

# SPORT NZ GROUP

## STATEMENT OF PERFORMANCE EXPECTATIONS

1 JULY 2016–30 JUNE 2017



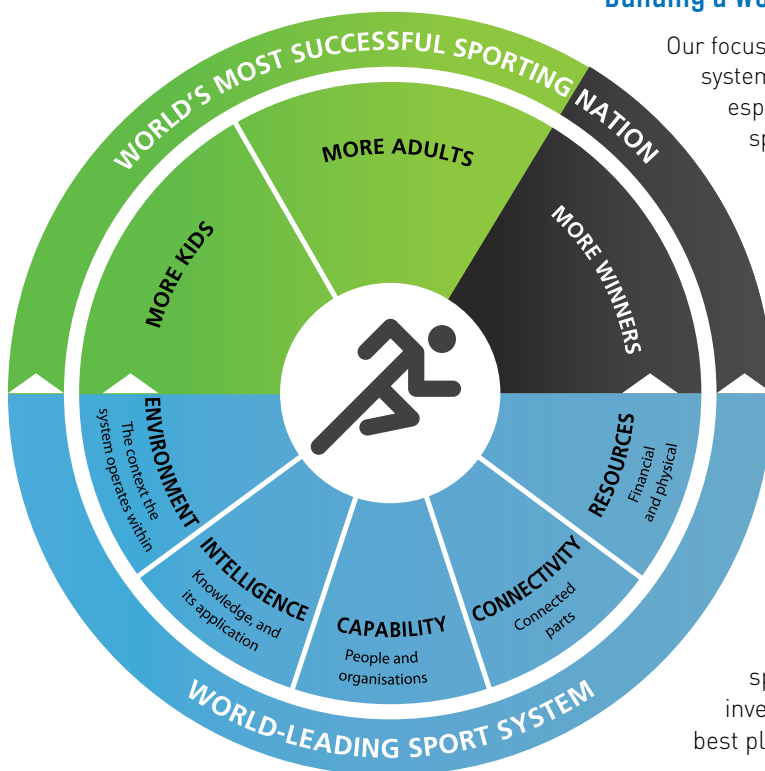
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# Introduction

The Statement of Performance Expectations 2016/17 outlines the performance expectations for the Sport New Zealand Group for the year ending 30 June 2017, covering service performance and the forecast financial statements. The performance expectations for High Performance Sport New Zealand (HPSNZ) are included, being a wholly-owned subsidiary of Sport New Zealand (Sport NZ). This Statement should be read in conjunction with the Sport NZ Group Statement of Intent (SOI) 2015-2020 which sets out our expected impact and outcomes over the five-year period. The SOI aligns to our Sport NZ Group Strategic Plan 2015 to 2020.

## Building a world-leading system



Our focus is on building a world-leading sport system that enables more New Zealanders, especially young people, to engage in sport and active recreation, and more high performance athletes to win repeatedly on the world stage.

To achieve this, we are organised into three broad 'delivery arms':

- Community Sport** – tasked with the delivery of 'more kids' participating and 'more adults' participating and supporting participation through volunteering. Our Community Sport team works collaboratively across the sector to improve the sport system and attract and retain participants at all life stages of the sporting 'pathway'. This involves direct investment into sector partners who are best placed to impact participation;
- High Performance Sport New Zealand (HPSNZ) (wholly-owned subsidiary)** – mandated to lead the high performance system and tasked with the delivery of 'more winners' on the world stage. We invest in National Sport Organisations (NSOs) and their teams and athletes assessed as having medal-winning potential across Olympic, Paralympic, Winter Olympic and World Championship events. We also provide athletes with world-class support services and a world-class daily training environment, so they can focus solely on performance;
- Group Strategic Support** – the role of Group Strategic Support is to support both Community Sport and HPSNZ to build a world-leading sport system. This involves a combination of front-line support to sector partners, development of sector-wide policy and research, and provision of Corporate Services to the Group.

## Community Sport system improvements

In 2015/16, the first year of our Group Strategic Plan, which includes our Community Sport Strategy, our focus in community sport has been in two areas – the realignment of sector investment to the new Community Sport Strategy and the development of frameworks and guidance for the sector in priority areas including Sport NZ’s Physical Literacy Approach<sup>1</sup>, Young People Plan, and a Talent Plan. We intend to build new and different capabilities in the sector, which support high-quality delivery. Under the Young People Plan, we have also launched Play.sport, a significant school-based programme underpinning the plan which aims to improve the quality and quantity of sport and PE in schools. To support our participant-centred approach, we have implemented our Insights Programme and its Voice of Participant component<sup>2</sup>.

## Community Sport investment

The Community Sport team has worked alongside investment partners to determine how progress and results against our new strategy can be achieved. For investments beginning on 1 July 2016, ‘return on investment’ metrics are being developed to measure both participation and sport system improvements, from agreed baselines. There are specific investments, targeting low-participant communities as part of a new Local Delivery approach. In 2016/17 we will be able to report progress against these investments.

In 2016/17, our focus will be to implement system improvement frameworks<sup>3</sup> supporting investment partners to achieve their KPIs, fully establishing the Play.sport programme within the pilot schools, and ramping up our Insights Programme<sup>4</sup>, especially the Voice of Participant. Armed with this information, our partners will be in a stronger position to better meet the needs of current participants, and attract new ones, including those from low-participating groups.

## High Performance Sport New Zealand (HPSNZ)

During 2015/16 HPSNZ has left no stone unturned in preparation for the Rio Olympic and Paralympic Games. Based on athlete performances in world championships, we are well placed to meet our medal targets. In 2016/17, the immediate focus is on supporting our athletes in Rio (August and September). Post Rio, there will be significant analysis of athlete performances prior to re-setting investments for the Tokyo Olympiad, targeting Olympics, Paralympics, Winter Olympics and World Championships in non-Olympic Sports.

## Towards Tokyo 2020 Olympic and Paralympic Games

HPSNZ is also fully engaged in wider planning for Tokyo with a strong emphasis on growing people capability, NSO self-reliance, along with longer term financial sustainability. After each Olympic cycle, the risk of losing staff increases, primarily due to international systems aggressively poaching New Zealand talent. We have taken steps to identify and retain personnel in critical and key roles.

The performance targets agreed with Government for the next four years are challenging when compared with previous results. The targets are: 16 or more medals in the Tokyo 2020 Olympics, 10-14 gold medals in the Tokyo 2020 Paralympics, one medal in the 2018 Pyeongchang Winter Olympics and one gold medal in the 2018 Winter Paralympics, in addition to winning in World Championships and World Cups in targeted non-Olympic sports.

To achieve sustainable success for the high performance sport system in an increasingly competitive global sporting environment requires a balanced portfolio of winning sports, including a core group of multi-medal winning sports, a group of sports developing towards multi-medal winning success and the ability to respond to emerging opportunities. HPSNZ will tailor its investment and support programmes based on the changing needs of sports and campaigns that can contribute to achieving these ambitious targets for the New Zealand high performance system.

<sup>1</sup> for more information, please see the overview on p10

<sup>2</sup> see p14 of Community Sport Strategy <http://www.sportnz.org.nz/about-us/our-publications/our-strategies/community-sport-strategy/>

<sup>3</sup> see our Strategic Priorities, p14 of Community Sport Strategy at <http://www.sportnz.org.nz/about-us/our-publications/our-strategies/community-sport-strategy/>

<sup>4</sup> see p8 for more information on Insights

## Getting our message across

Championing the value of sport is a key priority within the Group Strategic Plan and a key focus in 2016/17 will be building on the existing basis developed in recent years. Generally, Kiwis have been sporty, active people, but there is a global trend towards inactivity, so it is now more important than ever, that the real and potential value that sport and recreation provide for individuals, communities and society is understood. We are, therefore, developing an evidence base on the economic, social and cultural benefits of sport which can be promoted to a variety of audiences including participants and other government agencies.

A new national measurement tool will be fully operational in 2016/17. This will allow us to measure participation more frequently, at both national and regional levels, so we know if our interventions are working. It will also enable our partners to respond more quickly to signs of change. In developing this tool we have aligned, where possible, with the Ministry of Health's physical activity measure. This will enable us to establish the role sport plays in contributing to the nation's physical activity levels.

## Establishing relationships to support wider government goals

Our Strategic Plan includes a focus on building strategic cross-government relationships, both to support our own goals, and to contribute to wider government outcomes, in particular to help address inactivity and obesity. We are working with partners including the Ministry of Health (Health), the Ministry of Education (Education), the Accident Compensation Corporation (ACC) and Te Puni Kōkiri, in particular, around 'school-aged children' and 'local delivery'. In partnership with Health, we will focus on a national approach to increasing physical activity levels in the 0-18 years age group. This will involve increased resource and investment into a range of physical activity interventions, particularly in low-participation and at-risk communities. The shared approach will involve nutritional and other support provided by Health, to prevent obesity and maintain healthy weight in young people.

## Review of Māori in community sport

Generally, sport is a positive space for Māori and we remain committed to supporting Māori engagement in both sport and active recreation. We have a review underway which will inform our future approach to Māori in community sport, including investment decisions in 2017/18 and beyond.

## Steering the organisation

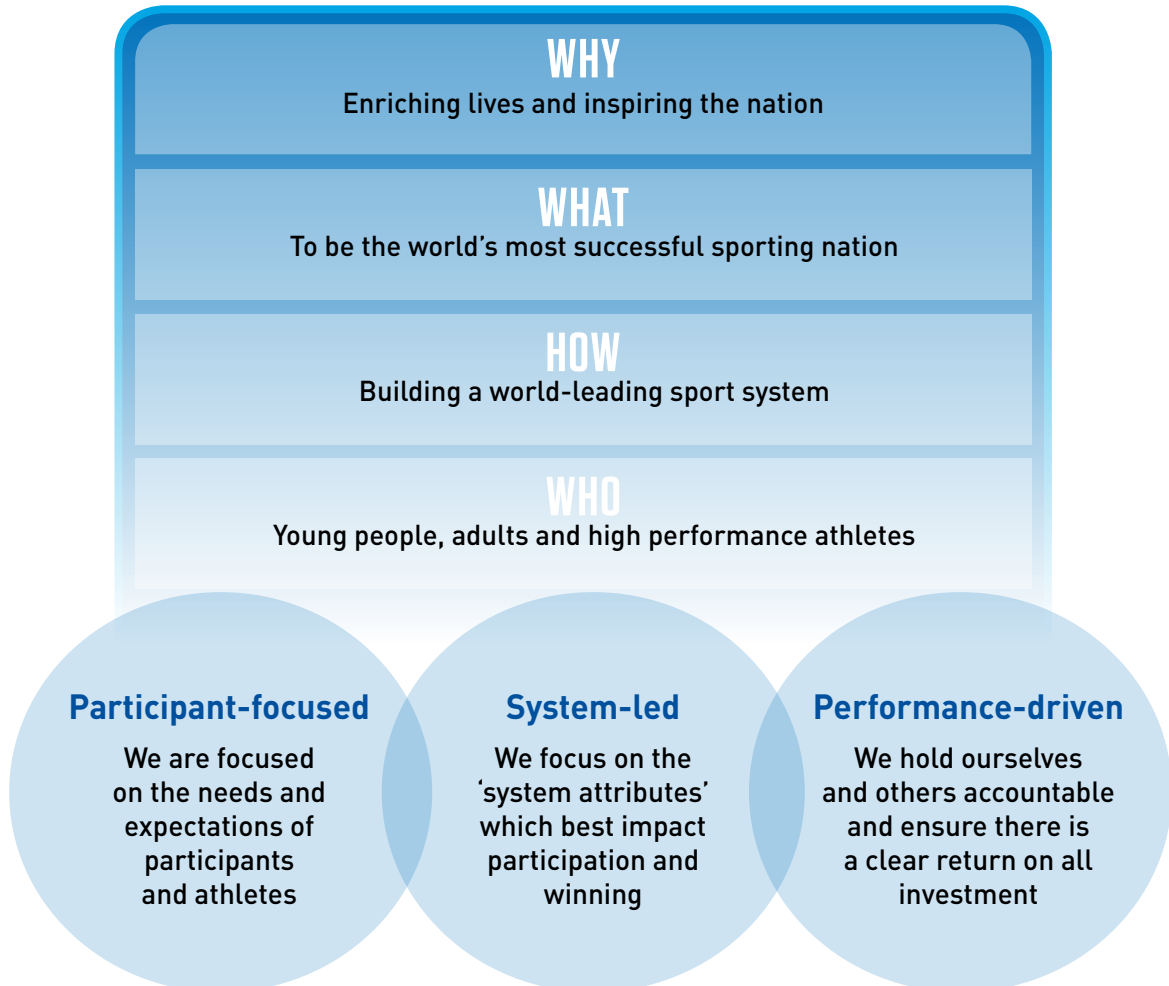
Across the Group, we continue to face increasing financial pressures, primarily caused by lower than expected revenue from the NZ Lottery Grants Board. Against our forecast two years ago, we now expect to receive \$25m less over four years from 2014/15 to 2017/18, an 11% reduction.

The unprecedented success of the high performance system and escalating costs within this environment increase demand-led pressures as we look to Tokyo 2020. So additional government funding of \$4m per annum announced in the 2016 Budget is welcome and will help us to continue to support our high performance system as our athletes and support staff turn their attention to Tokyo in 2020 and other pinnacle events during this period.

The Group maintains a focus on organisational effectiveness and efficiency. Under current financial pressure, it is more important than ever that we are operating at maximum efficiency and effectiveness with highly engaged staff, demonstrating a 'performance-driven' culture.

We have undertaken a self-review using the Performance Improvement Framework and expect to release results in 2016/17. We are pleased to have found strong support across a wide range of stakeholders because they believe in the powerful contribution that sport makes to national identity and social cohesion.

# Our strategic approach



*Note: Our strategic approach is described in full in our Group Strategic Plan 2015-2020 and our Statement of Intent 2015-2020.*

## Our focus areas are:

### Young People

Developing a love of sport and being physically active at an early age is more likely to encourage a lifelong participation habit. A focus on developing physical, social and emotional skills through a 'physical literacy approach' (see p10 for more information) will ensure all Kiwi kids have the skills and opportunities they need to be involved in sport for life.

### Local Delivery (particularly in low-participation communities)

The opportunity exists to increase sport uptake by improving local delivery. We will identify and prioritise population groupings where there is low or declining participation, and where barriers to greater participation exist.

### Competitive Sport

The preservation of our sporting heritage and high participation rates will be dependent on our ability to sustain numbers of people participating in traditional sport competition structures and pathways, so this will continue to be a focus.

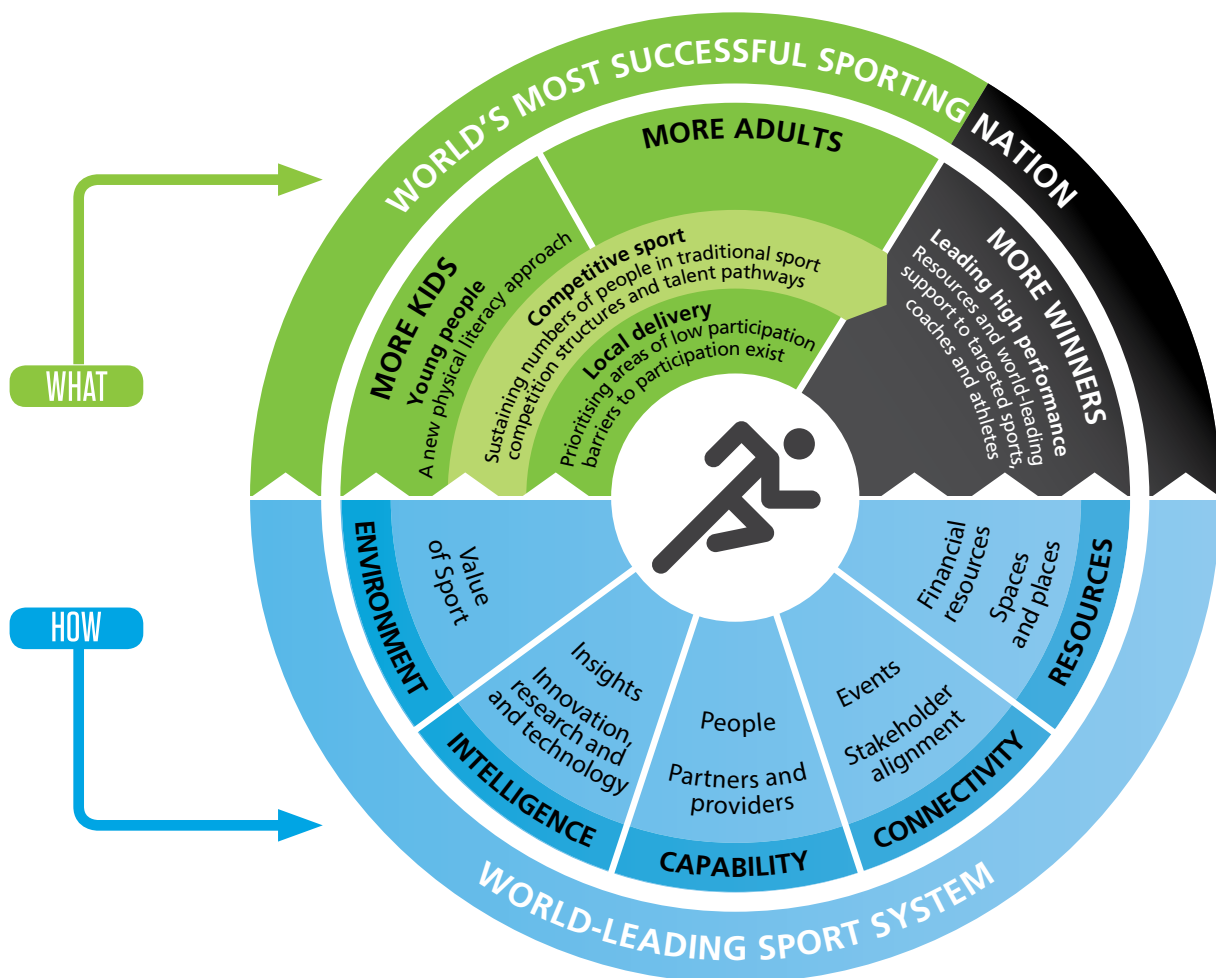
### Leading High Performance

To have the best chance of success, athletes need world-leading programmes, support services and facilities, so they can focus solely on performance. We will work with targeted sports, athletes and teams, being performance-driven, coach-led and athlete-focused.

# WHAT we intend to achieve and HOW

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

## Why – Enriching lives and inspiring the nation



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

### Environment

The context the system operates within.

### Intelligence

Knowledge, and its application by people in the system.

### Capability

People and organisations within the system.

### Connectivity

Sharing and collaboration across the system.

### Resources

Financial and physical 'inputs' to the system.



# Overview of progress across the five-year strategic period

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

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

# Community sport

## REPORTING OUR PERFORMANCE

### OUTPUT CLASS 1: SPORT AND RECREATION PROGRAMMES



#### We intend to achieve:

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

With the launch of our Group Strategic Plan and Community Sport Strategy in 2015, we changed the way we work. To better meet the changing needs of participants, we changed our approach to focus on demand – what today’s participants want – rather than what the sport system has traditionally supplied and our guidance will support partners to improve the quality of the sport they deliver. To support this change, we have developed an Insights programme which includes bringing out the ‘Voice of Participant’. The programme offers greater granularity about participants and/or low-participant communities. We are also implementing a new national measurement survey tool to measure annual participation at national and regional levels, including barriers to participation and participant motivation. This information will allow our partners to better target their approach to the needs of participants and enable Sport NZ to better target our investment and effort over time.

In addition to our focus on demand, we are prioritising our work and investment around the areas of the sport system (attributes) that can best impact participation and winning, based on our current gap analysis.

The planned activities below represent both our participant-focused and system-led approach. For Community Sport, these include a particular lens against the strategic focus areas of: Young People (particularly school-aged children), Local Delivery (particularly in low-participation communities) and Competitive Sport (including talent identification).

## MEASURING VALUE TO THE PARTICIPANT

Our first step to measuring value to participants is through the participant 'net promoter score' (NPS) – which means the total of the percentage of positive participant responses, less the percentage of negative participant responses. We have an NPS baseline of 43% and a baseline satisfaction score of 61%, developed from a survey of 1600 participants across four major NSOs.


The development of NPS and satisfaction measures involved a six month project with NSOs lead by Nielsen Research. The project had three key stages:

- 1) Qualitative research to identify the drivers of a positive club experience (see diagram below)
- 2) Surveying 1600 participants to test which of the seven drivers of experience mattered most
- 3) The development of a survey which can be used by NSOs

This research identified what makes a good club experience from the participant's viewpoint. These drivers of satisfaction are illustrated on the right.

### THE QUALITATIVE IDENTIFIED SEVEN DRIVERS OF CLUB SATISFACTION



Strategic Priorities <sup>6</sup>	2016/17 Planned Activities	2016/17 Expected Results	2016/17 Result Measures
 <p><b>INSIGHTS</b></p> <p>Ultimately, we are seeking a well-informed, participant-focused sporting system at all levels</p> <p>Quality participant Insights will allow our partners to better target their approach to the needs of participants and those not yet participating, and Sport NZ to better target our investment and expertise over time</p>	Implement Community Sport Insights Programme	Partners become more responsive to participant needs, and participants are more satisfied	Improvement in overall NSO NPS <sup>7</sup> (baseline 43%) and Satisfaction (baseline 61%) Establishing overall RST NPS and overall performance across 14 (out of 14) RSTs
	The Insights programme disseminates participant insights at national, local and community levels to our partners and supports their improved capability to interpret and apply insights to their delivery approach	Partners are connecting and sharing Insights information with national, regional and local organisations	20% of RSTs meeting the criteria <sup>8</sup> (excellent or very good) <i>Note: current baseline is 0%, with measurement beginning in 2016/17</i>
		Partners influencing others through Insights	20% of partners with this contractual requirement meeting the criteria <sup>9</sup> <i>Note: current baseline is 0%, with measurement beginning in 2016/17</i>
		Partners use Insights tools	12 (out of 14) RSTs registered to use the Insights tool (2015/16 baseline = 3) 14 (out of 14) RSTs completing the stakeholder survey (2015/16 baseline = 0)

<sup>6</sup> In Strategic Priorities, 'partners' refer to our large investment partners which include 14 Regional Sports Trusts (RSTs), 10 National Sport Organisations (NSOs) with potential to impact on our target participant groups, and 8 large NSOs receiving investment of more than \$160k per annum. Thus, RSTs refers to 14 RSTs and NSOs refer to 18 NSOs.

<sup>7</sup> See section above on measuring value to the participant (Insights) for more information on NPS

<sup>8</sup> Criteria: results from RST stakeholder survey question "How would you rate the performance of RST X with regards to communicating with you in the following area (from excellent to poor)? - Sharing research, information and knowledge with you that is of relevance and interest to your organisation?"

<sup>9</sup> Criteria: reporting showing at least one clear example where a key stakeholder (e.g. from Ministry of Health, education sector or local government) has an outcome in their strategies/plans that has been informed by an outcome of the RST or NSO (demonstrated through aligned language).

Strategic Priorities	2016/17 Planned Activities	2016/17 Expected Results	2016/17 Result Measures
 <p><b>PEOPLE</b></p> <p>The health of the sport system is heavily influenced by the quality of both paid and volunteer parts of the workforce. In an environment of increasing competition for quality workers, it is essential that there is wide understanding of future workforce needs and a proactive and coordinated approach to workforce planning and development</p> <p>The Community Sport aims are to ensure critical roles (identified in 2015/16) are filled by people with the right skills, at the right time and for those people to be better connected to achieve a common purpose</p>	<p>Support Regional Sports Trusts (RSTs) to develop workforce that reflect national and regional workforce priorities</p> <p><b>Coaching</b></p> <p>Deliver Year 3 of Coach Developer training programme</p> <p>Deliver Year 3 of Performance Coach Advance Programme</p> <p>Review, with NSO and RST partners, overall coaching system process</p>	<p>Workforce plans in place reflect national and regional workforce priorities</p> <p>A network of skilled coaches supporting participants</p> <p>Partners access the Sport NZ Coach Developer programme to provide extra development for targeted coach developers</p> <p>Partners have a clear development pathway for coaches at all levels</p> <p>Partners have a network of skilled coach developers working with their coaches</p>	<p>4 (out of 14) RSTs with workforce plans in place that reflect national and regional priorities</p> <p>(2015/16 baseline: 1/14 RSTs have workforce plans in place)</p> <p>20 partners to complete a 'Triversity review' of their Coach Developer programme</p> <p>Establishing overall NPS baseline for the Performance Coach Advance (PCA) Programme</p>
 <p><b>SPACES &amp; PLACES</b></p> <p>The long-term objective is to create more fit-for-purpose spaces and places that are sustainable and meet the needs of communities and sport and recreation participants. (For more information, please see the NZ Sporting Facilities Framework at <a href="http://www.sportnz.org.nz/managing-sport/strategy-and-policy/better-value-from-new-zealand-sporting-facilities">http://www.sportnz.org.nz/managing-sport/strategy-and-policy/better-value-from-new-zealand-sporting-facilities</a> )</p>	<p><b>Providing leadership</b></p> <p>We will engage across the sector, local and central government, facilitating alignment and collaboration between all those with an interest in the planning and development of sporting facilities</p> <p><b>Guiding investment</b></p> <p>We will use the NZ Sporting Facilities Framework to help guide and influence investment more wisely in sport and recreation facilities projects</p> <p><b>Enabling others</b></p> <p>We will develop our capacity as a one-stop-shop for sporting facility knowledge, resources and expertise</p>	<p>Key national, regional and local organisations work together to identify national, regional and local priorities</p>	<p>6 (out of 14) RSTs with spaces and places plans that reflect national and regional spaces and places priorities and are consistent with the NZ Sporting Facilities Framework (2015/16: 3)</p> <p>200 nationwide facilities registered on the National Facilities Benchmarking Tool<sup>11</sup> (2015/16: 150)</p>

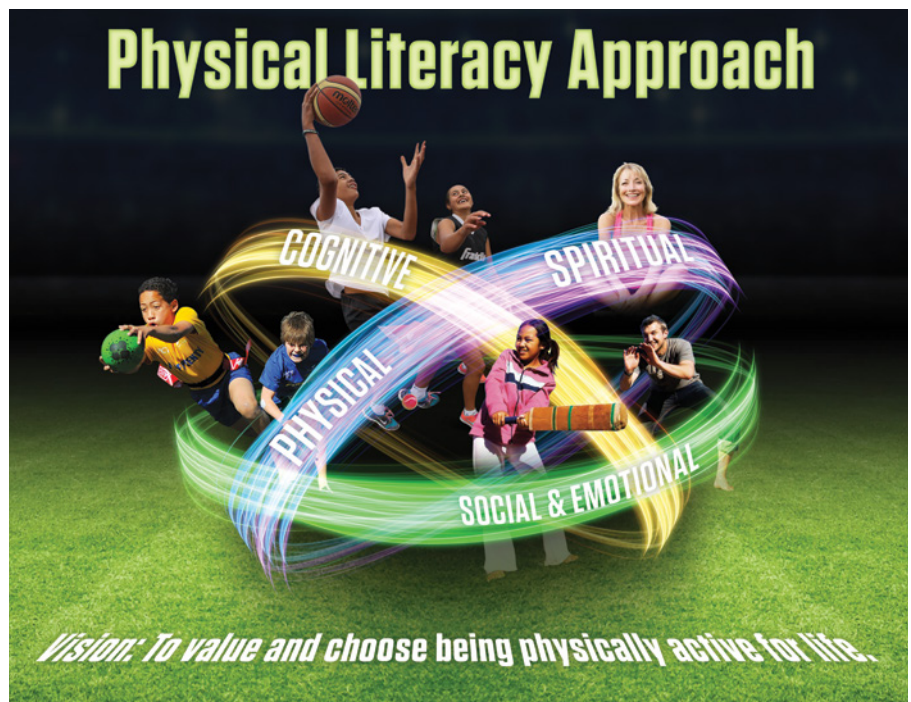
<sup>11</sup> National Facilities Benchmarking Tool will collect high level facility operational information annually.


## PHYSICAL LITERACY



In 2015/16, we developed the Physical Literacy Approach as a key foundation for the Community Sport Strategy. The Sport NZ Physical Literacy Approach takes a holistic view of the participant that considers their physical, social and emotional, cognitive, and spiritual needs. By understanding that these dimensions influence the needs of every participant, within their specific environments, we can provide physical activity and sport experiences that inspire ongoing participation.

We want to ensure that our partners and providers, government agencies, and all who provide and support physical activity and sport opportunities, have a shared understanding of this holistic needs approach and consider how it can add value to the physical activity and sport opportunities they provide.

In our Approach, we have identified five main life stages from babies to seniors and four sets of needs and considerations: physical, social and emotional, cognitive and spiritual. These dimensions need to be considered when shaping the appropriate delivery of physical activity and sport. More information is available at <http://www.sportnz.org.nz/about-us/who-we-are/what-were-working-towards/physical-literacy-approach/>.



Strategic Priorities	2016/17 Planned Activities	2016/17 Expected Results	2016/17 Result Measures
 <p><b>PATHWAYS</b></p> <p>There are two parts to this priority:</p> <p>(i) Physical Literacy – a holistic approach that seeks to understand the needs of a participant at different life stages</p> <p>(ii) Talent - this is specifically focused on improving the pathways within the competitive sport environment in order to sustain participation within existing competition structures and continue to 'feed' the high performance system</p>	Implement the Physical Literacy Approach	Evidence of alignment of the Physical Literacy Approach across our partners	<p><b>Physical Literacy Approach</b></p> <p>5 (out of 14) RSTs understand the Physical Literacy Approach and can demonstrate alignment to the Approach</p>
	Pathway to Podium programme for pre-carded athletes continues to operate across the 14 regional hubs	Pathway to Podium programme is meeting the needs of participating NSOs and athletes	<p><b>Pathway to Podium</b></p> <p>85% NSO satisfaction with the Pathway to Podium programme (2015/16: 91%)</p> <p>85% of athletes state the Pathway to Podium programme is meeting their development needs (2015/16: 91%)</p> <p>Increase in the number of athletes re-selected for additional year/s of the Pathway to Podium programme (2015/16: 250)</p>


Strategic Priorities	2016/17 Planned Activities	2016/17 Expected Results	2016/17 Result Measures
 <p><b>SCHOOL-AGED CHILDREN YEARS (5-18)</b> Developing a love of sport at an early age is more likely to encourage life-long participation, hence our strategic focus in this area</p>	<p>Young People Plan (developed in 2015/16) is implemented across partners</p>	<p>Evidence of adoption of the Young People Plan across our partners</p>	<p><b>Young People Plan</b> 5 (out of 14) RSTs will demonstrate alignment with the Sport NZ Young People Plan (YPP) Note: Zero baseline in 2015/16 as YPP due to be released in 2016/17</p>
	<p>Play.sport programme is fully implemented across the pilot schools in Waitakere and Upper Hutt</p>	<p>Full roll-out of the programme across the pilot schools and early evaluation results demonstrate improved competence and confidence of teachers and pupils</p>	<p><b>Play.sport</b> 34 (out of 44) schools have implementation plans in place which include improvement in competence and confidence of teachers and pupils* for schools implementing the programme in Terms 3 and 4 of the 2016 school year (*from baseline to be developed July 2016)</p>
	<p>The Sport in Education programme continues to operate across the enrolled schools</p>	<p>The Sport in Education programme supports an increase in school sport participation, improvement in academic achievement and reduction in truancy/behavioural issues</p>	<p><b>Sport in Education</b> 18 schools participating in the Sport in Education programme (2015/16: 8) Evaluation results across the 8 initial pilot schools demonstrate an approach that utilises sport as a vehicle to improve student and staff engagement, academic and sporting performance, and to improve links between schools and their communities</p>
 <p><b>LOCAL DELIVERY</b> The opportunity exists to increase sport uptake by improving the connectivity of all those involved in local delivery. This will be particularly targeted towards low-participation communities and where barriers to greater participation exist</p>	<p>The Local Delivery Approach is developed</p>	<p>The Local Delivery Approach is developed and published/communicated to partners</p>	<p>By 31 December 2016</p>
	<p>In partnership with selected partners, specific programmes for targeted low-participation communities are being designed and implemented</p> <p>This is a new approach with the majority of investments in this area being effective from 1 July 2016</p>	<p>Programmes implemented for low-participation communities meet participant needs and are consistent with the Local Delivery Approach</p>	<p>50% of target participant group programmes are designed using specific community-based Insights and aligned with the Local Delivery Approach</p> <p>Community feedback demonstrates that the programmes<sup>12</sup> meet their needs and have a positive impact on their participation levels [baseline to be confirmed in 2016/17]</p>

<sup>12</sup> Only those programmes that have been running for at least six months at 30 June 2017 will be captured as part of this measure.

## MEASURING RETURN ON INVESTMENT (STRATEGY AND INVESTMENT)

Within the Community Sport Strategy, our overall investment aims are to sustain, improve and grow community sport participation through improving the underlying systems. For these reasons, we assess both system and participation improvements to measure return on investment. With 2016/17 being the first year of investments aligned to the new Community Sport Strategy, there is a greater emphasis on seeking system improvements from our partners. Over time we expect these changes to result in our partners demonstrating increased participation, particularly across the targeted low-participation communities specifically invested in.

Through the contract negotiations currently underway with partners, we are developing the appropriate baselines for assessing both system improvements and participation increases. This includes how we expect this to change over the four-year life of the contract. Baselines will be developed and published in the 2015/16 Annual Report.




Strategic Priorities	2016/17 Planned Activities	2016/17 Expected Results	2016/17 Result Measures
 <p><b>STRATEGY &amp; INVESTMENT</b></p> <p>In 2015/16 a fully contestable process was undertaken to align Community Sport investment (non-programme investment) to national and regional partners against the new Community Sport Strategy</p> <p>2016/17 will be the first year of this investment</p> <p>The primary purpose of this investment is to seek system improvements across the Community Sport strategic priorities of insights, people, spaces and places, partners/providers and pathways</p> <p>The expectation, in the medium-term, is that participation levels across our partner NSOs remain at least constant, with increases seen across specific NSOs targeted for growth<sup>13</sup></p>	<p>Supporting Community Sport investment partners achieve their KPIs, including monitoring and measuring their performance. Specific technical support to partners is reflected under the relevant strategic priorities above</p>	<p>Early evidence of system improvement shifts for partners</p>	<p><b>System Improvements</b></p> <p>RSTs – 12 (out of 14) can demonstrate positive improvements across system building initiatives invested in</p> <p>NSOs – 10 (out of 18) can demonstrate positive improvements across system building initiatives invested in</p>
	<p>Undertake reviews across programme investments<sup>15</sup> to confirm alignment with the new Community Sport Strategy, in particular:</p> <ul style="list-style-type: none"> <li>• Māori Participation</li> <li>• Kiwisport Regional Partnership Fund</li> <li>• Active Recreation</li> </ul>	<p>NSOs – show consistent participation levels</p> <p>NSOs receiving 'Grow' investment have designed programmes to target low-participation communities</p>	<p><b>Participation</b></p> <p>10 (out of 18 NSOs) maintain or improve current membership levels</p> <p>6 (out of 10 NSOs) receiving 'Grow' investment have designed specific programmes to target low-participation communities<sup>14</sup></p>
		<p>Investments are aligned to the Community Sport Strategy and the outcomes being sought</p>	<p>Review recommendations are implemented for 2017/18 investments</p>

<sup>13</sup>Both system improvement and participation baselines are being developed through current contract negotiations which will be concluded in July and published in the 2015/16 Annual Report.

<sup>14</sup>We do not expect this will necessarily result in participation increases by June 2017, likely to require a longer term horizon in most cases.




<sup>15</sup>Programme investments include Kiwisport Regional Partnership Fund, Playsport, Sport in Education, Regional Sport Directors, Rural Travel Fund, Māori Participation, Auckland Target Participant Groups, Coaching, Talent Development and Hilary Expedition.

# Group Strategic Support

Strategic Priorities	2016/17 Planned Activities	2016/17 Expected Results	2016/17 Result Measures
 <p><b>POLICY ADVICE</b></p>	Sport NZ provides high-quality policy advice to the Minister for Sport and Recreation	The Office of the Minister for Sport and Recreation is satisfied with Ministerial servicing: [2014/15: Achieved]	Comparative information from other entities  Ministry for Culture and Heritage: Ministerial satisfaction with the quality and timeliness of advice Budget 2015 standard 80%  Actual performance 60%  Source: <a href="http://www.mch.govt.nz/annual-report-2008/annual-report-2015/vote-arts-culture-and-heritage-policy-advice-monitoring-funded">http://www.mch.govt.nz/annual-report-2008/annual-report-2015/vote-arts-culture-and-heritage-policy-advice-monitoring-funded</a>
		95% of briefings and correspondence provided to the Minister for Sport and Recreation in the agreed timeframes  [2014/15: 97%]	97.2% Ministerial correspondence replies completed within 20 working days of receipt by the Ministry of Social Development, unless otherwise agreed  Source: <a href="http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/corporate/annual-report/2014-2015/assessing-our-performance.html">http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/corporate/annual-report/2014-2015/assessing-our-performance.html</a>
 <p><b>SYSTEM INTELLIGENCE</b></p>	National Measurement Tool is developed for the purpose of providing annual participation data to inform better decision making across the sector	National and regional participation levels are available, identifying participation information: who, what, how and why	New participation baselines are developed (by December 2016) and first participation levels are published at year end (2016/17 Annual Report)  At least 85% of partner satisfaction (NSOs, RSTs and Territorial Authorities eg local councils) with information sharing by Sport NZ Group [2014/15: 93%]
 <p><b>VALUE OF SPORT</b> Understanding and communicating the evidence base around the 'Value of Sport' to New Zealanders</p>	Continue to lead cross-agency integrity group  Foundation work (Research to draw together an evidence base)  Communication campaign (promote)  Integrity (protect)	'Value of Sport' is understood, can be well articulated for multiple audiences, evidence-based and used to promote/protect participation	The following are in place: 'Value of Sport' evidence base/foundation is completed. To include: (i) a body of evidence on 'Value of Sport' (ii) consistency in the way we talk about and understand value (iii) communication campaigns incorporate the 'Value of Sport' story across selected priority activities



Strategic Priorities	2016/17 Planned Activities	2016/17 Expected Results	2016/17 Result Measures
 <p><b>SYSTEM CONNECTIVITY</b></p> <p>The sport system, as with any system, can only be as effective as the quality of its connections</p> <p>We will continue to create opportunities to bring the right people together and facilitate discussion that better positions us to address problems or take advantage of opportunities</p>	<p>Cross-government leverage to achieve shared outcomes</p> <p>Connections Conference</p> <p>Partner/provider Forums</p>	<p>Evidence of multiple stakeholders across the system working collaboratively to achieve common objectives</p> <p>Stakeholders, partners and providers satisfied at quality of opportunities provided</p>	<p>Strategic relationships in place with other government agencies to achieve shared outcomes</p> <p>Satisfaction ratings: Connections Conference – 80% satisfied [2015/16:76%]</p> <p>Partner Confidence Survey – 80% satisfied [2014/15: 79%]</p>
 <p><b>SYSTEM CAPABILITY</b></p> <p>Capability in the system is a critical element of system sustainability</p> <p>We aim to ensure sufficient capability in the system by providing:</p> <ul style="list-style-type: none"> <li>– individual partner capability initiatives</li> <li>– system-wide improvements</li> <li>– support for financially vulnerable partners</li> </ul>	<p>A range of partner capability support</p> <p>System-wide improvement: workforce planning and development</p>	<p><b>Financial stability</b> More partners can meet their short-term cashflow requirements</p> <p><b>Commercial performance</b> Partners receiving commercial support demonstrate an appropriate Commercial Performance Index (CPI) which is a ratio of commercial revenue compared to commercial costs) and reduced commercial risk</p> <p><b>Quality of governance</b> More partners receiving governance support can demonstrate an improvement in their governance</p> <p>More partners receiving governance support demonstrate appropriate levels of women in governance roles</p> <p><b>Workforce planning</b> We identify ways for partners to attract the right people to critical roles within the high performance sport system and the community sport system</p> <p><b>Partners value our support</b></p>	<p>80% of NSO and RST partners have 90+ days of available capital</p> <p>Baseline in 2015/16: 15 organisations had an average commercial revenue to costs ratio of over 10, with an average CPI of 22.5</p> <p>2015 baseline: Zero organisations have achieved the Governance Quality Mark as it has just been launched. Targeting 35 organisations by 2020</p> <p>Woman in Governance improved to 34% in 2015 from a starting point of 27% in 2012. Sport NZ has a 2020 target of a minimum of 40% women on sector boards by 2020</p> <p>Complete our workforce planning foundation projects to improve retention of critical roles and engagement of sector staff. Baselines are yet to be established</p> <p>At least 80% partner organisation satisfaction (priority partners) with the quality of capability consultancy [2014/15: 81%]</p>

Strategic Priorities	2016/17 Planned Activities	2016/17 Expected Results	2016/17 Result Measures
 <p><b>SYSTEM FUNDING</b></p> <p>With funding from multiple sources including 'user pays' schemes, central and local government, commercial partners, gaming trusts etc, there are opportunities to ensure funding is aligned, sustainable and used wisely</p> <p>There are also opportunities to further increase funding into the system</p>	<p>Collaboration with other funders to achieve greater alignment</p> <p>Commercial (incl. Marketing) Strategy</p> <p>BlackGold Review (Philanthropic strategy)</p>	<p>Revenue opportunities for Sport NZ Group and the wider system are maximised</p>	<p>Evidence of funder alignment as a result of Sport NZ facilitation and leadership</p> <p>Commercialisation strategy is developed and early evidence of impact is available</p> <p>The BlackGold programme is reviewed</p>
 <p><b>MAJOR &amp; MEGA EVENTS</b></p> <p><i>(see footnote for what these are)</i></p> <p>The National Events Strategy<sup>16</sup> highlights the value of hosting national and international events in NZ, both for NZ Inc, and the specific sport</p>	<p>Mega Event Delivery</p> <p>Prospecting Plan implementation</p>	<p>NZ hosted events (2017 World Masters Games and NZ Lions Series 2017) – core Government services are coordinated and successfully delivered</p> <p>Event hosts are supported to deliver successful bids for future events</p>	<p>Project deliverables met for NZ hosted events</p> <p>At least 80% partner satisfaction (priority NSOs, RSTs and TAs) with the quality of events consultancy [2014/15: 83%]</p>
 <p><b>FACILITIES</b></p> <p>Using the 'National Facilities Framework' we will continue to ensure the planning, investment, building and management of sport facilities are best practice and aligned to a national plan</p>	<p>Facilities of National Significance are supported in design and build stages</p>	<p>Developed facilities are fit-for-purpose, and where relevant, attract a significant proportion of private investment</p>	<p>Metro (Christchurch) – detailed design is judged to meet both community sport and high performance sport needs</p> <p>Ngā Puna Wai (Christchurch) – detailed design is judged to meet community sport needs</p> <p>Facility investments are aligned to the National Facilities Framework – 90% alignment</p>

<sup>16</sup> Mega events are the largest type of event which attract global media coverage and have an impact on NZ's international reputation. See p17 of the NZ Sports Events Strategy for more information <http://www.sportnz.org.nz/managing-sport/strategy-and-policy/better-outcomes-from-new-zealand-sporting-events>.

## Financial forecast

For the year ended 30 June 2017

	Estimated 2015/16 \$000	Budget 2016/17 \$000
<b>Sport and Recreation Programmes</b>		
Crown funding	19,151	19,151
Other operating revenue	35,971	42,885
<b>Total revenue</b>	<b>55,122</b>	<b>62,036</b>
Less expenses		
- Sector investment and consulting	47,177	47,857
- Sector management	2,928	3,632
- Technical advice and resources	10,652	10,532
- Policy advice	1,391	1,339
- Knowledge and information	1,338	1,653
<b>Total expenses</b>	<b>63,486</b>	<b>65,013</b>
<b>Net operating surplus/(deficit)</b>	<b>(8,364)</b>	<b>(2,977)</b>

	Estimated 2015/16 \$000	Budget 2016/17 \$000
<b>World Cups Office</b>		
Crown funding	-	-
<b>Total revenue</b>	<b>-</b>	<b>-</b>
Less expenses		
- Sector investment and consulting	-	-
- World Cups Office	87	398
<b>Total expenses</b>	<b>87</b>	<b>398</b>
<b>Net operating surplus/(deficit)</b>	<b>(87)</b>	<b>(398)</b>

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

# High Performance Sport New Zealand

## HIGH PERFORMANCE SPORT NEW ZEALAND STRATEGY

High Performance Sport New Zealand (HPSNZ) has created a performance-driven, coach-led and athlete-focused system, which provides athletes with world class support services and facilities, so they can focus solely on performance. We work collectively with partners, harness world-leading best practice and, as a one-stop shop, are able to respond quickly and decisively to meet the needs of our athletes. Our key partners include National Sport Organisations (NSOs), the New Zealand Olympic Committee and Paralympics New Zealand.

The ingredients needed to deliver the High Performance Strategic Plan include: world-class people, an appropriate high performance environment, world-leading planning and monitoring, immersion in sports and understanding what it takes to win, developing and applying world-leading innovation, plus capturing, sharing and leveraging world-leading best practice across the high performance system.

The core values required to support delivery of the High Performance Strategic Plan are excellence, integrity and collaboration. The core capabilities needed to deliver the strategy are encapsulated in being:

- **Performance-driven** – with appropriate behaviours for partnership, understanding what it takes to win and growing internal capability through purposeful learning.
- **Coach-led** – with appropriate behaviours for the optimal alignment and delivery of coaching, recognition of the coach leadership role, its accountability and development requirements.
- **Athlete-focused** – with appropriate behaviours for aligning support with athlete needs, working in an ethical manner which protects the athlete, maximising sustainable performance outcomes for the athlete and High Performance system.

HPSNZ is a wholly-owned subsidiary of Sport NZ, with a mandate to lead the high performance system in New Zealand, and has responsibility for achieving under two output expense appropriations: High Performance Sport and Prime Minister's Scholarships. Performance expectations against these appropriations are detailed below.

## OUTPUT CLASS 2: HIGH PERFORMANCE SPORT




### We intend to achieve:

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


### Sector investment and management

Key Activity	Key Output	Key Indicator
 <b>Investment to support NSO high performance initiatives</b>	Sport NZ invests in high performance sport, on the recommendation of HPSNZ, to achieve high performance outcomes	At least 85% of total high performance funding will be invested in high performance programmes and initiatives <sup>17</sup>  [2014/15: 92.2%]

## Technical advice and resources

Key Activity	Key Output	Key Indicator
 <p><b>Technical advice for high performance expertise</b></p>	HPSNZ provides expert advice, guidance and assistance to NSOs to improve the delivery of their high performance programmes for athlete development	At least 85% partner satisfaction with quality of consultancy provided <sup>18</sup> [2014/15: 94%]

## Athlete services

Key Activity	Key Output	Key Indicator
 <p><b>High performance athlete support services</b></p>	HPSNZ directly supports athletes through the allocation of grants and the provision of specialist services <sup>19</sup>	At least 85% of coaches and athletes <sup>20</sup> say that HPSNZ support and training environment positively impacts performance [2015: Athletes = 90%, Coaches = 93%] Performance Enhancement Grants (PEGs) allocated to at least 200 high performance athletes [2015: 251 athletes] 400 athletes receive funding and/or access to services through the high performance system [2015: 510 athletes]

## Financial forecast

For the year ended 30 June 2017

	Estimated 2015/16 \$000	Budget 2016/17 \$000
<b>High Performance System</b>		
Crown funding	58,192	62,192
Other operating revenue	7,376	4,277
<b>Total revenue</b>	<b>65,568</b>	<b>66,469</b>
Less expenses		
- Sector investment	41,479	40,384
- Infrastructure investment	1,976	1,867
- Sector management	2,241	4,338
- Technical advice and resources	6,863	7,448
- Athlete services	14,687	15,196
<b>Total expenses</b>	<b>67,246</b>	<b>69,233</b>
<b>New operating surplus/deficit</b>	<b>(1,678)</b>	<b>(2,764)</b>

<sup>17</sup> Programmes and Initiatives include: Investment to targeted sports, Performance Enhancement Grants, Technology and Innovation, High Performance Events and direct costs associated with the provision of Technical Advice, Resources and Athlete Services to targeted sports/athletes/coaches.

<sup>18</sup> Partners receiving targeted investment.

<sup>19</sup> For example exercise physiology, biomechanics, strength and conditioning, nutrition, physiotherapy, massage, planning, athlete life, and medical services.


<sup>20</sup> Excludes responses from athletes who indicated that they seldom used HPSNZ services.

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



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

### Sector investment

Key Activity	Key Output	Key Indicator
 <b>Investment</b>	Sport NZ invests in the development of high performance athletes, coaches, officials and support personnel through the allocation of Prime Minister's Sport Scholarships as administered independently and recommended by HPSNZ	Administration costs are less than 4% of the total funding [2014/15: 3.6%] At least 300 athlete scholarships are awarded [2014/15: 371 athlete scholarships] At least 100 coach, official and support team scholarships are awarded [2014/15: 223 coach, officials, support team scholarships]

### Financial forecast

For the year ended 30 June 2017

	Estimated 2015/16 \$000	Budget 2016/17 \$000
<b>Prime Minister's Sport Scholarships</b>		
Crown funding	4,250	4,250
<b>Total revenue</b>	<b>4,250</b>	<b>4,250</b>
Less expenses		
- Sector investment	4,250	4,250
- Programme management	163	141
<b>Total expenses</b>	<b>4,413</b>	<b>4,391</b>
<b>Net operating surplus/(deficit)</b>	<b>(163)</b>	<b>(141)</b>

## Assessing organisational health and capability

Focus Area	Performance Measure	Performance Indicator	Benchmark or closest comparator where available
<b>Good employer</b>	Level of staff engagement	At least 83%  (2014/15: 83% Sport NZ, 90% HPSNZ)	Staff engagement 82%  Source: Employee Engagement Survey, H2R Consulting
	Annual staff turnover	11.2% or less (note that post Rio we expect higher turnover than in other years – this is normal within a four- year Olympic cycle)  (2014/15: 7.8%)	Public sector average 15.2%  Source: SSC, 2000 <a href="https://www.ssc.govt.nz/node/6770">https://www.ssc.govt.nz/node/6770</a>
<b>Managing risk</b>	Partner satisfaction with the quality and timeliness of Sport NZ contract management	At least 85%  (2014/15: Sport NZ 73% quality, 61% timeliness HPSNZ 91% quality, 88% timeliness)	74% Service quality score  Source: Kiwis Count Survey June 2015. <a href="http://www.ssc.govt.nz/kiwis-count">http://www.ssc.govt.nz/kiwis-count</a>
<b>Efficiency</b>	Corporate and Business Operations expenditure is maintained within current levels	Within 7.5% of total expenditure  (2014/15: 6.5%)	No comparable benchmark available.  Note: The 2013/14 BASS public sector median spend on corporate and executive services for a small agency cohort in 2013/14 was \$17.5 million/ 4.4% of overall running costs. These small agencies are far larger than Sport NZ (average total expenditure of \$397m compared to Sport NZ \$131m for the same period). Treasury notes that efficiency is generally restricted for small agencies, due to relatively high fixed costs
<b>Effectiveness</b>	Partner confidence in Sport NZ Group	At least 80%  (2014.15: 79% Group average)  (79% Sport NZ, 79% HPSNZ)	79% trust level in public sector organisations  Source: Kiwis Count Survey June 2015. <a href="http://www.ssc.govt.nz/kiwis-count">http://www.ssc.govt.nz/kiwis-count</a>
<b>Financial information systems and controls</b>	Annual audit rating on performance	Maintain 'very good' rating  (2014/15: very good)	No comparable benchmark available
<b>Service performance information and associated systems and control</b>	Annual audit rating	Maintain 'good' rating  (2014/15: good)	No comparable benchmark available

# Prospective financial statements

## For the year ended 30 June 2017

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

Crown funding has received a boost in 2016/17 with additional investment (\$4m per annum) into HPSNZ as they prepare for Tokyo 2020.

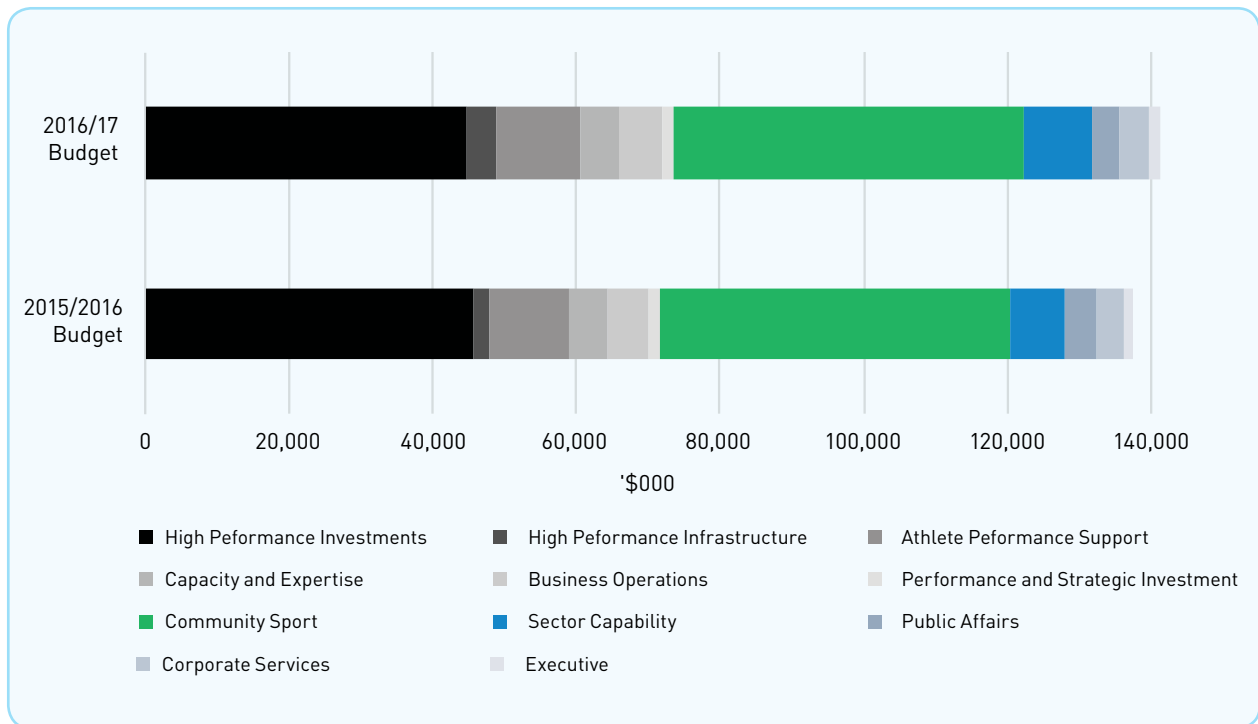
Since 2014/15 we have experienced a drop in funding from the New Zealand Lottery Grants Board, with 2015/16 being the lowest level since 2011/12. In 2016/17 we forecast a return to 2012/13 levels. Overall we are experiencing an 11% reduction in Lottery funding over a four year period. Despite this, we have worked hard to maintain current investment levels into the sector through securing additional revenue and re-prioritising internally to reduce operating expenditure.

The Sport NZ Group expects to hold reserves of \$15m at 1 July 2017. All reserves are forecast to be fully expended by the end of 2019/20 against allocated expenditure based on our current forecasting.

The year-end cash position is budgeted to be \$11.9m, consistent with the reduced reserves position.

Sport NZ continues to invest heavily in the sports sector, with Sector Investments forecast at \$92.8m for 2016/17. In addition, Sport NZ is forecasting to invest \$4.3m in high performance infrastructure.

The chart below illustrates the proportional costs of running our business in \$000s.





## Prospective statement of comprehensive income

For the year ending 30 June 2017

	Estimated 2015/16 \$000	Budget 2016/17 \$000
<b>REVENUE</b>		
Crown funding	81,593	85,593
New Zealand Lottery Grants Board	38,563	43,823
Interest received	1,278	889
Sundry revenue	3,506	4,550
<b>Total operating revenue</b>	<b>124,940</b>	<b>134,855</b>
<b>INVESTMENTS AND GRANTS</b>		
Investment consulting	983	1,187
Sector investment	92,274	91,722
Infrastructure investment	1,362	4,338
<b>Total investments and grants</b>	<b>94,619</b>	<b>97,247</b>
<b>OPERATING EXPENDITURE</b>		
Board members' remuneration	218	230
Personnel costs	22,065	23,840
Professional and technical services	6,984	6,663
Leased property	2,141	2,335
Depreciation and amortisation	2,344	1,665
Other operating costs	8,961	9,155
<b>Total operating expenditure</b>	<b>42,713</b>	<b>43,888</b>
<b>Total expenditure</b>	<b>137,332</b>	<b>141,135</b>
<b>Net profit/(loss)</b>	<b>(12,392)</b>	<b>(6,280)</b>
<b>Total comprehensive income</b>	<b>(12,392)</b>	<b>(6,280)</b>

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

### Revenue

Crown funding reflects an increase in Government investment into the high performance system of \$4m per annum (Budget 2016).

The NZ Lottery Grants Board revenue is expected to improve in 2016/17, from the 2015/16 level. This improvement is largely due to 2015/16 being unusually low as LottoNZ experienced a statistically low level of long-running Powerball jackpots.

### Expenditure

Infrastructure investment is increasing to reflect the timing of infrastructure projects which received specific Government investment (\$10m) in 2013/14 to enhance high performance training and competition facilities.

The increase in Personnel costs largely reflects increases in HPSNZ relating to: (i) Athlete Performance Support in its delivery of Sport Science and Sport Medicine, with a full year impact of staffing and recruitment costs realised and (ii) Capacity & Expertise with 2016/17 costs reflecting a full year of staff costs. It also represents a full complement of staff within Sport NZ compared to 2015/16 when we incurred a large number of temporary consultancy costs to cover unplanned vacancies.

Depreciation has decreased with the Apollo High Performance Training Centre in Christchurch now fully depreciated.

## Prospective statement of financial position

As at 30 June 2017	Estimated 2015/16 \$000	Budget 2016/17 \$000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,144	889
Trade and other receivables	10,756	12,837
Prepayments	150	20
Inventories	20	-
Term deposits	12,524	11,060
<b>Total current assets</b>	<b>24,594</b>	<b>24,806</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	3,374	2,831
Intangible assets	1,141	919
Loans	218	235
<b>Total non-current assets</b>	<b>4,733</b>	<b>3,985</b>
<b>Total assets</b>	<b>29,327</b>	<b>28,791</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	3,486	9,415
Revenue received in advance	493	480
Employee entitlements	1,449	1,386
Provisions	109	-
<b>Total current liabilities</b>	<b>5,537</b>	<b>11,281</b>
<b>Total liabilities</b>	<b>5,537</b>	<b>11,281</b>
<b>Net assets</b>	<b>23,790</b>	<b>17,510</b>
Represented by:		
Public equity	36,182	23,790
Total comprehensive income	(12,392)	(6,280)
<b>Total public equity</b>	<b>23,790</b>	<b>17,510</b>

## Prospective statement of changes in equity

For the year ending 30 June 2017	Estimated 2015/16 \$000	Budget 2016/17 \$000
Opening public equity	36,182	23,790
Total comprehensive income	(12,392)	(6,280)
<b>Closing public equity</b>	<b>23,790</b>	<b>17,510</b>

Major variations in assets and liabilities are explained as follows:

### Assets

Term deposits are forecast to be significantly lower as our reserves become fully utilised. In particular expenditure against one-off Crown funding received for High Performance Infrastructure in 2013/14.

### Liabilities

Trade and other payables are forecast to increase as we work to better align our investments with the cash flow timing of NZ Lottery Grants Board revenue, with the final payment received in July the following year.

## Prospective statement of cash flows

For the year ending 30 June 2017

	Estimated 2015/16 \$000	Budget 2016/17 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Cash inflows</b>		
Crown revenue	81,593	85,593
New Zealand Lottery Grants Board	37,358	42,682
Sundry revenue	4,268	5,092
Interest received	1,278	889
<b>Total cash inflows</b>	<b>124,497</b>	<b>134,256</b>
<b>Cash outflows</b>		
Payments to suppliers		
- Programme investment	94,442	95,177
- Other payments	20,896	19,767
Goods and services tax (net)	44	-
<b>Total payments to suppliers</b>	<b>115,382</b>	<b>114,944</b>
Payments to employees	22,115	23,060
<b>Total cash outflows</b>	<b>137,497</b>	<b>138,004</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>(13,000)</b>	<b>(3,748)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>Cash inflows</b>		
Disposal of fixed assets	4	-
Loans repayment	4	20
Investments maturing	11,976	4,424
<b>Total cash inflows</b>	<b>11,984</b>	<b>4,444</b>
Purchase of property, plant and equipment	874	756
Purchase of intangible assets	551	195
<b>Total cash outflows</b>	<b>1,425</b>	<b>951</b>
<b>Net cash inflow/(outflow) from investing activities</b>	<b>10,559</b>	<b>3,493</b>
<b>Net increase/(decrease) in cash held</b>	<b>(2,441)</b>	<b>(255)</b>
Opening cash balance as at 1 July	3,585	1,144
<b>Closing cash balance as at 30 June</b>	<b>1,144</b>	<b>889</b>
<b>MADE UP OF</b>		
Cash and cash equivalents	1,144	889
<b>Total Cash and cash equivalents</b>	<b>1,144</b>	<b>889</b>

# Statement of accounting policies

## Purpose

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

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

## Reporting entity

These prospective financial statements are for the Sport NZ Group for the year ending 30 June 2017. The Sport NZ Group comprises the parent entity, Sport and Recreation New Zealand (trading as Sport NZ) and its wholly-owned subsidiary, High Performance Sport New Zealand Limited (HPSNZ).

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

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

These prospective financial statements were approved by the Sport NZ Board on 21 June 2016.

## Basis of preparation

### Statement of compliance

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

### Measurement base

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

### Functional and presentation currency

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

### Consolidation

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

## SIGNIFICANT ACCOUNTING POLICIES

### Basis of consolidation

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

### Subsidiaries

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

### Revenue

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

#### Revenue from the Crown

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

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

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

Sport NZ receives annual Lotteries funding from the NZ Lottery Grants Board (LGB) who in turn receive it from LottoNZ, in accordance with section 279 of the Gambling Act 2003. Sport NZ currently receives 20% of LottoNZ net profits through this means. Allocations based on 20% of LottoNZ profit earned over and above that previously forecast for a particular financial year are recognised as revenue in the subsequent financial year upon the LottoNZ determining and approving the final amount.

#### Grants and donations

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

#### Interest

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

#### Sector investments and grants (expenditure)

To meet its primary objectives, the Sport NZ Group provides funding to various organisations in the sport and recreation sector. This expenditure is recognised as an expense in these prospective financial statements either as 'sector investments' or 'infrastructure investments' according to the extent to which the recipient entity is to apply those funds to operating or capital expenditure respectively.

Expenditure is recognised only upon an expected obligation to distribute funds having arisen either as a result of an application for funding having been approved as meeting all specified criteria, or in accordance with scheduled payments becoming due under the terms of individual agreements previously established with recipient organisations.

#### Leases

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

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

## Cash and cash equivalents

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

## Trade and other receivables

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

## Investments

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

### Bank deposits

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

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

## Loans

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

## Property, plant and equipment

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

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

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

### Additions

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

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

### Disposals

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

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

### Depreciation

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

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

Audio visual equipment	3 to 5 years	(20-33%)
Furniture and fittings	5 to 10 years	(10-20%)
Sports Science Equipment	2 to 5 years	(20-50%)
Gym and Coaching Equipment	2 to 5 years	(20-50%)
Office Equipment	5 to 10 years	(10-20%)
Computer hardware	3 years	(33%)

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

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

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

## Intangible assets

### Software acquisition and development

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

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

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

### Amortisation

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

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

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

## Trade and other payables

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

## Employee entitlements

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

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

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

## Superannuation schemes

### Defined contribution schemes

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

### Provisions

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

### Goods and services tax (GST)

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

### Income tax

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

### Cost allocation

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

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

### Critical accounting estimates and assumptions

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

The basis and appropriateness of the estimates and assumptions used in preparing the prospective financial statements are those which the Sport NZ Board reasonably expects to occur in respect of those actions the Sport NZ Board and HPSNZ Board reasonably expect to take as at 21 June 2016, the date on which the prospective financial statements have been authorised for issue by the Sport NZ Board.

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

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

### Significant assumptions

Crown revenue for 2016/17 funding is yet to be confirmed and forms the basis for estimated Crown revenue in 2016/17.

New Zealand Lottery Grants Board funding has been estimated for the 2016/17 year based on projected profits of the New Zealand Lotteries Commission available at the time of preparing the prospective financial statements and the Sport NZ Group's agreed share of them.



It is assumed that the Sport NZ Group's business model and staffing levels will not significantly change during the 2016/17 financial year, beyond normal staff turnover. All significant assumptions surrounding expenditure have been based on historical data, existing business practices or actual business plan projections for each financial year.

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

Management has exercised the following critical judgements in applying the Sport NZ Group's accounting policies for the year ending 30 June 2017.

#### **Impairment of loans and advances**

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







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