



STATEMENT  
OF INTENT  
2013–2016





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## FOREWORD

Sport enriches the lives of New Zealanders every day. It's woven through our culture, our traditions and our folklore. We are a nation of proud sports-lovers.

Sport brings communities together, in teams, on the sidelines and as spectators. Many of our greatest heroes have been sportspeople and, when they win, all New Zealanders share their joy and feel their greatness.

Sport New Zealand (Sport NZ) is proud to be the guardian of this sporting life-blood that runs through our world-class sporting system, from grassroots through to elite sport. And we are pleased to present the 2013-2016 Statement of Intent (SOI) for Sport NZ and High Performance Sport New Zealand (HPSNZ), which outlines the priorities that will drive our work over the next year, and beyond. These include:

- a world-class sport system - leading, enabling and investing to maintain New Zealand's world-class sport system, and in particular building the capability of our partners in the sport and recreation sector
- high performance sport – further developing the country's high performance system by implementing a new Strategic Plan, and investing in and developing a network of high performance sport infrastructure
- community sport and recreation – enabling our partners to get more young people and adults involved in sport and recreation, and grow the number of volunteers who make sport happen, particularly coaches. We will also providing leadership for national sport organisations (NSOs) and territorial authorities (TAs) in the area of community facilities, by developing a national framework
- major events – building Sport NZ's major events capability, and supporting the successful hosting of the 2015 Cricket World Cup, the 2015 Junior FIFA World Cup and other events
- talent development – implementing a national Talent Development Strategy to ensure there is a seamless pathway to the top for our most talented young athletes
- driving efficiency and effectiveness – working to ensure that both the sector and the Sport NZ Group operate as efficiently and effectively as possible, and are sustainable into the future.

### **Maintaining our world-class sport system**

Sport NZ will continue to lead the sport and recreation sector, and enable and invest in our partners to maintain New Zealand's world-class sport system.

We will continue to focus on building the capability of NSOs, so they are better able to deliver on our strategic priorities and remain sustainable into the future.

### **High performance sport**

Following the outstanding success of our Olympians and Paralympians in London, HPSNZ is implementing its 2013-2020 Strategic Plan, which maps the next two Olympic cycles. Inherent to the strategy is the development of a sustainable high performance sport system that is capable of constant improvement. This will be achieved through increasingly targeted investment and collaborative leadership.

We recognise that New Zealand's competitive sporting advantage comes from a unified approach and knowledge sharing, something that most nations with fragmented, decentralised sport systems are unable to replicate.

Our focus on building fit-for-purpose high performance facilities will continue, working in partnership with the private sector where possible. We will also continue to create high performance clusters such as Cambridge, where synergy and sharing benefits will accrue. These types of facilities and performance hubs are vital in helping athletes arrive at the start line as well prepared as they can possibly be.

## Community sport and recreation

We will continue to roll out our Community Sport Strategy, working with targeted NSOs to develop plans based on collaboration and regional alignment, particularly with regional sports trusts (RSTs).

The Community Sport Coaching Plan will be a priority, delivering to its objectives of more coaches, better coaches, greater recognition of coaches and a more positive community sport environment. This work will be aligned with a broader volunteer strategy that also includes a new three-year partnership with the New Zealand Lotteries Commission to recognise and reward sports volunteers.

Ensuring there are spaces and places for sport and recreation to take place is increasingly becoming a priority. NSOs and territorial authorities are seeking Sport NZ's guidance and advice on the best ways to develop and run community facilities. This year we will develop a national framework for facilities to enable each community to better respond to local community and sporting needs.

The 2013/14 *Active New Zealand Survey* will be in the field this year, with results available in late 2014. The survey measures how, and how many, adults are participating and volunteering in sport and recreation. As such, it not only measures Sport NZ's performance, but also provides valuable information that will guide the sector in its decision making for the next five years.

For young people, our Sport in Education project is now up and running in eight pilot schools around the country. We believe it will improve not just sporting outcomes, but also academic and social outcomes. KiwiSport will also remain a priority.

## Major events

This year Sport NZ will have a strong focus on major sporting events. The 2015 World Cups Office has been established within Sport NZ to support the successful delivery of both the 2015 Cricket World Cup (which New Zealand is co-hosting with Australia) and the 2015 FIFA Under 20 World Cup. Through the Office we'll look to establish strong partnerships, both inside and outside of government, to ensure these events are delivered to a world-class standard and leave a lasting legacy for New Zealand.

Beyond the work of the Office, we're also building our general events capability. There are other national and international events, both existing and emerging, which have the potential to benefit New Zealand – not just the sport and recreation sector, but also in the areas of trade, tourism and culture. We will look to form partnerships to ensure the best of these opportunities are realised.

In parts of the sport and recreation sector, events are also emerging as both a significant driver of participation and a potential revenue stream.

Strong leadership is required to bring all of these strands of events activity together. This year our focus will be on delivering a national sports events strategy, to ensure everyone involved understands the government's objectives when it invests in events, and players are involved in making them happen.

## Talent development

Sport NZ and HPSNZ will work together to implement a Talent Development Strategy to fill a gap in our current athlete development pathway. While Sport NZ and HPSNZ will lead the strategy, NSOs and a network of regional support centres will also play a key role in ensuring the best of young athletes are identified. Athletes will be supported in the region in which they live and be given the opportunity to go on to realise their full potential.

## Driving efficiency and effectiveness

Another important stream of work is the drive for greater efficiency and effectiveness across the Sport New Zealand Group and the sector as a whole. A significant part of this will be our work to strengthen our own contract and investment processes and related systems, which will achieve efficiencies for both groups.

We will continue to work with NSOs and RSTs to improve the quality of executive management, and to build their capability to ensure they are sustainable into the future. And we will continue to closely monitor the financial stability of our partners to ensure we can provide more effective, proactive assistance where necessary.

This strong focus on efficiency and effectiveness, combined with the drive to achieve our priorities, will ensure our world-class sporting system thrives, and continues to enable all Kiwis to enjoy and excel in sport.

# STATEMENT OF RESPONSIBILITY

This Statement of Intent has been prepared to meet the requirements of the Crown Entities Act 2004. It outlines for Parliament, Ministers and interested stakeholders the Sport NZ Group's high-level operating intentions and performance expectations from 1 July 2013 to 30 June 2016.



Paul Collins  
Chairperson  
**Sport NZ/HPSNZ**



Bill Birnie  
Deputy Chairperson  
**Sport NZ**

## SPORT NZ – WHO WE ARE

Sport and Recreation New Zealand (known as SPARC) 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.

SPARC changed its name to Sport NZ on 1 February 2012.

In August 2011, SPARC established High Performance Sport New Zealand (HPSNZ) as a wholly-owned subsidiary, by merging SPARC’s high performance unit, which focused on investment, with the Academies of Sport North and South, which focused on delivering support to athletes and coaches. This formed a one-stop shop for elite athletes, enabling them to get all the performance support they need from one organisation.

The Board of Sport NZ retains full ownership and accountability for the performance of HPSNZ. HPSNZ has its own dedicated Board that recommends decisions to the Board of Sport NZ. The HPSNZ Board is accountable for the support it gives to high performance athletes, coaches and support staff. HPSNZ’s functions are set out in its constitution and are listed in Appendix 2.

For purposes of combined financial and performance reporting, including in this document, the two organisations are referred to as the Sport New Zealand Group.

The Sport NZ Group is funded by appropriations voted by Parliament and a share of the profits from the New Zealand Lottery Grants Board. The Sport NZ Group receives over \$110 million each year to invest in the sport and recreation sector, and leads the country’s sport system working towards achieving the following strategic outcomes that are set out in the Strategic Plan 2012-2015:

- More young people engaging in more sport and recreation.
- More adults engaging in more sport and recreation.
- More winners on the world stage.

### What we do

We want all New Zealanders’ lives to be enriched through participation in sport and recreation. We are working with our partners in the sector to create a world-class sports system at all levels to encourage more Kiwis to participate in and benefit from a lifelong involvement in sport.

Sport NZ is responsible for setting direction through our Strategic Plan and providing investment and resources to partners who deliver sport in their communities – that includes national sport organisations, regional sports trusts and local councils. Our partners play a critical role in the achievement of our strategic outcomes.

Sport NZ’s role is to lead, invest and enable the sector to achieve our outcomes and priorities. We fulfil our role by:

## Leading

Providing a clear sense of direction, challenging the sector to keep lifting its performance, recognising and sharing best practice, celebrating success, bringing the sector together and providing evidence and advocacy to point the way forward.

## Enabling

Building capability of our partners in areas such as governance and management systems, information technology services, event management, facilities, commercialisation, human resources, research and monitoring, and good practice.

## Investing

Investing to produce results, monitoring the performance of the sector and reporting back on the use of taxpayer money.

Aspects of the work carried out by HPSNZ also involve the delivery of services. For example, HPSNZ contracts providers to deliver support such as performance and technique analysis, nutrition, physiology, psychology, physiotherapy and massage, and strength and conditioning services directly to high performance athletes and coaches.

## Our strategic priorities

In order to achieve our strategic outcomes we will focus our work around five priority areas. These are:

- 1. Young New Zealanders**  
We want young New Zealanders (aged 0-18 years) to develop a love of sport and recreation that leads to lifelong participation.
- 2. Community sport**  
We want capable, sustainable and coordinated organisations delivering quality sport to their communities.
- 3. Active recreation**  
We want a capable, sustainable and coordinated recreation sector, delivering quality opportunities that get more New Zealanders participating.
- 4. High performance sport**  
We want New Zealand's most talented athletes to be identified and developed, and to win on the world sporting stage.
- 5. Partner capability**  
We want our partner organisations to be sustainable and capable of delivering results.

## Who are our key partners?

The Sport NZ Group's key partners are:

### National:

- New Zealand Olympic Committee (NZOC)
- National sport and recreation organisations (NSOs/NROs)

### Regional and local:

- Regional sports trusts (RSTs)
- Territorial authorities (TAs)
- Schools

### Key funders:

- Community trusts
- Gaming trusts
- New Zealand Lottery Grants Board.



## WHAT WE ARE TRYING TO ACHIEVE

The diagram below represents the Sport NZ Group's outcomes framework.

| Strategic Outcomes   | 1. More young people engaging in more sport and recreation   | 2. More New Zealanders engaging in more sport and recreation   | 3. More winners on the world stage   |
|--|--|--|--|
| <p><b>We want to have achieved:</b></p>  | <p>By 2020:<br/>90% of school-aged children take part in 3+ hours of organised and/or informal sport a week, comprising not less than:</p> <ul style="list-style-type: none"> <li>• 60% doing 3+ hours of organised sport</li> <li>• 70% doing 3+ hours of informal sport</li> </ul> | <p>By 2015:</p> <ul style="list-style-type: none"> <li>• Half a million more adult New Zealanders participating at least once a week in sport and recreation</li> <li>• More than one million people volunteering in sport and recreation</li> </ul>                   | <p>By 2020:<br/>More winners on the world stage at Olympic/ Paralympic Games and World Championships in targeted sports</p>  |
| <p><b>Intermediate Outcomes:</b><br/>What we want to achieve on the way to 2015</p>  | <p>More young people participating in sport and recreation through initiatives supported by our partners</p>   | <ul style="list-style-type: none"> <li>• More adults participating in sport and recreation through initiatives supported by our partners</li> <li>• More volunteers supporting community sport and recreation through initiatives supported by our partners</li> </ul> | <p>Number of New Zealand athletes placed in the top 3, top 5, top 8 and top 16 in the work in Olympic disciplines; top 3 and top 5 in Paralympic disciplines</p>   |
| <p><b>Our Impacts:</b><br/>The difference we want to make</p>                        | <p>More and better opportunities for young people to learn movement and sport skills and to participate</p>  | <ul style="list-style-type: none"> <li>• Better management and support of coaches and other volunteers</li> <li>• More participation opportunities for adults</li> </ul>   | <ul style="list-style-type: none"> <li>• A more effective high performance system providing the support needed by elite athletes and coaches to perform</li> <li>• World-class facilities available at home</li> </ul> |
| <p>Improved organisational capability of our partners</p>                            |  |  |  |
| <p>Better alignment between national, regional and local providers and investors</p> |  |  |  |
| <p><b>Our Outputs:</b><br/>The services we provide</p>                               | <p>Sport and recreation programmes:</p> <ul style="list-style-type: none"> <li>• Investment</li> <li>• Policy and advice</li> <li>• Technical advice</li> <li>• Knowledge and information</li> </ul>   |  | <p>High performance sport:</p> <ul style="list-style-type: none"> <li>• Investment</li> <li>• Athlete services</li> <li>• Technical advice</li> </ul>  |
| <p><b>Inputs</b></p>   | <p>Vote Appropriation:<br/>Sport and Recreation Programmes</p>   |  | <p>Vote Appropriations:</p> <ul style="list-style-type: none"> <li>• High Performance Sport Investment</li> <li>• Prime Minister's Sport Scholarships</li> </ul>   |
|  | <p>Lottery Grants Board funding</p>  |  |  |

# OUR OPERATING ENVIRONMENT

## Sport and recreation in the lives of New Zealanders

We are working with our partners to create a world-class sports system to encourage Kiwis of all ages to participate and reap the benefits of a lifelong involvement in sport and recreation.

Our study into the value of sport confirms sport and recreation are highly valued in New Zealand, and make a significant contribution to many aspects of our lives:

- nine out of 10 young people and 8 out of 10 adults take part in one or more sport and recreation activities
- we have more than 15,000 sport and recreation clubs, supported by 750,000 volunteers; and
- sport contributes \$5.2 billion (or 2.8% of GDP) to our economy.

Our world-class sports system relies on many organisations and individuals playing their role. Sport and recreation needs strong leadership from national bodies, and capable regional bodies and clubs to ensure the delivery of sport into communities is high quality. It also relies on hundreds of thousands of volunteers – coaches, officials, administrators and others – without whom sport simply wouldn't happen.

High performance sport needs a group of dedicated and driven athletes, inspired by the feats of previous champions and willing to put in the hard work required to be the best that they can be. Critically it needs a high performance system which supports athletes with both investment and world-leading coaching and sports science.

Because Kiwi kids have a sporting childhood, we produce a large pool of talent. We need to ensure that our system provides a clear pathway from community sport through to high performance, so the best athletes can be identified and nurtured along the way.

The key to achieving all of this is to understand how sport and recreation fits into the lives of New Zealanders and what we can do to help more young people and adults engage in sport and recreation, and to produce more winners. This puts New Zealanders, our customers, centre stage. Much of this understanding comes from our national surveys.

Our 2011 *Young People's Survey* gave over 17,000 young people the opportunity to tell us about their sporting lives. The results tell us that sport and recreation are important to them:

- 50% of girls and 60% of boys belong to a sports club
- 50% of young of young people belong to a school sports team
- 70% of young people had received coaching or instruction.

Most young people say they like sport and participate in one or more activities regularly. We also know that our well-established and team sports, like football, netball and rugby, are still central to young New Zealanders' sporting lives and are high up the list of sports that young people want to try or do more of – and most young people want to do more of the same or some new activities. We've also learned that informal sport and playful activities are significant contributors to young people's sporting lives.

In 2013/14, the *Active New Zealand Survey* will ask over 6,000 adults about their participation in sport and active recreation, updating results from earlier surveys and telling us more about trends in participation. The 2013/14 survey will provide us with a more contemporary view of adults' sporting lives and explore both organised and informal participation in more detail.

The *Young People's Survey* provided our first insights into the importance of sporting events, such as triathlons and fun runs, for young people, with 3 out of 10 taking part in one or more events. The 2013/14 *Active New Zealand Survey* will tell us more about adults' participation in events.

These survey results, and other intelligence we collect while working with our partners in the sector, provide valuable pointers to ways we can achieve our goals, and will help inform our future strategic direction.

## Strategic issues

We operate in a complex, changing and often challenging environment. Often, small changes in society, the economy or regulation can have far-reaching effects in the sport and recreation sector. Some strategic issues facing sport and recreation in New Zealand are as follows.

### Technological change

Digital technologies (especially social media) are giving traditional sports far wider access to both current and new membership and other commercialisation opportunities with free or low-cost technology that is easy to use. With increased information being available on the internet (and through internet-based technologies such as cloud computing) the sport and recreation sector will need to be mindful of privacy issues and protecting private information.

The completion of digital infrastructure under the ultra-fast broadband plan is likely to result in huge changes for sports, particularly in low-cost online broadcasting. This will help create a potentially global reach for sports. New Zealand sports organisations could be generating media content rather than the media outlets or more formal channels.

### Population change

By the late 2020s, it is anticipated that there will be more than one million people aged 65 years and older, compared to just over half a million in 2009. An ageing population will demand more sport and recreation activities and facilities suitable for older New Zealanders, while major population growth in areas such as Auckland will place a strain on organisations and their facilities.

The make-up of New Zealand's population is projected to change, with Europeans decreasing from 68% of the total population in 2011 to around 63% in 2021, Maori increasing from 14.3% to 14.9%, Pacific Islanders increasing from 7.1% to 8.2% and the Asian population increasing from 10.2% to 13.2%<sup>1</sup>. This change in cultural diversity may lead to demand for more globally popular sports and/or currently minor or marginal sports. Today's mainstream sports (e.g. rugby, cricket, netball) will have to understand how their communities are changing to remain relevant and attract new members.

The next generation of retirees will have a different skillset, having come from largely professional occupations. This could change the nature of volunteerism in the future.

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<sup>1</sup>[stats.govt.nz/browse\\_for\\_stats/population/estimates\\_and\\_projections/  
NationalEthnicPopulationProjections\\_HOTP01-21.aspx](http://stats.govt.nz/browse_for_stats/population/estimates_and_projections/NationalEthnicPopulationProjections_HOTP01-21.aspx)

### **Sustainability and capability of organisations**

Sport and recreation organisations often have a narrow income base and struggle for sustainable funding and resources. Growth in casual or informal sport may cause a gradual decline in club membership and volunteer numbers, making the traditional club less viable. On top of this, changes in the regulatory environment (e.g. tax or accident compensation changes and safety requirements), and potential restrictions on alcohol sponsorship may create challenges for the sector.

### **Ethics and integrity**

Global risks are emerging that may threaten the integrity of New Zealand's sport sector and highlight the need for us to support and ensure strong integrity/ethics in the sector. Evidence is increasing of criminal involvement in sport internationally in areas like match-fixing and distributing prohibited performance enhancing drugs. The increasing globalisation of sport exposes our athletes to these risks and increasing pressures to succeed heighten risks. Should this activity take hold in our sport sector the damage would be significant.

Broader ethical and integrity issues, such as sports' connection with alcohol, strengthening child protection measures or supporting athletes in areas outside merely their sporting performance, are also coming more into focus and need consideration.

### **Environmental issues**

There is an increasing number of environmental issues that are likely to have an impact (both positive and negative) on the sport and recreation sector:

- rising fuel costs may lead to an increase in 'green transport' options as people opt to walk or cycle;
- growing environmental consciousness may drive more demand for environmentally responsible events;
- competing demands for use of natural resources (both land and water) may lead to a balancing act between outdoor recreation activities and conservation efforts; and
- urban design (particularly in Auckland and Christchurch) could be used to co-locate sports facilities to encourage and increase use of or ensure access to green spaces and/or water in new subdivisions.

### **Christchurch**

Canterbury is still recovering from the devastating 2010 and 2011 earthquakes. The balance between short-term needs and long-term planning for sport and recreation remains a constant challenge. Codes are still grappling with the enormity of the re-build, across many sectors, not just sport and recreation.

### **Auckland**

Both Sport NZ and the sport and recreation sector are continuing to consider and adapt to the significant changes to both the local government structure and the demographics of the population in our largest city. We need to ensure we have an efficient delivery model for sport and recreation across the super city.

## MEASURING OUR PROGRESS TOWARDS OUR STRATEGIC OUTCOMES

The success of the Sport NZ Group in achieving its strategic outcomes depends on the support of our partners in the sector, particularly national sport and recreation organisations and regional sports trusts. These organisations work with other regional and community-based organisations to deliver sport to every corner of the country.

The Sport NZ Group has developed measures and performance standards to assess achievement against the strategic outcomes, and the methods of assessing these are described below. Our partner reporting system continues to be developed and refined in an effort to improve efficiencies and improve confidence in the information provided by our partner organisations. By ensuring high quality data is captured as close to the source as possible, and submitted to Sport NZ on an annual basis, we are able to track our partner organisations' contribution to our strategic outcomes.

### OUTCOME 1: MORE YOUNG PEOPLE ENGAGING IN MORE SPORT AND RECREATION

The first national survey of young people's participation in sport and recreation was completed in December 2011 and analysed in 2012 to establish baselines. These baselines have resulted in us setting new targets and timelines out to 2020 to measure the impact on our aim to engage more young people in more sport and recreation. Previously our measure was for organised sport only (in its broadest sense, so including active recreation). However, the survey has shown us the important part that informal sport plays for both boys and girls, so we have added an additional measure around informal sport and an overall measure of participation to show the full picture.

| Strategic Outcome  | Measure   | Baseline  | Performance Standard  |
|--|---|---|---|
| <b>More young people engaging in more sport and recreation</b> | Percentage of school-aged children (5-18 years) who participated in sport or recreation (including physical education) for at least three hours per week. | Results from the 2011 <i>Young People's Survey</i> show: <ul style="list-style-type: none"> <li>• 56% of school-aged children took part in 3+ hours of organised sport a week</li> <li>• 66% of school-aged children took part in 3+ hours of informal sport a week.</li> </ul> | By 30 June 2020: <ul style="list-style-type: none"> <li>90% of school-aged children take part in 3+ hours of organised and/or informal sport a week, comprising not less than: <ul style="list-style-type: none"> <li>• 60% doing 3+ hours of organised sport</li> <li>• 70% doing 3+ hours of informal sport.</li> </ul> </li> </ul> |

## Intermediate Outcomes:

**More young people participating in sport and recreation through initiatives supported by our partners.**

| Measure  | 2011/12 Figures  | Performance Standard   |  |
|--|--|--|--|
| <b>Number of young people (5-18 years) participating in sport and recreation through initiatives supported by our partners</b> | <p>As reported in the Annual Report 2011/12:</p> <p><b>Fundamental Movement</b></p> <ul style="list-style-type: none"> <li>• NSO = 228,727 (22 NSOs)</li> <li>• RSTs = 137,602</li> </ul> <p><b>Club Members</b></p> <ul style="list-style-type: none"> <li>• NSO = 348,637 (48 NSOs)</li> <li>• RST = 337,914</li> </ul> <p><b>Events</b></p> <ul style="list-style-type: none"> <li>• NSO = 55,722 (32 NSOs)</li> <li>• RST = 146,656</li> </ul> <p><b>Primary schools</b></p> <ul style="list-style-type: none"> <li>• NSO = 267,475 (17 NSOs)</li> <li>• RSTs = 254,778</li> </ul> <p><b>Secondary schools</b></p> <ul style="list-style-type: none"> <li>• NSO = 120,107 (25 NSOs)</li> <li>• RST = 87,784</li> </ul> | <p>By 30 June 2014:<br/>Increase in baseline figures as reported by partner organisations.</p> | <p>By 30 June 2015:<br/>Increase in baseline figures as reported by partner organisations.</p> |

## OUTCOME 2: MORE ADULTS ENGAGING IN MORE SPORT AND RECREATION

The baseline standards were established in 2007/08 through the *Active New Zealand* national survey. Performance standards for 2015 were set during the development of the Sport NZ Strategic Plan in 2009. The survey is being repeated in 2013/14.

| Strategic Outcome  | Measure  | Baseline  | Performance Standard   |
|--|--|---|--|
| <b>More adults engaging in more sport and recreation</b> | <ul style="list-style-type: none"> <li>Number of adults (16 years and over) participating in at least one sport or recreation activity during any one week.</li> <li>Number of adults (16 years and over) who volunteer (e.g. unpaid club administrators or coaches etc.) in sport and recreation at least once a year.</li> </ul> | <ul style="list-style-type: none"> <li>2,388,195 adults<sup>2</sup> (73% of the population) participated in at least one sport or recreation activity during any one week in 2007/08.</li> <li>829,735 adults (25% of the population) volunteered in sport and recreation at least once a year in 2007/08.</li> </ul> | <p>By 30 June 2015:<br/>Half a million more adult New Zealanders participating at least once a week in sport and recreation.</p> <p>More than one million New Zealanders volunteering in sport and recreation.</p> |

### Intermediate Outcomes:

**More adults participating in sport and recreation through initiatives supported by our partners.**

**More volunteers supporting community sport and recreation through initiatives supported by our partners.**

| Measure   | 2011/12 Figures   | Performance Standard   |  |
|---|---|--|--|
| <b>Number of adults participating in sport and recreation through initiatives supported by our partners</b>                       | <p>As reported in the Annual Report 2011/12:</p> <p><b>Club members</b></p> <ul style="list-style-type: none"> <li>NSO = 599,221 (52 NSOs)</li> <li>RST = 96,692</li> </ul> <p><b>Events</b></p> <ul style="list-style-type: none"> <li>NSO = 118,329 (37 NSOs)</li> <li>RST = 100,832</li> </ul> | By 30 June 2014:<br>Increase in baseline figures (as reported by partner organisations). | By 30 June 2015:<br>Increase in baseline figures (as reported by partner organisations). |
| <b>Number of volunteers participating in community-level sport and recreation as reported by Sport NZ's partner organisations</b> | <p>As reported in the Annual Report 2011/12:</p> <ul style="list-style-type: none"> <li>NSO = 25,070 (38 NSOs)</li> <li>RST = 9,864</li> </ul>  |  |  |

<sup>2</sup>Active New Zealand Survey.

### OUTCOME 3: MORE WINNERS ON THE WORLD STAGE AT OLYMPIC/PARALYMPIC GAMES AND WORLD CHAMPIONSHIPS IN TARGETED SPORTS

Performance against this outcome will be assessed using the international ranking systems of sports in which athletes and teams compete. The performance measures are set out in the HPSNZ Strategic Plan 2013–2020.

| Strategic Outcome   | Measure  | Baseline                   | Performance Standard               |
|---|--|----------------------------|------------------------------------|
| <b>More winners on the world stage at Olympic/Paralympic Games and World Championships in targeted sports</b> | Number of medals at Olympic Summer Games.  | 2012: 13 medals.           | 14+ medals in 2016<br>16+ in 2020. |
|   | Number of athletes or teams who win at World Championship events in targeted non-Olympic sports. | 2012: 2 athletes or teams. | Winning at World Championships.    |
|   | Number of medals at Olympic Winter Games.  | 2010: 0 medals.            | 1+ medals in 2014<br>2+ in 2018.   |
|   | Number of gold medals at Paralympic Summer Games.  | 2012: 6 medals.            | 8+ medals in 2016<br>8+ in 2020.   |
|   | Number of gold medals at Paralympic Winter Games.  | 2010: 1 medal.             | 2+ in 2014<br>2+ in 2018.          |

### Intermediate Outcomes:

**Achieve a sustainable high performance sport system capable of constant improvement through collaborative leadership and investment.**

| Measure   | 2011/12 Figures  | Performance Standard  |   |
|---|--|---|---|
| <b>Number of New Zealand athletes placed in the top 3, top 5, and top 8 in the world in Olympic disciplines</b> | 2012 <sup>3</sup> :<br>• Top 3: 13<br>• Top 5: 24<br>• Top 8: 37 | By 2014 <sup>4</sup> :<br>• Top 3: 14<br>• Top 5: 23<br>• Top 8: 35 | By 2015:<br>• Top 3: 16<br>• Top 5: 24<br>• Top 8: 40 |
| <b>Number of New Zealand athletes in the top 3 and top 5 in the world in Paralympic disciplines</b>             | 2012:<br>• Top 3: 17<br>• Top 5: 28                              | By 2014:<br>Top 3: 10<br>Top 5: 21                                  | By 2015:<br>• Top 3: 12<br>• Top 5: 21                |
| <b>Number of emerging athletes supported through regional talent hubs</b>                                       | New measure.   | At least 150.   | At least 200 athletes.                                |

<sup>3</sup> Numbers relate to the 2012 Olympic and Paralympic Games.

<sup>4</sup> Out-years not directly comparable to 2012 as not all sports have World Championships annually.



## OUR OPERATING INTENTIONS

This section provides detail about how we will contribute to our strategic and intermediate outcomes to 2015 and the measures we will use to assess our progress.

### Investment approach

We will continue to target our investment to organisations that are the most capable and ready to deliver on our sport and recreation outcomes. We will also consolidate our investment streams to simplify and streamline the investment process for sport and recreation organisations. Where possible we will give organisations certainty about their income over a two or three-year period to help them with their long-term planning.

### Capability building

By supporting our partner organisations to improve their business processes and their management and governance prowess, we can have greater confidence in our investment and the achievement of outcomes that we seek from our partners. A key factor in building the capability and effectiveness of the sector is ensuring the leadership of sector organisations is strong. In particular, the quality of leadership provided by chief executives and their boards is vital to building a capable sector.

We will provide practical advice and assistance to our partners in the following areas of capability building and support:

- leadership of senior management and boards
- governance
- commercial acumen
- human resource management
- financial management and sustainability
- information technology systems.

We will also emphasise delivery capability in both our community sport partners and our high performance partners through evaluating their programmes and identifying opportunities to impact their performance.

### Performance measurement

We are continuing to develop our performance measurement systems in order to track our progress against our strategic outcomes and improve our performance as a leader, investor and enabler of New Zealand's sport and recreation system. We have also developed a data collection system that will improve the quality of data provided by partner organisations. In addition, Sport NZ is providing ongoing support to partner organisations to improve the data collection process and capability of staff.

### Effectiveness and efficiency

We will continue to drive for efficiency and effectiveness in everything we do. We will ensure as much resource as possible is dedicated to 'front-line' support for the sport and recreation sector. We will work to reduce our administration costs over time, and deliver better public services more efficiently.

# MEASURING OUR IMPACT

The Sport NZ Group has identified key impacts that, when assessed, will provide valuable information about how the Group is tracking towards its strategic outcomes.

## OUTCOME 1: MORE YOUNG PEOPLE ENGAGING IN MORE SPORT AND RECREATION

### Impact statement

#### **More and better opportunities for young people to learn movement and sport skills and to participate**

The foundations for participation in sport and recreation are laid down in the early years. Without opportunities to develop the building blocks of movement, many children lack the confidence and competence to enjoy participating in sport and recreation activities later in their development.

The way in which young people participate in sport and recreation is changing as lives become more complex and there is increasing competition for young people's attention and time from more sedentary pastimes. Sport and recreation organisations are also competing with new activities and new ways of connecting with existing and potential participants that may hold greater appeal for young people than traditional opportunities.

Schools play an important role in encouraging participation by children and young people. The school environment is an increasingly important setting for Sport NZ. It provides an opportunity to engage young people who currently are not participating and to address the drop-off in participation at key transition points – between primary and intermediate, intermediate and secondary school, and post-secondary school.

### What are we seeking to achieve?

We want young New Zealanders (aged 0–18) to develop a love of sport and recreation that leads to lifelong participation. This will be achieved when:

- children feel confident about participating in sport and recreation, in particular being able to perform basic movement and sport skills and through positive early experiences
- more high quality participation opportunities are provided, where young people experience fun and enjoyable activities and opportunities to learn and develop.

### What will we do to achieve this?

We will work with, and invest in, selected partners to provide more and better opportunities for young people to learn movement and sport skills and to participate. In particular:

- foundation skills – the foundations for participation in sport are laid down in the early years, so we will support organisations that provide quality programmes for fundamental movement and basic sport skills for children aged under 12

- quality experience – we will provide clear guidance for parents, teachers, coaches and other volunteers to help lift the quality of sport and recreation experiences for children and young people, and we will encourage clubs to provide family-friendly environments to provide children and parents with quality experiences
- more sport in schools – we will encourage the education sector to provide more quality sport and recreation opportunities by demonstrating how sport can improve educational outcomes, and by strengthening the links between schools, clubs and other providers
- youth-oriented sport – we will support sports and events that appeal to young people and we will promote the creation of facilities and spaces to give young people better access to sports opportunities
- tackling drop-out – we will find ways to keep young people engaged in sport after they leave school
- work with NSOs to finalise and implement their whole-of-sport plans to ensure that club sport remains an attractive option for young people.

## Demonstrating success

| Impact  | Measures   | Current Performance  | Performance Standard  |   |
|---|--|--|---|---|
| <b>More and better opportunities for young people to learn movement and sport skills and to participate</b> | KiwiSport Regional Partnership Fund results in increased participation in local initiatives. | 313,000 children and young people participating in funded KiwiSport initiatives. | By 2014:<br>At least 313,000 children and young people participating in funded KiwiSport initiatives. | By 2015:<br>At least 313,000 children and young people participating in funded KiwiSport initiatives.   |
|   | Sport in Education pilot continues with 8 schools.   | Pilot underway with 8 schools.   | By 2014:<br>Baseline information collated for pilot schools.  | By 2015:<br>Increases in the number of: <ul style="list-style-type: none"> <li>• young people participating in sport</li> <li>• teacher involvement in sport</li> <li>• student coaches and leaders.</li> </ul> |

## OUTCOME 2: MORE ADULTS ENGAGING IN MORE SPORT AND RECREATION

### Impact statements

#### **More participation opportunities for adults in both sport and recreation Better management and support of coaches and other volunteers**

The delivery of community sport is challenged with keeping pace with changes in society and the economy and finding ways of working to allow better connection with people and their communities.

There are pressures on adults' participation and involvement in sport and recreation. The decisions that adults make around participating in activities and contributing as volunteers are affected by factors such as employment status, discretionary spending power, and travel costs. There are increasing numbers of alternative activities and ways of participating in sport and recreation outside of traditional club programmes, as well as a widening range of non-sport and recreation activities competing for adults' discretionary time.

### What are we seeking to achieve?

We want half a million more adult New Zealanders participating at least once a week in sport and recreation and more than one million people volunteering in sport and recreation. This will be achieved when:

- providers develop new ways of connecting with existing and new participants, and with diverse cultures and communities, to ensure that sport and recreation remain attractive options for all New Zealanders.

### What will we do to achieve this?

We will work with, and invest in, selected partners to provide more and better opportunities for adults to participate in and contribute to sport and recreation. In particular we will:

- community sport planning – assist and invest in NSOs to lead and develop their sports in the community
- coaches and volunteers – increase the number and quality of volunteers, especially coaches, by providing specialist advice on managing and supporting volunteers and by investing in coaching through NSOs
- club development – explore opportunities to strengthen the club infrastructure throughout New Zealand
- events – continue to investigate how events can be leveraged to increase participation
- invest in and assist selected national sport organisations to develop plans and lead the delivery of their sport in the community through partnerships with their regional bodies, regional sports trust and other appropriate partners
- improved governance – work to improve gender balance on sports boards by identifying potential candidates, providing training and setting targets, in partnership with the NZOC.

## Demonstrating success

| Impact   | Measures   | Current Performance                                    | Performance Standard   |   |
|--|--|--|--|---|
| <b>Creating participation opportunities for adults through initiatives supported by our partners</b> | NSO community sport investment results in an increase in participation opportunities for adults. | Baseline information is being collated during 2012/13. | By 2014:<br>Increase in baseline figures as reported by our partners.              | By 2015:<br>Increase in baseline figures as reported by our partners.               |
| <b>Better management and support of coaches and other volunteers</b>                                 | Community coaching plan implemented leading to increase in active community coaches.             | Baseline information is being collated during 2012/13. | By 2014:<br>7 NSOs have community coaching plans in place and establish baselines. | By 2015:<br>% increase in the number of active community coaches across the 7 NSOs. |

### OUTCOME 3: MORE WINNERS ON THE WORLD STAGE

#### Impact statements

##### **A more effective high performance system providing the support needed by elite athletes and coaches to perform**

Because New Zealand has a small population and investment level compared to its international sporting competitors, we must not only target our resources carefully, we must also be smart about identifying and developing our talented athletes. This requires NSOs to have well-planned and integrated athlete and coach pathways that are supported with the appropriate specialist and technical support.

HPSNZ was formed in August 2011 through a merger of the two New Zealand Academies of Sport and the former SPARC High Performance unit. The purpose of the merger was to streamline and maximise efficiencies in the high performance system. This means that HPSNZ is responsible for ensuring the highest level of support is efficiently delivered to elite athletes and coaches.

##### **World-class facilities available at home**

Having access to world-class facilities is an aspect of providing support to our high performance athletes and coaches. Not only does this help to enhance the daily high performance training environment, it may also be a factor in bringing world events to New Zealand allowing athletes and coaches to compete at home without the need to travel off-shore.

## What are we seeking to achieve and what will we do to achieve this?

We want New Zealand's most talented athletes to be identified and developed, and to win on the world sporting stage. We will work with, and invest in, those sports that are capable of producing results on the world stage. In particular we will:

- lead a highly effective high performance system that ensures resources are targeted and prioritised to deliver performance outcomes
- assist NSOs to build world-class coaching and high performance programme leadership
- enhance the daily training and competition environments (meeting targeted sports' high performance facility needs)
- deliver quality performance support for our athletes and coaches
- work in partnership to increase the high performance capability of NSOS
- strengthen high performance athlete development (including talent identification and development)
- lead an integrated and robust innovation and research programme to drive increased performance.

## Demonstrating success

| Impact  | Measures  | Current Performance   | Performance Standard  |  |
|---|---|---|---|--|
| <b>A more effective high performance system providing the support needed by elite athletes and coaches to perform</b> | Percentage of key high performance programme performance and process goals achieved by targeted NSOs. | New measure.  | 2013/14:<br>As per agreed KPIs with targeted NSOs.  | By June 2015:<br>As per agreed KPIs with targeted NSOs.  |
| <b>World-class facilities available at home</b>   | Athletes and coaches have access to international standard facilities for training and competition.   | National Training Centre at MISH completed.<br><br>HP training centres have been established in Wellington, Dunedin, Wanaka and Christchurch (Jellie Park). | 2013/14:<br>The National Cycling Centre of Excellence is scheduled for completion by September 2013.<br><br>Invest \$1.5 million towards the Phase 2 Development of MISH (including the construction of a second indoor swimming pool). | By June 2015:<br>The National Ocean Water Sports Centre is on track for completion in 2014.<br><br>Planning for National Hockey Centre and National Canoe Racing Centre completed. |

## SECTOR CAPABILITY AND SECTOR ALIGNMENT

Underpinning the achievement of the three strategic outcomes is a sustainable and capable sport and recreation sector – from the grassroots to the high performance level. Without partner organisations that have the capability to deliver results, we will not be able to achieve our three strategic outcomes.

### Impact statements

#### Improved organisational capability of our partners

#### Better alignment between national, regional and local providers and investors

Growth in the community sport and recreation sector requires change in the way things are done so that these pressures and expectations can be met head on. This means the capability of organisations and the people in them must be enhanced to find new solutions and adapt successfully to these changes.

Additionally, improved linkages between groups delivering sport and recreation can provide seamless participation opportunities for children and adults, maximise the use of available resources and encourage joint problem solving to address common issues.

### What are we seeking to achieve?

We want our partners to be sustainable and capable of delivering results. This will be achieved when:

- organisational capability at both national and regional level is improved to ensure they keep pace with changes in society and the economy and provide opportunities that match the resulting changing needs of participants (whether at a community sport or elite level).

We also want greater alignment and more effective use of resources. The majority of resources available to the sport and recreation sector reside primarily at the regional level. These resources include:

- funding provided by councils and community/gaming/power/licensing trusts
- facilities provided by councils, tertiary organisations and schools
- time provided by volunteers
- expertise provided (mostly) by volunteer administrators, coaches and officials.

These community-owned resources make up the 'power supply' that is available to drive the delivery of sport and recreation across New Zealand. In comparative terms, Sport NZ's own resources are modest.

### What will we do to achieve this?

We will work with, and invest in, selected partners to provide more and better opportunities for adults and young people to participate in sport and recreation and to support more winners on the world stage. In particular we will:

- developing people – we will invest in leadership by providing and supporting leadership initiatives for NSOs and RSTs, workforce planning, and helping sector organisations strengthen their governance and management arrangements

- tools and resources – we provide tools and resources to help our partners manage their business, attract and retain volunteers, and manage their legal and financial obligations
- commercialisation – we will help the sector strengthen its financial position and become more self-sustaining by providing advice on commercial capability and opportunities
- technical expertise – we will lift technical expertise in the sector by providing high quality technical advice in specialised areas including IT, performance measurement, and business analysis
- facilities and events – we will provide specialist advice on planning and coordination of investment for sports facilities, and on attracting and managing sports events
- relationship management – we will encourage greater collaboration between and across Sport NZ’s sector partners
- coordination – we will document sector engagement strategies that articulate clear, coordinated and purposeful engagement across the sport and recreation sector.

| Impact   | Measures  | Current Performance | Performance Standard  |
|--|---|---------------------|---|
| <b>Organisational capability of partners to support Sport NZ’s outcomes</b>          | Improved organisational capability through support provided to partner organisations. | New measure.        | Positive changes in aspects of capability (governance, leadership, commercialisation, people management, IT, finance) as reflected by capability assessment tools.              |
| <b>Better alignment between national, regional and local providers and investors</b> | Increase in joint community sport and recreation initiatives.                         | New measure.        | We will encourage more ‘joined-up’ approaches to growing participation through initiatives such as our investment in, and the implementation of, joint NSO and RST initiatives. |





## FORECAST STATEMENT OF SERVICE PERFORMANCE

The tables below outline the outputs and corresponding activities that the Sport NZ Group intends to deliver in the coming year, together with its measures and information sources. These have been grouped under three output classes. The Sport NZ Group's progress towards achieving the performance measures will be reported in its annual report. Comparative results from 2011/12 have been included where available.

### OUTPUT CLASS 1: SPORT AND RECREATION PROGRAMMES

#### To increase participation and achievement in sport and physical recreation

| Output   | Key activity  | Quantity  |
|--|---|---|
| <b>Sector investment and management</b>                              |   |   |
| <b>Investment to achieve community sport and recreation outcomes</b> | Sport NZ invests in national sport and recreation organisations, regional sports trusts, territorial authorities, iwi organisations and other organisations to achieve community sport and recreation outcomes. | At least 70% of total sport and recreation spending will be invested in partners.<br><i>[2011/12: 71%]</i><br><br>This includes: <ul style="list-style-type: none"> <li>• National sport and recreation organisations</li> <li>• Regional sports trusts</li> <li>• Iwi organisations</li> <li>• Territorial authorities.</li> </ul> |
| <b>Investment to achieve capability outcomes</b>                     | Sport NZ invests in national sport and recreation organisations, and regional sports trusts to achieve capability outcomes (governance, leadership, commercialisation, people management, IT, finance).         | At least 1.5% of total sport and recreation spending will be invested in national sport and recreation organisations to achieve capability outcomes.<br><i>[2011/12: 2.9%]</i>  |
| <b>Investment to achieve event and facilities outcomes</b>           | Sport NZ invests in national sport organisations to achieve event and facility outcomes.  | At least 2% of total sport and recreation spending will be invested in partners to achieve event and facility outcomes.<br><i>[2011/12: 2.7%]</i>   |

| Output   | Key activity  | Quantity   | Quality and timeliness   |
|--|---|--|--|
| <b>Technical advice and resources</b>              |   |  |  |
| <b>Technical advice for community sport</b>        | <p>Sport NZ provides expert advice, guidance and assistance to:</p> <ul style="list-style-type: none"> <li>national sport organisations to design community sport plans, programmes and delivery systems to grow and sustain participation</li> <li>RSTs for the delivery of community sport and recreation initiatives.</li> </ul> | <p>Expert advice, guidance and assistance provided to:</p> <p>14 selected sports to develop participant/athlete pathways that inform sport planning and delivery structure.<br/><i>[2011/12: 8 sports]</i></p> <p>14 selected sports to develop community sport plans.<br/><i>[2011/12: 8 sports]</i></p> <p>17 RSTs to develop regional support plans for targeted community sports.<br/><i>[2011/12: 17 RSTs]</i></p> <p>17 RSTs for sport and recreation outcomes, delivery of KiwiSport, Regional Sports Directors in schools, and/or He Oranga Poutama.<br/><i>[2011/12: 17 RSTs]</i></p> | <p>At least 80% partner satisfaction (targeted NSOs) with quality and timeliness of community sport and recreation team consultancy and advice.<br/><i>[2011/12: 82.9%]</i></p>  |
| <b>Technical advice for capability development</b> | <p>Sport NZ provides expert advice, guidance and assistance to national sport organisations and regional sports trusts to improve organisational capability in the areas of governance, leadership, commercialisation, people management, IT, finance.</p>  | <p>18 national organisations provided with capability support.<br/><i>[2011/12: 16]</i></p> <p>10 seminar programmes or workshops delivered to the sector.<br/><i>[2011/12: 16 workshops]</i></p>  | <p>At least 80% partner satisfaction (targeted NSOs) with the quality and timeliness of capability support.<br/><i>[2011/12: 82.9%]</i></p> <p>85% participants are satisfied with the programme/ workshops.<br/><i>[2011/12: 95%]</i></p> |
| <b>Technical advice for facilities</b>             | <p>Sport NZ provides expert advice, guidance and assistance to stakeholders (including NSOs, territorial authorities) on the development and management of facilities (with a focus on Christchurch).</p>   | <p>Three national sport organisations for developing sport specific national facility strategies.<br/><i>[2011/12: 4 NSOs]</i></p>   | <p>At least 80% partner satisfaction (targeted NSOs) with Sport NZ's facilities consultancy and advice.<br/><i>[2011/12: 83.3%]</i></p>  |
| <b>Technical advice for event management</b>       | <p>Sport NZ provides expert advice, guidance and assistance to stakeholders on the development of major events.</p>   | <p>Expert advice, guidance and assistance provided to 10 national sport organisations on delivering national or international events.<br/><i>[2011/12: 10 NSOs]</i></p>  | <p>At least 80% partner satisfaction (targeted NSOs) with Sport NZ's event consultancy and advice.<br/><i>[2011/12: 83.3%]</i></p>   |

| Output   | Key activity   | Quantity  | Quality and timeliness   |
|--|--|---|--|
| <b>World Cups Office</b>   |  |   |  |
| <b>Support for international sporting events hosted in New Zealand</b> | Sport NZ coordinates cross-agency support and delivery of core government services for the Cricket World Cup 2015, and the FIFA U-20 World Cup 2015 (the tournaments). | Cross-agency coordination structures are established and operating in support of preparations for two tournaments.<br><i>[2011/12: new measure]</i>                   | Core government services are on track to be successfully delivered.<br><i>[2011/12: new measure]</i>       |
|  | Sport NZ coordinates cross-agency leverage and legacy activities to enable New Zealand and New Zealanders to benefit from hosting the tournaments.                     | Cross-agency coordination structures are established and operating to develop leverage and legacy programmes around two tournaments.<br><i>[2011/12: new measure]</i> | Leverage and legacy activities are on track to be successfully delivered.<br><i>[2011/12: new measure]</i> |

| Output               | Key activity   | Quantity  | Quality and timeliness  |
|----------------------|--|---|---|
| <b>Policy advice</b> |  |   |   |
| <b>Policy advice</b> | Sport NZ provides high-quality policy advice to the Minister for Sport and Recreation. | 95% of briefings and correspondence provided to the Minister for Sport and Recreation within agreed timeframes.<br><i>[2011/12: not measured]</i> | Satisfaction with ministerial servicing by the Office of the Minister for Sport and Recreation.<br><i>[2011/12: not measured]</i> |

| Output                           | Key activity  | Quantity  | Quality and timeliness  |
|----------------------------------|---|---|---|
| <b>Knowledge and information</b> |   |   |   |
| <b>Knowledge and information</b> | Sport NZ develops and disseminates knowledge and information to facilitate sharing good practice. | 400 subscribers to the Sport and Recreation Knowledge Library.<br><i>[2011/12: new measure]</i><br><br>40,000 unique page views of the Sport and Recreation Knowledge Library.<br><i>[2011/12: new measure]</i><br><br>2,200 subscribers to the Sport NZ newsletter 'Relay'.<br><i>[2011/12: 1,819 subscribers]</i> | At least 80% of partner satisfaction (targeted NSOs) with information sharing by Sport NZ.<br><i>[2011/12: 82.5%]</i><br><br>At least 80% partner satisfaction (targeted NSOs) with Sport NZ's resources and toolkits.<br><i>[2011/12: 75.0%]</i> |

## OUTPUT COSTS

| Actual<br>2011/12<br>\$000 | Estimated<br>2012/13<br>\$000 |                                 | Budget<br>2013/14<br>\$000 |
|----------------------------|-------------------------------|---------------------------------|----------------------------|
|                            |                               | <b>REVENUE</b>                  |                            |
| 19,151                     | 19,151                        | Crown funding                   | 19,151                     |
| 37,596                     | 41,846                        | Other operating revenue         | 43,555                     |
| <b>56,747</b>              | <b>60,997</b>                 | <b>Total Revenue</b>            | <b>62,706</b>              |
|                            |                               | <b>OUTPUT EXPENDITURE</b>       |                            |
| 48,166                     | 44,114                        | Sector investment               | 46,376                     |
| 3,754                      | 2,267                         | Sector management               | 2,543                      |
| 6,212                      | 7,536                         | Technical advice and resources  | 9,140                      |
| 596                        | 949                           | Policy advice                   | 986                        |
| 2,185                      | 3,263                         | Knowledge and information       | 3,579                      |
| -                          | 113                           | World Cup Office                | 676                        |
| <b>60,913</b>              | <b>58,242</b>                 | <b>Total Output Expenditure</b> | <b>63,300</b>              |
| <b>(4,166)</b>             | <b>2,755</b>                  | <b>Surplus/(Deficit)</b>        | <b>(594)</b>               |

## OUTPUT CLASS 2: HIGH PERFORMANCE SPORT: MORE WINNERS ON THE WORLD STAGE

| Output   | Key activity  | Quantity   |
|--|---|--|
| <b>Sector investment and management</b>                      |   |  |
| <b>Investment to support NSO high performance programmes</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 including: <ul style="list-style-type: none"> <li>targeted NSOs</li> <li>Performance Enhancement Grants (PEGs) for elite athletes</li> <li>technology and innovation</li> <li>high performance events.</li> </ul> <i>[2011/12: 73%]</i> |

| Output   | Key activity   | Quantity  | Quality and timeliness  |
|--|--|---|---|
| <b>Technical advice</b>                        |  |   |   |
| <b>Provision of high performance expertise</b> | HPSNZ provides expert advice, guidance and assistance to NSOs regarding the delivery of their high performance programmes athlete development. | Expert advice, guidance and assistance provided to at least 9 NSOs to support the delivery of their high performance programmes.<br><i>[2011/12: 13 NSOs]</i> | At least 80% partner (NSO) satisfaction with quality and timeliness of HPSNZ consultancy and advice.<br><i>[2011/12: 85.7%]</i> |

| Output   | Key activity   | Quantity  | Quality and timeliness   |
|--|--|---|--|
| <b>Athlete services</b>                          |  |   |  |
| <b>High performance athlete support services</b> | HPSNZ directly supports athletes through the: <ul style="list-style-type: none"> <li>allocation of PEGs</li> <li>provision of specialist services such as exercise physiology, biomechanics, strength and conditioning, nutrition, physiotherapy, massage, planning, athlete life, and medical.</li> </ul> | PEGs allocated to at least 200 high performance athletes.<br><i>[2011/12: 294 athletes]</i><br><br>400 athletes receive funding and/or access to services through the high performance system.<br><i>[2011/12: 469]</i> | At least 80% athlete satisfaction with support.<br><i>[2011/12: new measure]</i> |

## OUTPUT COSTS

| Actual<br>2011/12<br>\$000 | Estimated<br>2012/13<br>\$000 |                                 | Budget<br>2013/14<br>\$000 |
|----------------------------|-------------------------------|---------------------------------|----------------------------|
| <b>REVENUE</b>             |                               |                                 |                            |
| 53,338                     | 58,192                        | Crown funding                   | 58,192                     |
| 9,699                      | 2,419                         | Other operating revenue         | 2,102                      |
| <b>63,037</b>              | <b>60,611</b>                 | <b>Total Revenue</b>            | <b>60,294</b>              |
| <b>OUTPUT EXPENDITURE</b>  |                               |                                 |                            |
| 13,189                     | 6,006                         | Infrastructure investment       | 7,694                      |
| 41,399                     | 37,132                        | Sector investment               | 39,320                     |
| 3,668                      | 1,181                         | Sector management               | 1,118                      |
| 4,942                      | 6,194                         | Technical advice and resources  | 6,932                      |
| 9,399                      | 10,730                        | HP athlete services             | 12,654                     |
| <b>72,597</b>              | <b>61,243</b>                 | <b>Total Output Expenditure</b> | <b>67,718</b>              |
| <b>(9,560)</b>             | <b>(632)</b>                  | <b>Surplus/(Deficit)</b>        | <b>(7,424)</b>             |

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

To increase participation and achievement in sport and physical recreation by providing scholarships enabling talented New Zealanders to pursue tertiary study and elite level sport development concurrently, and/or to develop skills that contribute to the quality of New Zealand's sport performance at the elite level.

| Output                                  | Key activity  | Quantity  | Quality  |
|---|---|---|--|
| <b>Sector investment and management</b> |   |   |  |
| <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, on the recommendation of HPSNZ. | <p>\$4.25 million invested [2011/12: \$3.8 million] for:</p> <p>At least 250 Athlete Scholarships.<br/>[2011/12: 379]</p> <p>At least 50 Coach, Support Team and Officials Scholarships.<br/>[2011/12: 100]</p> | Administration costs are less than 4% of the total funds being allocated.<br>[2011/12: 3.9%] |

#### OUTPUT COSTS

| Actual<br>2011/12<br>\$000 | Estimated<br>2012/13<br>\$000 |                                 | Budget<br>2013/14<br>\$000 |
|----------------------------|-------------------------------|---------------------------------|----------------------------|
| <b>REVENUE</b>             |                               |                                 |                            |
| 4,250                      | 4,250                         | Crown funding                   | 4,250                      |
| <b>4,250</b>               | <b>4,250</b>                  | <b>Total Revenue</b>            | <b>4,250</b>               |
| <b>OUTPUT EXPENDITURE</b>  |                               |                                 |                            |
| 3,777                      | 3,700                         | Sector investment               | 4,800                      |
| 149                        | 211                           | Sector support                  | 209                        |
| <b>3,926</b>               | <b>3,911</b>                  | <b>Total Output Expenditure</b> | <b>5,009</b>               |
| <b>324</b>                 | <b>339</b>                    | <b>Surplus/(Deficit)</b>        | <b>(759)</b>               |



# THE SPORT NZ GROUP'S ORGANISATIONAL CAPABILITY

## A coordinated approach

HPSNZ, a wholly-owned subsidiary of Sport NZ, was formed to simplify and streamline New Zealand's high performance system and give it an increased focus on excellence for the benefit of athletes, coaches and national sport organisations.

Two of the fundamental principles behind the establishment of HPSNZ as a subsidiary of Sport NZ are:

- a. Continuing commitment to an integrated sport system – recognising that high performance and community sport are part of a connected 'end-to-end' sport system
- b. Minimising fragmentation in the sector – the two organisations must work as one system, sharing collective decision making, knowledge and partner understanding.

To give effect to these principles, the organisational capability components of Sport NZ and HPSNZ are being actively managed through a coordinated approach under the banner of the Sport NZ Group. In particular:

- Shared Services – Sport NZ provides finance, organisational development, IT, procurement, stakeholder management and governance, marketing and communications and corporate accountability services to HPSNZ. This includes operating a single IT network, FMIS and payroll system
- Corporate policies, procedures and internal controls – corporate policies, procedures and internal controls are consistent across both Sport NZ and HPSNZ
- Governance committees – the Audit, Finance and Risk Committee and Remuneration Committee have responsibility to preside over both Sport NZ and HPSNZ and include dual Board member representation
- Senior Leadership Teams (SLT) – the Chief Executives of Sport NZ and HPSNZ attend each other's SLT meetings on a regular basis and a joint SLT meeting is held quarterly
- Relationship management – Sport NZ has a dedicated team of Relationship Managers who operate across our investment partners on behalf of both Sport NZ and HPSNZ
- Contract and investment management – Sport NZ and HPSNZ operate a single contract and investment management system.

The Sport NZ Group actively manages people, processes and technology in order to deliver high quality sport and recreation outcomes to New Zealanders.

### Managing our people and being a good employer

In accordance with section 118 of the Crown Entities Act 2004, the Sport NZ Group seeks to meet good employer obligations by providing for:

- good and safe working conditions
- an equal employment opportunities (EEO) programme
- the impartial selection of suitably qualified people for appointment
- opportunities for individual employees to enhance their abilities.

Both Sport NZ and HPSNZ's structures are aligned with the strategic direction outlined in the 2012-2015 Strategic Plan.

Sport NZ and HPSNZ monitor performance as a good employer through regularly monitoring staff engagement levels.

### Improving our systems

Sport NZ and HPSNZ continue to improve the quality and performance of our organisational processes and systems. In 2013/14 we will:

- improve our measurement of how our investments and initiatives impact on sport and recreation outcomes for New Zealanders by developing and using our sector monitoring tools
- improve our systems for managing physical and electronic records with the implementation of a new electronic document and records management system.

### Effectiveness and efficiency

We will continue to drive for efficiency and effectiveness in everything we do while ensuring we dedicate as much resource as possible to 'front-line' support for the sport and recreation sector. We continue to reduce administration costs over time and aim to deliver better public services more efficiently.

### Managing our technology

Physical technology assets such as servers, desktop computers and laptops are leased.

A 3-year Information and Knowledge Systems Roadmap was developed for the Sport NZ Group in 2012/13. This ensures technology alignment with our strategy and this statement of intent.

### Managing risk

#### Risk management framework

The Sport NZ Group operates a risk management framework that includes oversight by the Audit, Finance and Risk Committee of the Sport NZ and HPSNZ Boards. This includes a three-year rolling internal audit programme, managed through external audit providers.

#### Contract and investment management

Each year the Sport NZ Group manages over \$90 million of contracts and investments with sport and recreation organisations and third-party service delivery agencies. The Sport NZ Group manages these contracts and investments through a Partner Relationship Management System that provides us with a single view of all our contracts and investment arrangements, including a single picture of all future financial commitments. All investment by the Sport NZ Group is subject to quality assurance processes and all contracts are managed in accordance with internal guidelines.

**Relationship management**

The Sport NZ Group has a dedicated team of Relationship Managers who monitor risks and opportunities in the sport and recreation sector. The Partner Relationship Management System is used to organise and process information about our relationships with partner organisations. This allows us to engage with stakeholders consistently, efficiently, and in a timely manner.

**Reporting to the Minister**

The Board of Sport New Zealand will provide the Minister for Sport and Recreation with annual and six-monthly reports on the Sport NZ Group consolidated operations and its progress towards meeting agreed performance targets.

Sport NZ will comply with the reporting requirements set out in the Crown Entities Act 2004, including giving notice to the Minister prior to acquiring subsidiaries or shares.

**Assessing organisational health and capability**

| Focus  | Performance measure   | Standard  |
|--|---|---|
| <b>Good employer</b>   | Level of staff engagement.  | At least 75%.<br><i>[2011/12: 69% excl HPSNZ, staff who were not surveyed during this period]</i> |
|  | Annual staff turnover.  | 12% or less.<br><i>[2011/12: 11.69% excl HPSNZ]</i>   |
| <b>Managing risk</b>   | Partner satisfaction with the quality and timeliness of Sport NZ contract management. | At least 80%.<br><i>[2011/12: not measured]</i>   |
|  | Partner confidence in Sport NZ Group.   | At least 80%.<br><i>[2011/12: total 84.65%</i><br>• 81.8% Sport NZ<br>• 87.5% HPSNZ]              |
| <b>Financial information systems and controls</b>                          | Annual audit rating on performance.   | Maintain 'very good' rating.<br><i>[2011/12: 'very good']</i>                                     |
| <b>Service performance information and associated systems and controls</b> | Annual audit rating.  | Maintain 'good' rating.<br><i>[2011/12: 'good']</i>   |
| <b>Effectiveness and efficiency</b>  | Corporate and business operations expenditure is maintained within current levels.    | Within 7.5% of total expenditure.<br><i>[2011/12: 7%]</i>   |

# PROSPECTIVE FINANCIAL STATEMENTS

## For the years 2013-2016

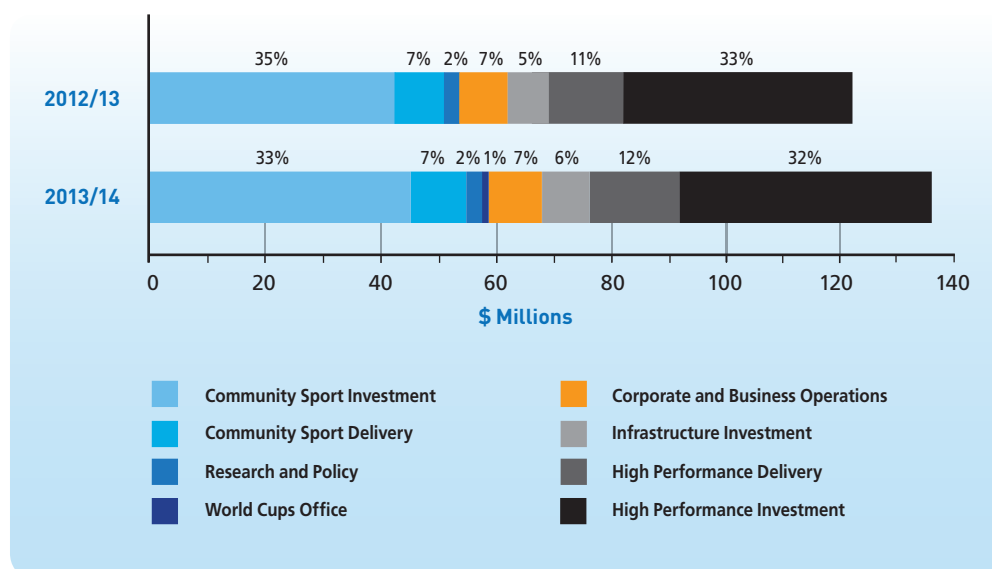
The prospective financial statements prepared below represent the consolidated financial statements for the Sport NZ Group, comprising Sport NZ (previously referred to as "SPARC") and wholly-owned subsidiary HPSNZ.

The Sport NZ Group has been operating since August 2011, with the 2012/13 financial year, representing the first full year of operating.

As a result of the high performance sport initiatives announced by the Prime Minister in June 2010, Crown funding for high performance sport has continued to rise with the new funding plateauing at 2012/13 levels.

Funding from the New Zealand Lottery Grants Board has continued to increase due to the increasing net profits of the New Zealand Lotteries Commission. Additional funding in 2012/13 is also forecast as a consequence of the Commission making distributions from their unclaimed prize reserves.

The graph below represents how we allocate our funding.



The Sport NZ Group expects to hold reserves of \$21.7 million at 1 July 2013. This includes \$17.4 million allocated expenditure to be incurred beyond 30 June 2013, leaving \$1.35 million unallocated, against a \$3 million reserves minimum balance.

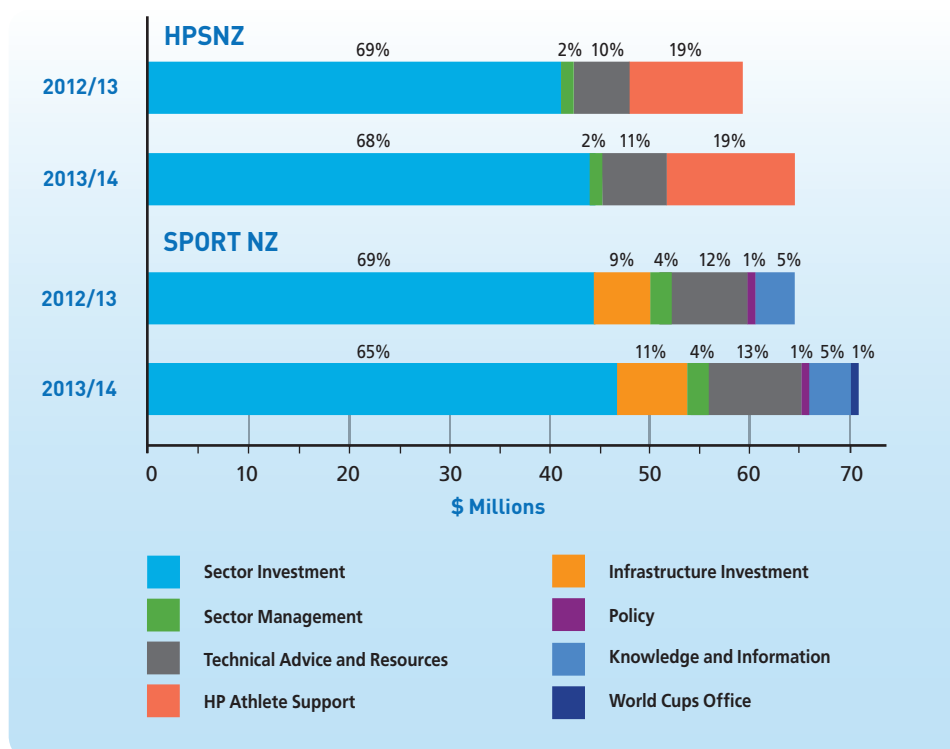
Reserves are forecast to be \$4.7 million by the end of 2015/16.

The forecast Sport NZ Group commitments against current reserves are:

| Sport NZ Group reserves                         | \$'000        |
|---|---------------|
| <b>Public Equity at 1 July 2013 (projected)</b> | <b>21,721</b> |
| National Cycling Centre of Excellence           | 1,500         |
| National Ocean Water Sailing Centre             | 2,500         |
| Owen G. Glenn Aquatic Centre                    | 1,500         |
| High Performance Centre – Christchurch          | 3,260         |
| Canoe Racing Centre of Excellence               | 500           |
| Community Sport NSO investment                  | 3,300         |
| NSO commercialisation                           | 100           |
| NSO website redevelopment                       | 170           |
| Sport in Education Project                      | 1,290         |
| KiwiSport Special Projects – targeted sport     | 1,040         |
| High Performance investment                     | 2,210         |
| <b>TOTAL</b>                                    | <b>17,370</b> |
| Minimum reserve balance                         | 3,000         |
| <b>Uncommitted Reserves</b>                     | <b>1,351</b>  |

Sport NZ continues to invest heavily in the sports sector, with sector investments forecast at \$89 million a year over the next three years. By comparison, our infrastructure investment in high performance facilities is forecast to reduce as projects are completed. Within the forecast period the most significant of these include the National Cycling Centre of Excellence (Waikato), National Ocean Water Sailing Centre (Takapuna) and the Owen G. Glenn Aquatic Centre (Auckland).

The graph below summarises expenditure by Output.



## Prospective statement of comprehensive income

For the years ended 30 June 2013-2016

| Actual<br>2011/12<br>\$000    | Estimated<br>2012/13<br>\$000 |                                     | Budget<br>2013/14<br>\$000 | Forecast<br>2014/15<br>\$000 | Forecast<br>2015/16<br>\$000 |
|-------------------------------|-------------------------------|-------------------------------------|----------------------------|------------------------------|------------------------------|
| <b>REVENUE</b>                |                               |                                     |                            |                              |                              |
| 76,739                        | 81,593                        | Crown funding                       | 81,593                     | 81,593                       | 81,593                       |
| 36,689                        | 41,365                        | New Zealand Lottery Grants Board    | 43,480                     | 42,000                       | 42,000                       |
| 973                           | 936                           | Interest received                   | 533                        | 470                          | 470                          |
| 6,916                         | -                             | Novated funds                       | -                          | -                            | -                            |
| 2,717                         | 1,964                         | Sundry revenue                      | 1,644                      | 1,644                        | 1,611                        |
| <b>124,034</b>                | <b>125,858</b>                | <b>Total revenue</b>                | <b>127,250</b>             | <b>125,707</b>               | <b>125,674</b>               |
| <b>INVESTMENTS AND GRANTS</b> |                               |                                     |                            |                              |                              |
| -                             | 520                           | Investment consultancy              | 1,217                      | 1,005                        | 810                          |
| 91,475                        | 84,426                        | Sector investment                   | 89,279                     | 89,450                       | 89,450                       |
| 1,867                         | -                             | Academy investment                  | -                          | -                            | -                            |
| 13,189                        | 6,006                         | Infrastructure investment           | 7,694                      | 1,694                        | 821                          |
| <b>106,531</b>                | <b>90,952</b>                 | <b>Total investments and grants</b> | <b>98,190</b>              | <b>92,149</b>                | <b>91,081</b>                |
| <b>OPERATING EXPENDITURE</b>  |                               |                                     |                            |                              |                              |
| 236                           | 232                           | Board members' remuneration         | 241                        | 244                          | 244                          |
| 14,762                        | 16,943                        | Personnel costs                     | 20,101                     | 20,975                       | 21,495                       |
| 7,330                         | 6,529                         | Professional and technical services | 7,469                      | 6,783                        | 6,868                        |
| 1,080                         | 1,907                         | Office and property                 | 2,116                      | 2,328                        | 2,345                        |
| 753                           | 1,107                         | Depreciation and amortisation       | 1,463                      | 1,402                        | 1,388                        |
| 6,744                         | 5,727                         | Other operating expenditure         | 6,447                      | 6,124                        | 6,124                        |
| <b>30,905</b>                 | <b>32,445</b>                 | <b>Total operating expenditure</b>  | <b>37,837</b>              | <b>37,856</b>                | <b>38,464</b>                |
| <b>137,436</b>                | <b>123,397</b>                | <b>Total expenditure</b>            | <b>136,027</b>             | <b>130,005</b>               | <b>129,545</b>               |
| <b>(13,402)</b>               | <b>2,461</b>                  | <b>Total comprehensive income</b>   | <b>(8,777)</b>             | <b>(4,298)</b>               | <b>(3,871)</b>               |

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

### **Revenue**

The Government's financial boost to high performance sport, announced in 2010, saw a staged increase in funding to \$2 million over three years. The final annual increase of \$5 million was received from 2012/13.

Funding from the New Zealand Lottery Grants Board has continued to increase year on year and is now forecast for out-years at \$42 million. The forecast peak in 2013/14 at \$43.5 million is due to the New Zealand Lotteries Commission making distributions from its unclaimed prize reserves.

### **Expenditure**

Sector investments are forecast to increase as a consequence of the additional lotteries revenues and the reducing new investment in HP Infrastructure projects.

Personnel costs have increased with the establishment of HPSNZ in 2011 with the transition of existing staff from the New Zealand Academies of Sport (North and South Island). During 2012/13, HPSNZ has been progressively filling vacancies that existed at the time of establishment along with those created through organisational change. From 2013/14, we expect personnel costs to remain constant as a consequence of HPSNZ now being fully resourced to deliver high performance services to its NSO partners. Since 2011/12, the increases have been partially offset by a reduction in contracted Athlete Service personnel, with many of these roles now provided by permanent staff.

## Prospective statement of financial position

For the years ended 30 June 2013-2016

| Actual<br>2011/12<br>\$000 | Estimated<br>2012/13<br>\$000 |                                  | Budget<br>2013/14<br>\$000 | Forecast<br>2014/15<br>\$000 | Forecast<br>2015/16<br>\$000 |
|----------------------------|-------------------------------|----------------------------------|----------------------------|------------------------------|------------------------------|
| <b>ASSETS</b>              |                               |                                  |                            |                              |                              |
| <b>Current assets</b>      |                               |                                  |                            |                              |                              |
| 8,681                      | 664                           | Cash and cash equivalents        | 582                        | 613                          | 542                          |
| 11,241                     | 9,488                         | Trade and other receivables      | 11,385                     | 11,476                       | 11,471                       |
| 44                         | -                             | Prepayments                      | -                          | -                            | -                            |
| 37                         | 20                            | Inventories                      | 20                         | 20                           | 20                           |
| 68                         | 10,500                        | Term deposits                    | -                          | 2,000                        | -                            |
| <b>20,071</b>              | <b>20,672</b>                 | <b>Total current assets</b>      | <b>11,987</b>              | <b>14,109</b>                | <b>12,033</b>                |
| <b>NON-CURRENT ASSETS</b>  |                               |                                  |                            |                              |                              |
| 1,783                      | 5,115                         | Property, plant and equipment    | 4,619                      | 3,153                        | 1,942                        |
| 1,345                      | 1,321                         | Intangible assets                | 1,764                      | 1,522                        | 1,528                        |
| 443                        | 460                           | Loans                            | 471                        | 479                          | 482                          |
| <b>3,571</b>               | <b>6,896</b>                  | <b>Total non-current assets</b>  | <b>6,854</b>               | <b>5,154</b>                 | <b>3,952</b>                 |
| <b>23,642</b>              | <b>27,568</b>                 | <b>Total assets</b>              | <b>18,841</b>              | <b>19,263</b>                | <b>15,985</b>                |
| <b>LIABILITIES</b>         |                               |                                  |                            |                              |                              |
| <b>Current liabilities</b> |                               |                                  |                            |                              |                              |
| 2,767                      | 4,771                         | Trade and other payables         | 4,784                      | 9,466                        | 9,937                        |
| 223                        | 154                           | Revenue received in advance      | 121                        | 87                           | 54                           |
| 1,330                      | 974                           | Employee entitlements            | 1,044                      | 1,116                        | 1,271                        |
| 114                        | -                             | Provisions                       | -                          | -                            | -                            |
| <b>4,434</b>               | <b>5,899</b>                  | <b>Total current liabilities</b> | <b>5,949</b>               | <b>10,669</b>                | <b>11,262</b>                |
| <b>4,434</b>               | <b>5,899</b>                  | <b>Total liabilities</b>         | <b>5,949</b>               | <b>10,669</b>                | <b>11,262</b>                |
| <b>19,208</b>              | <b>21,669</b>                 | <b>Net assets</b>                | <b>12,892</b>              | <b>8,594</b>                 | <b>4,723</b>                 |
| Represented by:            |                               |                                  |                            |                              |                              |
| 32,610                     | 19,208                        | Public equity                    | 21,669                     | 12,892                       | 8,594                        |
| (13,402)                   | 2,461                         | Total comprehensive income       | (8,777)                    | (4,298)                      | (3,871)                      |
| <b>19,208</b>              | <b>21,669</b>                 | <b>Total public equity</b>       | <b>12,892</b>              | <b>8,594</b>                 | <b>4,723</b>                 |

## Prospective statement of changes in equity

For the years ended 30 June 2012-2016

| Actual<br>2011/12<br>\$000 | Estimated<br>2012/13<br>\$000 |                              | Budget<br>2013/14<br>\$000 | Forecast<br>2014/15<br>\$000 | Forecast<br>2015/16<br>\$000 |
|----------------------------|-------------------------------|------------------------------|----------------------------|------------------------------|------------------------------|
| 32,610                     | 19,208                        | Opening public equity        | 21,669                     | 12,892                       | 8,594                        |
| (13,402)                   | 2,461                         | Total comprehensive income   | (8,777)                    | (4,298)                      | (3,871)                      |
| <b>19,208</b>              | <b>21,669</b>                 | <b>Closing public equity</b> | <b>12,892</b>              | <b>8,594</b>                 | <b>4,723</b>                 |



**Prospective statement of cash flows**

For the years ended 30 June 2013-2016

| Actual<br>2011/12<br>\$000                 | Estimated<br>2012/13<br>\$000 |  | Budget<br>2013/14<br>\$000 | Forecast<br>2014/15<br>\$000 | Forecast<br>2015/16<br>\$000 |
|--|-------------------------------|--|----------------------------|------------------------------|------------------------------|
| <b>CASHFLOWS FROM OPERATING ACTIVITIES</b> |                               |  |                            |                              |                              |
| <b>Cash inflows</b>                        |                               |  |                            |                              |                              |
| 76,739                                     | 81,593                        | Receipts from Crown revenue                                    | 81,593                     | 81,593                       | 81,593                       |
|  |                               | Receipts from other revenue                                    |                            |                              |                              |
| 28,009                                     | 40,953                        | - New Zealand Lottery Grants Board                             | 41,480                     | 42,000                       | 42,000                       |
| 9,035                                      | 2,282                         | - Sundry received  | 1,594                      | 1,644                        | 1,611                        |
| 1,094                                      | 34                            | - Interest received  | 557                        | 463                          | 475                          |
| <b>114,877</b>                             | <b>124,862</b>                | <b>Total cash inflows</b>                                      | <b>125,224</b>             | <b>125,700</b>               | <b>125,679</b>               |
| <b>Cash outflows</b>                       |                               |  |                            |                              |                              |
|  |                               | Payments to suppliers  |                            |                              |                              |
| 94,897                                     | 86,679                        | - Programme investment   | 96,953                     | 84,124                       | 86,760                       |
| 14,877                                     | 14,913                        | - Other payments   | 16,558                     | 18,305                       | 19,391                       |
| 2,186                                      | (992)                         | Goods and services tax (net)                                   | (142)                      | (432)                        | -                            |
| <b>111,960</b>                             | <b>100,600</b>                | <b>Total payments to suppliers</b>                             | <b>113,369</b>             | <b>101,997</b>               | <b>106,151</b>               |
| 14,122                                     | 17,299                        | Payments to employees  | 20,032                     | 20,903                       | 20,740                       |
| <b>126,082</b>                             | <b>117,899</b>                | <b>Total cash outflows</b>                                     | <b>133,401</b>             | <b>122,900</b>               | <b>126,891</b>               |
| <b>(11,205)</b>                            | <b>6,963</b>                  | <b>Net cash inflow/(outflow)<br/>from operating activities</b> | <b>(8,177)</b>             | <b>2,800</b>                 | <b>(1,212)</b>               |
| <b>CASHFLOWS FROM INVESTING ACTIVITIES</b> |                               |  |                            |                              |                              |
| <b>Cash inflows</b>                        |                               |  |                            |                              |                              |
| 23   | -                             | Disposal of fixed assets                                       | -                          | -                            | -                            |
| 3  | -                             | Disposal of intangible assets                                  | -                          | -                            | -                            |
| 50   | 58                            | Loans repayment  | 51                         | 51                           | 51                           |
| 24,759                                     | 68                            | Term deposits maturing   | 10,500                     | -                            | 2,000                        |
| <b>24,835</b>                              | <b>126</b>                    | <b>Total cash inflows</b>                                      | <b>10,551</b>              | <b>51</b>                    | <b>2,051</b>                 |
| <b>Cash outflows</b>                       |                               |  |                            |                              |                              |
| 1,153                                      | 4,054                         | Purchase of property, plant<br>and equipment                   | 1,280                      | 320                          | 320                          |
| 798  | 552                           | Purchase of intangible assets                                  | 1,176                      | 500                          | 590                          |
| 10,891                                     | -                             | Loans and advances drawdown                                    | -                          | -                            | -                            |
| 68   | 10,500                        | Acquisition of term deposits                                   | -                          | 2,000                        | -                            |
| <b>12,910</b>                              | <b>15,106</b>                 | <b>Total cash outflows</b>                                     | <b>2,456</b>               | <b>2,820</b>                 | <b>910</b>                   |
| <b>11,925</b>                              | <b>(14,980)</b>               | <b>Net cash inflow/(outflow)<br/>from investing activities</b> | <b>8,095</b>               | <b>(2,769)</b>               | <b>1,141</b>                 |
| <b>720</b>                                 | <b>(8,017)</b>                | <b>Net increase/(decrease) in cash held</b>                    | <b>(82)</b>                | <b>31</b>                    | <b>(71)</b>                  |
| 7,961                                      | 8,681                         | Opening cash balance as at 1 July                              | 664                        | 582                          | 613                          |
| <b>8,681</b>                               | <b>664</b>                    | <b>Closing cash balance as at 30 June</b>                      | <b>582</b>                 | <b>613</b>                   | <b>542</b>                   |
| <b>Made up of</b>                          |                               |  |                            |                              |                              |
| 8,681                                      | 664                           | Cash and cash equivalents                                      | 582                        | 613                          | 542                          |
| <b>8,681</b>                               | <b>664</b>                    | <b>Total cash and cash equivalents</b>                         | <b>582</b>                 | <b>613</b>                   | <b>542</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

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.

SPARC was the trading name of Sport and Recreation New Zealand until 1 February 2012 when it changed its trading name to Sport New Zealand (Sport NZ). Sport NZ formed a wholly-owned subsidiary, High Performance Sport New Zealand (HPSNZ), in August 2011 by merging Sport and Recreation New Zealand's high performance unit with the business activities of the two New Zealand Academies of Sport (North and South Island).

Accordingly, Sport NZ and its wholly-owned subsidiary, HPSNZ, are designated a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS').

These prospective financial statements are for the Sport NZ Group, comprising both Sport NZ and HPSNZ. They are for the years ending 30 June 2013 through to 30 June 2016 and were approved by the Sport NZ Board on 12 June 2013.

## 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').

### Measurement base

The prospective financial statements have been prepared on a historical cost basis, except where modified by the revaluation of certain items of property, plant and equipment, and the measurement of equity investments and derivative financial instruments at fair value.

### 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 only and do not separately disclose the prospective financial statements of the parent entity, Sport NZ. Together with the Forecast Statement of Service Performance they represent the forecast activities and associated costs of the Group and therefore deemed appropriate.

# SIGNIFICANT ACCOUNTING POLICIES

## Basis of consolidation

The consolidated forecast financial statements are prepared 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

Sport NZ Group is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of Sport NZ Group meeting its objectives as specified in the forecast statement of service performance on pages 24 through 30.

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

### 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. If there is such an obligation the grants are initially recorded as grants received in advance, and recognised as revenue when conditions of the grant are satisfied.

### 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.

### Sale of publications

Sales of publications are recognised when the product is sold to the customer.

### Sector investments and grants (expenditure)

Discretionary investments are those investments where there exists no obligation to award on receipt of the investment application and are recognised as expenditure when expenditure is due against the agreement.

Non-discretionary investments are those investments awarded if the application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the investment has been received.

The Sport NZ Group has disclosed all grant expenditure within these 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, and 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.

## Accounting for foreign currency transactions

The Sport NZ Group does not hold or intend to hold any foreign currency cash, cash equivalents or bank deposits. Any foreign currency transactions (payments to foreign organisations) are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of comprehensive income.

## 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 account for any revaluations of 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 determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of comprehensive income.

### Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised 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.

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:

|                            |               |          |
|----------------------------|---------------|----------|
| 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%)    |

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.

Staff training costs are recognised as an expense when incurred.

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

Costs associated with the development and maintenance of the Sport NZ Group's websites 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

### Short-term 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.

### Long-term employee entitlements

The Sport NZ Group does not have any employee entitlements that are payable beyond 12 months.

## 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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

## Goods and service 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 forecast statement of service performance, the cost of outputs has been determined through a direct allocation and overhead allocation:

- Direct Allocation – where costs can be directly attributed to an output.
- Overhead allocation – where costs cannot be directly attributed to an output they have been classified as overhead. Overhead costs include expenditure related to the Executive, Corporate Services, Business Operations and Marketing and Communications.

Overhead costs are allocated across the outputs based on the proportional allocation of fulltime equivalent employees (FTEs) within each directly allocated cost.

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

## Critical accounting estimates and assumptions

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.

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 12 June 2013, the date on which the prospective financial statements have been authorised for issue by the Sport NZ Board.

## Significant assumptions

Crown revenue for 2013/14 and additional out-year funding have been confirmed and form the basis for estimated Crown revenue in 2014/15 and 2015/16.

New Zealand Lottery Grants Board funding has been estimated for the 2013/14, 2014/15 and 2015/16 years based on projected profits of New Zealand lotteries available at the time of preparing the prospective financial statements and Sport NZ Group's agreed share of them.

It is assumed that Sport NZ Group's business model and staffing levels will not significantly change in each of the financial years. 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 periods ending 30 June 2013 through to 30 June 2016:

### Impairment of loans and advances

The fair value of loans and advances is based on the discounted cash flows of the expected repayments for each loan and advance. Future cash flows are discounted using a rate appropriate to each loan and advance. The Sport NZ Group has exercised its judgement in determining the appropriate discount rates for each loan and advance, having taken into account the interest rates, repayment terms and any other risks associated with each loan and advance.

The Sport NZ Group will review the discount rates for each loan and advance on an annual basis. If the cash flow or discount rate assumptions were to change because of market conditions, the fair value could be different and could result in increases or reversals, in part or in full, of impairments to loans and advances at a future date.



## APPENDIX 1: FUNCTIONS OF HPSNZ

HPSNZ is responsible for carrying out functions relating to high performance sport including:

- developing an overarching new strategic plan for high performance
- providing leadership to the high performance sport system in New Zealand working in partnership with key stakeholders
- allocating high performance resources (financial and people) to targeted podium potential sports and athletes through a transparent process based on critical analysis
- working with NSOs to evaluate their high performance programmes and identify opportunities to impact performance
- providing consulting and expert technical support to targeted high performance sports
- delivering quality support to impact coaches and athlete performance.

As HPSNZ is wholly owned by Sport NZ, Sport NZ retains ultimate accountability for the oversight and delivery of HPSNZ's high performance programme. It is subject to its Constitution, the Crown Entities Act 2004 and the Sport and Recreation Act 2002.

## APPENDIX 2: SPORT NZ GROUP GOVERNANCE

### Governance of Sport NZ

Sport NZ is governed by a Board whose members and Chairperson are appointed by the Minister for Sport and Recreation. The Board is responsible for setting Sport NZ's strategic direction and for providing governance and leadership for the agency.

#### Board of Sport New Zealand

| Board member               | Appointed      | Term ends         |
|----------------------------|----------------|-------------------|
| Paul Collins (Chairperson) | 7 May 2009     | 30 April 2012*    |
| Rob Fisher                 | 1 July 2005    | 31 July 2013      |
| Paul Allison               | 31 August 2007 | 1 September 2010* |
| Bill Birnie                | 7 May 2009     | 30 April 2012*    |
| Katie Sadleir              | 1 July 2009    | 30 June 2012*     |
| Don Mackinnon              | 1 July 2009    | 30 June 2012*     |
| Joanna Perry               | 22 August 2011 | 31 July 2014      |
| Murray Gutry               | 22 August 2011 | 31 July 2014      |
| Jackie Barron              | 13 May 2013    | 30 April 2016     |

\* Terms have rolled over as per the provisions in the Crown Entities Act 2004.

### Governance of HPSNZ

The directors of HPSNZ are appointed under the Constitution of HPSNZ.

#### Board of High Performance Sport New Zealand

| Director                                      | Appointed | Term ends         |
|---|-----------|-------------------|
| Paul Collins (Chairperson)                    | July 2011 | April 2012*       |
| Bill Birnie                                   | July 2011 | April 2012*       |
| Katie Sadleir                                 | July 2011 | April 2012*       |
| Don Mackinnon                                 | July 2011 | April 2012*       |
| Hamish Carter                                 | July 2011 | July 2014         |
| Mike Stanley                                  | July 2011 | July 2014         |
| Peter Cox                                     | July 2011 | July 2014         |
| Simon Wickham                                 | July 2011 | July 2014         |
| Peter Miskimmin (Chief Executive of Sport NZ) | July 2011 | Ex-officio member |

\*Terms have rolled over.



**SPORT  
NEW ZEALAND**

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