>Administration costs are less than 4% of the total funding. 2013/14: 3.8% 2012/13: 4.4% 2011/12: 3.5%</li> <li>At least 300 athlete scholarships are awarded. 2013/14: 375 athlete scholarships 2012/13: 361 2011/12: 379</li> <li>At least 100 coach, official and support team scholarships are awarded. 2013/14: 203 coach, officials, support team scholarships 2012/13: 140 2011/12: 100</li> </ul>

### Financial forecast

	GROUP	
	ESTIMATED 2014/15 \$000	BUDGET 2015/16 \$000
<b>Prime Minister's Sport Scholarships</b>		
Crown funding	4,250	4,250
<b>Total Revenue</b>	<b>4,250</b>	<b>4,250</b>
Less expenses		
- Sector investment	3,790	4,250
- Programme management	172	173
<b>Total Expenses</b>	<b>3,962</b>	<b>4,423</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>288</b>	<b>(173)</b>

# Assessing organisational health and capability

Focus Area	Performance Measure	Performance Indicator
<b>Good employer</b>	Level of staff engagement	At least 75% 2014/15: 76% Sport NZ, 82% HPSNZ 2013/14: 79% Sport NZ, 89% HPSNZ 2012/13: 70% Sport NZ, 77% HPSNZ 2011/12: 69% excl HPSNZ staff who were not surveyed during this period
	Annual staff turnover	12% or less 2013/14: 12.6% 2012/13: 8.9% Sport NZ Group 2011/12: 11.69% excl HPSNZ
<b>Managing risk</b>	Partner satisfaction with the quality and timeliness of Sport NZ contract management	At least 85% 2013/14: <ul style="list-style-type: none"> <li>Sport NZ 87% quality, 75% timeliness</li> <li>HPSNZ 95% quality, 91% timeliness</li> </ul> 2012/13: <ul style="list-style-type: none"> <li>Sport NZ 86% quality, 75% timeliness</li> <li>HPSNZ 82% quality, 73% timeliness</li> </ul>
	Partner confidence in Sport NZ Group	At least 85% 2013/14: 86% Group average (86% Sport NZ, 91% HPSNZ) 2012/13: 83% Group average (91% Sport NZ, 75% HPSNZ) 2011/12: 84% Group average (81% Sport NZ, 87% HPSNZ)
<b>Financial information systems and controls</b>	Annual audit rating on performance	Maintain 'very good' rating. 2013/14: very good 2012/13: very good 2011/12: very good
<b>Service performance information and associated systems and controls</b>	Annual audit rating	Maintain 'good' rating. 2013/14: good 2012/13: needs improvement 2011/12: good
<b>Effectiveness and efficiency</b>	Corporate overheads as a proportion of operating expense are maintained at current levels	Corporate overheads as a proportion of total operating expenditure to be below 25%. 2014/15: 24%

# Prospective financial statements

## For the year ended 30 June 2016

The following prospective financial statements represent the consolidated financial statements for the Sport NZ Group, comprising Sport NZ and wholly-owned subsidiary HPSNZ.

Crown funding in 2015/16 is back to base levels after one-off funding for Cricket World Cup leverage and legacy investments, along with support for the development of Hagley Park Oval, was received in 2014/15. A reduction in associated expenditure for running the World Cups Office for ICC Cricket and FIFA Under 20 World Cups is also evident in our 2015/16 forecast.

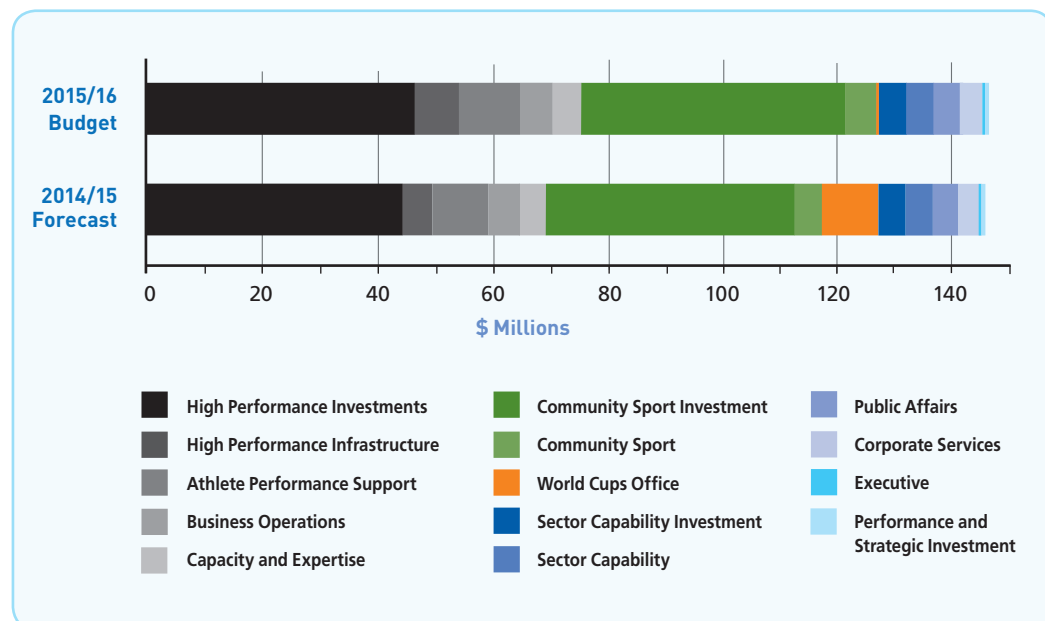
For the first time in four years, we have experienced a drop in funding from the New Zealand Lottery Grants Board in 2014/15 and lower funding is again forecast in 2015/16. In 2014/15, this was partially offset by a one-off distribution received in July 2014 of \$2m and new baseline funding for Water Safety New Zealand of \$2m. In 2015/16, in order to maintain our current investment levels into the sector, we expect to use the balance of our reserves to offset a drop in funding.

The Sport NZ Group expects to hold reserves of \$15m at 1 July 2016. All reserves are forecast to be fully expended by the end of 2017/18 against allocated expenditure based on our current forecasting.

The year-end cash position is budgeted to be \$0.6m, consistent with the reduced reserves position.

Sport NZ continues to invest heavily in the sports sector, with sector investments forecast at \$96m for 2015/16. In addition Sport NZ is forecasting to invest \$6.9m in high performance infrastructure investments.

## The proportional costs of running our business



## Prospective statement of comprehensive income

For the year ending 30 June 2016

	SPORT NZ		GROUP	
	Estimated 2014/15 \$000	Budget 2015/16 \$000	Estimated 2014/15 \$000	Budget 2015/16 \$000
<b>REVENUE</b>				
Crown funding	86,948	81,593	86,948	81,593
New Zealand Lottery Grants Board	43,474	42,103	43,474	42,103
Interest received	1,767	1,609	1,802	1,642
Shared services recovery	2,100	2,100	-	-
Sundry revenue	1,478	1,936	2,834	3,177
<b>Total operating revenue</b>	<b>135,767</b>	<b>129,341</b>	<b>135,058</b>	<b>128,515</b>
<b>INVESTMENTS AND GRANTS</b>				
Investment consulting	575	392	575	392
Sector investment	55,364	49,873	99,626	96,052
HPSNZ funding	66,147	67,872	-	-
Infrastructure investment	3,570	6,935	3,570	6,935
<b>Total investments and grants</b>	<b>125,656</b>	<b>125,072</b>	<b>103,771</b>	<b>103,379</b>
<b>OPERATING EXPENDITURE</b>				
Board members' remuneration	144	144	215	228
Personnel costs	10,675	11,305	22,305	23,310
Professional and technical services	5,579	3,516	8,672	7,282
Leased property	761	1,004	1,880	2,122
Depreciation and amortisation	1,724	1,668	2,438	2,381
Other operating costs	3,992	4,830	7,811	8,873
<b>Total operating expenditure</b>	<b>22,875</b>	<b>22,467</b>	<b>43,321</b>	<b>44,196</b>
<b>Total expenditure</b>	<b>148,531</b>	<b>147,539</b>	<b>147,092</b>	<b>147,575</b>
<b>Net profit/(loss)</b>	<b>(12,764)</b>	<b>(18,198)</b>	<b>(12,034)</b>	<b>(19,060)</b>
<b>Total comprehensive income</b>	<b>(12,764)</b>	<b>(18,198)</b>	<b>(12,034)</b>	<b>(19,060)</b>

Major variations in the level of operating revenues and expenditure between years are explained as follows:

### Revenue

In 2014/15, Sport NZ received one-off Crown funding for the ICC Cricket World Cup leverage and legacy programme of \$3.4m, and investment for the Hagley Park Oval development of \$2m.

A decrease in funding from the New Zealand Lotteries Grants Board is forecast following 2014/15, as Lotteries Commission net profits continue to be lower than estimated due to an unprecedented run of weekly jackpot wins reducing the prize reserves pool.

## Expenditure

Sector investments are forecast to decrease due to one-off World Cup leverage and legacy investments of \$8.5m in 2014/15.

Investment in high performance facilities is forecast to increase in 2015/16 as Sport NZ completes our investment of the \$10m, one-off government funding, received in 2013/14, to enhance high performance training and competition facilities.

Personnel costs increase as a result of: structural changes in the Sport NZ Group; across Sport NZ the result of an increase in capacity and capability to give effect to the 2015-2020 Community Sport Strategy; and in HPSNZ the full-year impact of changes introduced in 2013/14, in particular to develop and expand in-house medical services. Unexpected vacancies led to lower personnel costs in 2014/15 than anticipated, which were offset by the increased personnel costs above.

## Prospective statement of financial position

As at 30 June 2016

	SPORT NZ		GROUP	
	Estimated	Budget	Estimated	Budget
	2014/15	2015/16	2014/15	2015/16
	\$000	\$000	\$000	\$000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	149	281	499	631
Trade and other receivables	7,970	11,548	8,576	12,152
Prepayments	33	80	33	80
Inventories	20	75	20	75
Term deposits	23,500	5,165	23,500	5,165
<b>Total current assets</b>	<b>31,672</b>	<b>17,149</b>	<b>32,628</b>	<b>18,103</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	2,457	1,338	4,627	3,306
Intangible assets	713	872	835	939
Loans	235	235	235	235
<b>Total non-current assets</b>	<b>3,405</b>	<b>2,445</b>	<b>5,697</b>	<b>4,480</b>
<b>Total assets</b>	<b>35,077</b>	<b>19,594</b>	<b>38,325</b>	<b>22,583</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	601	4,072	2,757	6,185
Inter-entity	6,031	5,697	-	-
Revenue received in advance	502	393	522	413
Employee entitlements	647	646	1,447	1,446
Provisions	312	-	-	-
<b>Total current liabilities</b>	<b>8,093</b>	<b>10,808</b>	<b>4,726</b>	<b>8,044</b>
<b>Total liabilities</b>	<b>8,093</b>	<b>10,808</b>	<b>4,726</b>	<b>8,044</b>
<b>Net assets</b>	<b>26,984</b>	<b>8,786</b>	<b>33,599</b>	<b>14,539</b>
Represented by:				
Public equity	39,748	26,984	45,633	33,599
Total comprehensive income	(12,764)	(18,198)	(12,034)	(19,060)
<b>Total public equity</b>	<b>26,984</b>	<b>8,786</b>	<b>33,599</b>	<b>14,539</b>

## Prospective statement of changes in equity

For the year ending 30 June 2016

	SPORT NZ		GROUP	
	Estimated	Budget	Estimated	Budget
	2014/15	2015/16	2014/15	2015/16
	\$000	\$000	\$000	\$000
Opening public equity	39,748	26,984	45,633	33,599
Total comprehensive income	(12,764)	(18,198)	(12,034)	(19,060)
<b>Closing public equity</b>	<b>26,984</b>	<b>8,786</b>	<b>33,599</b>	<b>14,539</b>



## Prospective statement of cash flows

For the year ending 30 June 2016

	SPORT NZ		GROUP	
	Estimated	Budget	Estimated	Budget
	2014/15	2015/16	2014/15	2015/16
	\$000	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash inflows</b>				
Crown revenue	86,948	81,593	86,948	81,593
New Zealand Lottery Grants Board	47,485	41,226	47,485	41,226
Sundry revenue	1,478	1,936	2,814	3,220
Interest received	1,767	1,609	2,145	1,912
Shared services recovery	2,100	2,100	-	-
<b>Total cash inflows</b>	<b>139,778</b>	<b>128,464</b>	<b>139,392</b>	<b>127,951</b>
<b>Cash outflows</b>				
Payments to suppliers				
- Programme investment	59,508	60,844	103,772	107,023
- Other payments	12,078	5,886	19,673	14,895
Transfers between Sport NZ and HPSNZ	64,672	68,206	-	-
Goods and services tax (net)	-	-	(118)	-
<b>Total payments to suppliers</b>	<b>136,258</b>	<b>134,936</b>	<b>123,327</b>	<b>121,918</b>
Payments to employees	10,384	10,762	21,999	22,767
<b>Total cash outflows</b>	<b>146,642</b>	<b>145,698</b>	<b>145,326</b>	<b>144,685</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(6,864)</b>	<b>(17,234)</b>	<b>(5,934)</b>	<b>(16,734)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Cash inflows</b>				
Loans repayment	25	25	25	25
Investments maturing	-	19,000	-	19,000
<b>Total cash inflows</b>	<b>25</b>	<b>19,025</b>	<b>25</b>	<b>19,025</b>
<b>Cash outflows</b>				
Purchase of property, plant and equipment	1,273	1,123	2,054	1,623
Purchase of intangible assets	536	536	634	536
Acquisition of investments	3,500	-	3,500	-
<b>Total cash outflows</b>	<b>5,309</b>	<b>1,659</b>	<b>6,188</b>	<b>2,159</b>
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(5,284)</b>	<b>17,366</b>	<b>(6,161)</b>	<b>16,866</b>
<b>Net increase/(decrease) in cash held</b>	<b>(12,148)</b>	<b>132</b>	<b>(12,095)</b>	<b>132</b>
Opening cash balance as at 1 July	12,297	149	12,594	499
<b>Closing cash balance as at 30 June</b>	<b>149</b>	<b>281</b>	<b>499</b>	<b>631</b>

# Statement of accounting policies

## Purpose

The prospective financial information has been prepared to meet the Crown financial reporting requirements of the Crown Entities Act 2004, to enable Parliament and other readers of the prospective financial statements to evaluate Sport NZ Group's financial prospects and to assess actual financial results prepared in future reporting periods against the prospective financial statements.

The information in these prospective financial statements may not be appropriate for purposes other than those described.

## Reporting entity

These prospective financial statements are for the Sport NZ Group for the year ending 30 June 2016. The Sport NZ Group comprises the parent entity, Sport and Recreation New Zealand (trading as Sport NZ), and its fully-owned subsidiary, High Performance Sport New Zealand Limited (HPSNZ).

Sport and Recreation New Zealand was established as a Crown entity on 1 January 2003 under the Sport and Recreation New Zealand Act 2002 (the Act) to "promote, encourage and support physical recreation and sport in New Zealand". Its functions are set out in section 8 of the Act, which include the functions of High Performance Sport New Zealand Limited.

The Sport NZ Group is designated as a public benefit entity (PBE) as is its wholly-owned subsidiary, HPSNZ, for the purposes of applying New Zealand PBE financial reporting standards to their respective prospective financial statements and those of the Sport NZ Group.

These prospective financial statements are for the Sport NZ Group, comprising both Sport NZ and HPSNZ. They are for the year ending 30 June 2016 and were approved by the Sport NZ Board on 24 June 2015.

## Basis of preparation

### Statement of compliance

The prospective financial statements of the Sport NZ Group have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP) and Financial Reporting Standard 42.

These prospective financial statements for the year ending 30 June 2016 are the first to be prepared for the Sport NZ Group in accordance with international public sector accounting standards (IPSAS).

### Measurement base

The prospective financial statements have been prepared on a historical cost basis.

### Functional and presentation currency

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Sport NZ Group is the New Zealand dollar.

### Consolidation

The prospective financial statements presented are those of the Sport NZ Group and the prospective financial statements of the parent entity.

## SIGNIFICANT ACCOUNTING POLICIES

### Basis of consolidation

The consolidated forecast financial statements are prepared by adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

### Subsidiaries

The Sport NZ Group has consolidated HPSNZ in the Group forecast financial statements, as a wholly-owned subsidiary of Sport NZ. Sport NZ has the capacity to control their financing and operating policies so as to obtain benefits from their activities.

### Revenue

Revenue is measured at the fair value of consideration received or receivable.

#### Revenue from the Crown

The Sport NZ Group is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of the Sport NZ Group meeting its objectives.

Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it is appropriated.

#### Revenue from the New Zealand Lottery Grants Board

Revenue from the New Zealand Lottery Grants Board (LGB) is recognised in the financial year in which the LGB approves allocation of its funding to Sport NZ. Allocations are made to Sport NZ based on a specified sum of money in accordance with section 279 of the Gambling Act 2003 (currently 20% of the LGB's annual profit). Allocations based on 20% of LGB profit earned over and above that previously forecast for a particular financial year are recognised as revenue in the subsequent financial year upon the LGB determining and approving the final amount.

#### Grants and donations

Grants and donations are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met.

#### Interest

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

#### Sector investments and grants (expenditure)

The Sport NZ Group recognises sector investments and grants when they become payable and has disclosed all sector investment and grant expenditure within these prospective financial statements as 'Sector Investments'.

## Leases

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Sport NZ Group are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in the statement of comprehensive income.

Lease incentives received are recognised in the statement of comprehensive income over the lease term as an integral part of the total lease expense.

## Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks both domestic and international, other short-term, highly liquid investments, with original maturities of three months or less.

## Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

## Investments

At balance date the Sport NZ Group assesses whether there is any objective evidence that an investment is impaired.

### Bank deposits

Investments in bank deposits are initially measured at fair value plus transaction costs.

After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method.

## Loans

Loans are loans to other entities in the sport and recreation sector. They are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for assets of a similar maturity and credit risk.

## Property, plant and equipment

Property, plant and equipment asset classes consist of leasehold improvements, plant and equipment, computer hardware and furniture and fittings.

Property, plant and equipment are shown at cost or valuation, less any accumulated depreciation and impairment losses.

The Sport NZ Group does not revalue any property, plant and equipment.

### Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to the Sport NZ Group and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

## Disposals

Gains and losses on disposals are reported in the statement of comprehensive income comparing the proceeds from disposal with the carrying amount of the asset.

The costs of day-to-day servicing of property, plant and equipment are recognised in the statement of comprehensive income as they are incurred.

## Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost of the assets to their estimated residual values over their useful lives.

The depreciation rates and useful lives associated of major classes of assets have been estimated as follows:

Buildings – Apollo Projects Centre	3 years	(33%)
Audio visual equipment	3 to 5 years	(20-33%)
Furniture and fittings	5 to 10 years	(10-20%)
Sports science equipment	2 to 5 years	(20-50%)
Gym and coaching equipment	2 to 5 years	(20-50%)
Office equipment	5 to 10 years	(10-20%)
Computer hardware	3 years	(33%)

Depreciation of the Apollo Projects Centre building has been based on a conservative approach designed to align with the 3-year term of the temporary resource consent granted for the building despite the Sport NZ Group remaining confident of obtaining permanent resource consent at the end of this term.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

## Intangible assets

### Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by the Sport NZ Group are recognised as an intangible asset.

Costs associated with staff training and maintaining computer software are recognised as an expense when incurred.

### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the statement of comprehensive income.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired computer software	3 years	(33%)
Developed computer software	3 years	(33%)

## Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

## Employee entitlements

Employee entitlements that the Sport NZ Group expects to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, and sick leave.

The Sport NZ Group recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

## Superannuation schemes

### Defined contribution schemes

The Sport NZ Group's obligations and contributions to KiwiSaver are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the statement of comprehensive income as incurred.

## Provisions

The Sport NZ Group recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## Goods and services tax (GST)

All items in the prospective financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis.

## Income tax

The Sport NZ Group is a public authority in terms of the Income Tax Act 2007 as provided for in the Sport and Recreation New Zealand Act 2002 and consequently is exempt from the payment of income tax.

## Cost allocation

Within the Output class statements, the cost of outputs has been determined through a combination of direct cost allocation and overhead allocation. Costs directly attributable to an output are allocated to that output. Overhead costs comprise expenditure related to the Executive, Corporate Services, Business Operations and Public Affairs, and are allocated to outputs based on the proportional share of full-time equivalent employees (FTEs) within each directly allocated cost to total FTEs.

This allocation methodology is unchanged since the date of the last audited financial statements.

## Critical accounting estimates and assumptions

The Sport NZ Board is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

The basis and appropriateness of the estimates and assumptions used in preparing the prospective financial statements are those which the Sport NZ Board reasonably expects to occur in respect of those actions the Sport NZ Board and HPSNZ Board reasonably expect to take as at 24 June 2015, the date on which the prospective financial statements have been authorised for issue by the Sport NZ Board.

In preparing these prospective financial statements the Sport NZ Group has made estimates and assumptions concerning the future. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

It should be noted that actual financial results achieved for any of the periods covered by these prospective financial statements are likely to vary from the information presented, and the variations may be material.

## Significant assumptions

Crown revenue for 2015/16 funding is yet to be confirmed and forms the basis for estimated Crown revenue in 2015/16.

New Zealand Lottery Grants Board funding has been estimated for the 2015/16 year based on projected profits of the New Zealand Lotteries Commission available at the time of preparing the prospective financial statements and the Sport NZ Group's agreed share of them.

It is assumed that the Sport NZ Group's business model and staffing levels will not significantly change in the 2015/16 financial year, beyond normal staff turnover. All significant assumptions surrounding expenditure have been based on historical data, existing business practices or actual business plan projections for each financial year.

## Critical judgements in applying the Sport NZ Group's accounting policies

Management has exercised the following critical judgements in applying the Sport NZ Group's accounting policies for the year ending 30 June 2016.

### Impairment of loans and advances

At each balance date, the fair value of loans and advances is determined based on the discounted cash flows of the expected repayments for each loan and advance. In exercising its judgement with respect to determining both the expected future cash flows and the appropriate discount rate to apply to each loan and advance, the Sport NZ Group takes into account the repayment term, current relevant interest rates, and any risk to achieving full recovery of the loan or advance amount.



**SPORT  
NEW ZEALAND**

Ground Floor, 86 Customhouse Quay,  
Wellington 6011, New Zealand  
PO Box 2251, Wellington 6140  
Phone: +64 4 472 8058 Fax: +64 4 471 0813