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# Guidance on applying Social Return on Investment to recreational physical activity in Aotearoa New Zealand

**JULY 2024**

This guidance was commissioned by Sport New Zealand Ihi Aotearoa. It was prepared by a team of researchers with expertise in social value, sport and physical activity, economic evaluation of wellbeing and Kaupapa Māori research, led by Prof. Larissa Davies (Manchester Metropolitan University), Prof. Paul Dalziel (AERU, Lincoln University) and Dr. Catherine Savage (Ihi Research).

### **Acknowledgements:**

The authors are grateful to the team at Sport New Zealand Ihi Aotearoa who commissioned an earlier report from this research team on the Social Return on Investment of recreational physical activity in Aotearoa New Zealand. That report is available on the Sport NZ website at <https://sportnz.org.nz/resources/social-return-on-investment-sroi-report/>. We thank those who provided written feedback on earlier drafts of this document, which has greatly improved its contents: Nicola Gamble, Amie Kendall, Neil Snowling, Rebecca Thorby and Eli Waata-Amai. We particularly thank Rebecca Thorby, Senior Evaluation Advisor at Sport New Zealand Ihi Aotearoa, for her expert advice and responses to our questions in the preparation of these guidelines.

### **Disclaimer:**

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# Chapter 1

## Introduction

### 1.1 Introduction

Sport and outdoor recreation are important aspects of life in Aotearoa New Zealand. New Zealanders devote many hours to recreational physical activity – as participants, as volunteers in diverse roles, and as family and whānau supporting youngsters engaging in a wide range of organised events. Households spend money on fees, clothing, specialised equipment and transport. Communities invest in the creation and maintenance of parks and facilities from designated cycleways to large stadiums.

Given this high level of commitment of time and financial resources, it is not surprising that organisations may want to document the benefits this investment is producing, to inform their own decision-making and to report to external stakeholders. This Guidance offers advice on a tool for this purpose known as **Social Return on Investment** (SROI). It advises how to interpret and utilise the Sport NZ National SROI study recently commissioned by Sport New Zealand Ihi Aotearoa (hereafter referred to as Sport NZ), together with considerations for organisations undertaking their own bespoke SROI study.

Sport NZ acknowledges that SROI and social value are methods of interest at the moment. Sport NZ does not expect its partners or the sector to undertake SROI studies. In the majority of cases, a community organisation may find that using data from the national study will suffice, alongside other relevant project-specific evaluations.

### 1.2 Measuring Social Value

The World Health Organization (WHO) reports scientific evidence that regular physical activity, such as walking, cycling, wheeling, doing sports or active recreation, provides significant benefits for health. Indeed, people who are insufficiently active have a 20 to 30 per cent increased risk of death compared to people who are sufficiently active. Further, “increased levels of physical inactivity have negative impacts on health systems, the environment, economic development, community well-being and quality of life”.<sup>1</sup>

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<sup>1</sup> <https://www.who.int/news-room/fact-sheets/detail/physical-activity>.

Consequently, organisations that help people participate in regular physical activity create considerable social value. Beneficial outcomes include better physical and mental health, but extend to other domains of individual and community wellbeing. Organised sport and outdoor recreation, for example, is an important aspect of life for many families and whānau. It helps strengthen connections within and between communities. It contributes to healthy development and learning outcomes for young people. It allows participants to express cultural identity and sustain close friendships among peers.

Social Value International<sup>2</sup> is a global network of people and organisations that develops guidance, tools and support for organisations wanting to analyse and report on the social value of their activities. It makes a key observation on how to report social value:<sup>3</sup>

An account of social value is a story about the changes experienced by people. It includes qualitative, quantitative and comparative information, and also includes environmental changes in relation to how they affect people's lives.

This guidance uses the SROI framework developed by Social Value International to provide advice for organisations reporting on the social value created by recreational physical activity.

### 1.3 Recreational Physical Activity in Aotearoa New Zealand

In a typical week, nearly three-quarters of the New Zealand adult population, and around 90 per cent of the country's children and young people participate in some form of play, active recreation and sport.<sup>4</sup> This participation is supported by dedicated infrastructure throughout Aotearoa New Zealand, including parks, grounds, venues, facilities, clubs, public sector agencies, professional staff and volunteers.

Sport New Zealand Ihi Aotearoa (hereafter referred to as Sport NZ) is a kaitiaki (guardian) of the country's play, active recreation and sport system and the lead policy agency for the sector.<sup>5</sup> It is a Crown Entity established under the Sport and Recreation New Zealand Act 2002 to promote, encourage and support physical recreation and sport in Aotearoa New Zealand.

In support of its mission, Sport NZ commissions research on the value of recreational physical activity, including a report by Angus & Associates in 2017,<sup>6</sup> and reports by a global consortium

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<sup>2</sup> <https://www.socialvalueint.org/>.

<sup>3</sup> <https://www.socialvalueint.org/principles>.

<sup>4</sup> [https://sportnz.org.nz/media/bnubr3sf/active-nz-changes-in-participation-2022\\_9-oct-2023.pdf](https://sportnz.org.nz/media/bnubr3sf/active-nz-changes-in-participation-2022_9-oct-2023.pdf).

<sup>5</sup> <https://sportnz.org.nz/media/c0vo41cs/sport-nz-group-bim-28-november-2023-redacted.pdf>.

<sup>6</sup> <https://sportnz.org.nz/media/1313/angus-associates-value-of-sport-final.pdf>.

of researchers in 2022 and 2023 (see section 1.4 that follows).<sup>7</sup> This research has provided evidence on a wide range of national benefits created by New Zealanders through participation in recreational physical activity. A summary statement prepared in 2018, for example, observed that “sport and active recreation creates happier, healthier people, better connected communities and a stronger New Zealand”.<sup>8</sup>

Sport NZ has crafted an Outcomes Framework (framework) that sets out the thinking and evidence behind the contributions that active physical recreation make to the wellbeing of all New Zealanders.<sup>9</sup> It also has a Māori outcomes framework called Te Pākē o Ihi Aotearoa, which weaves together Māori long term outcomes and guiding principles.<sup>10</sup> These documents framed the Sport NZ National SROI study commissioned in 2022.

## 1.4 The Sport NZ National SROI Study

In 2022, Sport NZ commissioned a national study of the Social Return on Investment for Recreational Physical Activity in Aotearoa New Zealand. The purpose was to better understand, demonstrate, and communicate the contribution of recreational physical activity to the wellbeing of people living in this country. It included a chapter aiming to understand the value to Māori participating as Māori, explored within a Te Ao Māori worldview.

The Sport NZ National SROI study found recreational physical activity in Aotearoa New Zealand generates considerable value to society. The headline result was: for every \$1 invested in recreational physical activity in 2019, \$2.12 worth of social value was generated for individuals and society. The study also identified other benefits not included in this monetarised comparison.

In 2024, Sport NZ invited the lead authors of the national study to prepare this Guidance on how SROI studies can be used at a community level. The aim is to offer practical steps for organisations wishing to carry out an SROI analysis, including advice on how to use the Sport NZ National SROI study in a responsible manner that will help advocacy for the value of recreational physical activities below the national population level.

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<sup>7</sup> <https://sportnz.org.nz/resources/social-return-on-investment-sroi-report/> and <https://sportnz.org.nz/resources/the-economic-value-of-sport-and-active-recreation-2023/>.

<sup>8</sup> <https://sportnz.org.nz/media/1310/the-value-of-sport-print-ready-booklet-page-by-page-march-2018.pdf>.

<sup>9</sup> <https://sportnz.org.nz/resources/sport-nz-outcomes-framework/>.

<sup>10</sup> <https://sportnz.org.nz/resources/te-pake-o-ih-i-aotearoa-the-maori-outcomes-framework/>.

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## 1.5 Outline of the Guidance

The Guidance begins in Chapter 2 by introducing eight core principles of measuring social value: Involve stakeholders; Understand what changes; Value things that matter; Only include what is material; Do not overclaim; Be transparent; Verify the result; and Be responsive. These principles are implemented in a cycle of six stages, also explained in the chapter. The chapter explains how this approach was used in the Sport NZ National SROI study in 2022.

Chapter 3 offers guidance on applying this approach to a study at a community level. It recognises that an organisation may want to undertake its own research and that some organisations may want to use the Sport NZ National SROI study scaled down to its own context. Advice is offered in this chapter to both types of approaches.

Chapter 4 offers advice on reporting outcomes for Māori in a community level study. It begins with Sport NZ's Māori Outcomes Framework, Te Pākē o Ihi Aotearoa, and then offers advice under two headings: for organisations that adopt a Kaupapa Māori approach to their activities; and for all organisations that are committed to Māori outcomes in their activities.

Chapter 5 offers some important considerations for responsible reporting of social value. This covers items such as transparency, materiality and avoiding double counting or other examples of overclaiming. It also emphasises the importance of using credible data sources and offers advice on how to understand and communicate the value created by the activities of an organisation.

An appendix to the report lists some sources for further information and guidance on social value analysis in the context of physical recreational activity.



## Chapter 2

# Principles of Measuring Social Value

### 2.1 Introduction

Social return on investment refers both to the general approach of estimating monetary values for the benefits and costs of an activity or programme and to a specific approach guided by Standards and Principles governed by the global network organisation, Social Value International (SVI). This document provides guidance on Social Return on Investment (SROI) in the second sense, as a specific approach.

### 2.2 The Social Return on Investment Approach

SROI is a standardised evaluation framework developed in the 1990s from economic methods such as cost benefit analysis (CBA), financial accounting and sustainability reporting. More recently, SROI has been adopted as a robust framework for understanding and measuring the wider impacts of recreational physical activity for individuals and society in 'high-income' countries around the world, including in Aotearoa New Zealand.

SROI is used to measure the non-financial (and often difficult to measure) impacts of an activity, programme or policy. A key element of SROI which distinguishes it from other approaches is the need to *'actively involve those stakeholders affected by activities, so their experiences are respected and their voices influence decisions and support organisations to optimise their value'*.<sup>11</sup>

SROI is an outcome-based framework for measuring social, environmental and economic benefits and costs.<sup>12</sup> In the recreational physical activity sector, it is typically used to measure social outcomes such as health, subjective wellbeing and the benefits of social connections. SROI measures changes in outcomes that are relevant to the people or organisations that experience or contribute to it, using monetary values (financial proxies) to represent those outcomes that stakeholders agree may be monetised. An SROI analysis expresses the monetary value of outcomes in relation to the size of the total investment. Most SROI studies which focus on recreational physical activity measure (changes in) social outcomes resulting from participating and volunteering.

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<sup>11</sup> <https://www.socialvalueint.org/principles>.

<sup>12</sup> <https://socialvalueuk.org/resource/a-guide-to-social-return-on-investment-2012/>.

An SROI analysis can be evaluative (backward looking) or forecast (forward looking). An evaluative study examines a programme or activity already in place. It collects evidence on the social benefits and costs that have occurred. The Sport NZ National SROI study in 2022 is an example. Recreational physical activity is ongoing in Aotearoa New Zealand, but the study chose a particular year (2019, before the disruptions of the COVID outbreak) for collecting data on the social benefits and costs that occurred in that year.

A forecast study aims to predict potential benefits and costs resulting from planned activities and outcomes before they occur. The New Zealand Transport Agency Waka Kotahi recognises, for example, that infrastructure investments encouraging greater physical activity (such as walking and cycling) will produce health benefits. The agency therefore follows guidelines for including forecast health benefits in its investment decision-making.<sup>13</sup>

For community organisations in recreational physical activity sector, evaluative studies are far more common than forecast studies. Both types of analysis have high data requirements, but it can be much easier for organisations to collect information on participation levels in the past (or perhaps from current activities) than to make robust estimates for a forecast SROI.

## 2.3 Six Stages of an SROI Analysis

There are six steps to follow when carrying out an SROI study. These are shown in Figure 1 below. Each stage is important, as is the sequence. It can be tempting, for example, to start at the third stage, without taking time to identify all stakeholders or to map all the inputs, outputs and outcomes of the programme's activities. The importance of these foundations is emphasised in the principles of social value, presented in the following section.

**Figure 1: Six Stages of an SROI Analysis**



<sup>13</sup> Waka Kotahi, New Zealand Transport Agency (2020). Health and Active Modes Impacts. Accessed 13 June 2024 at <https://www.nzta.govt.nz/assets/resources/Monetised-benefits-and-costs-manual-technical-notes/health-and-active-modes-impacts-march-2020.pdf>.

## 2.4 Principles of Social Value

SROI is guided by eight Principles of Social Value outlined in Table 1.<sup>14</sup> These principles are the basic building blocks of any SROI study. They guide the decision-making of all researchers and practitioners carrying out SROI studies. Social Value International publish Standards which provide guidance on applying each principle.<sup>15</sup> These Standards have been developed through engagement with expert stakeholders across the world.

**Table 1: Eight Principles of SROI**

Principle	Description
Involve stakeholders.	Identify and involve stakeholders throughout the analysis (e.g. physical activity participants) so that the value that is measured is informed by those affected by or who affect the activity.
Understand what changes	Using evidence, articulate how change is created through a logic model, or Theory of Change. Include positive/negative/intended/unintended outcomes.
Value the things that matter	Stakeholders should inform what is valued and how important it is to them. This information may be used together with other evidence and published research.
Only include what is material	Determine what evidence and information should be included, and if it makes a difference to stakeholders' decisions if excluded.
Do not over-claim	Only claim the value that the activities are responsible for (e.g. does participation account for all health improvement of an individual or only a portion of it).
Be transparent	Report what is measured, how and ensure it is open, honest and others can scrutinise in a detailed report.
Verify the result	Check in with stakeholders if the evaluation is reasonable.
Be responsive	Use the findings to improve social value creation and management decision making.

<sup>14</sup> <https://www.socialvalueint.org/principles>.

<sup>15</sup> <https://www.socialvalueint.org/standards-and-guidance>.

## 2.5 Interpreting SROI

An SROI result can be articulated as a ratio, e.g., 3:1, or as a single value, e.g., 3.0. A value above 1 means more value is being generated for society than the investment required. A value below one means the cost of investment is greater than the value produced for society. Hence, an SROI result is often stated in a statement such as:

*...for every \$1 invested in recreational physical activity, \$3 of social impacts are generated for society...*

Although the headline finding of an SROI study is often a ratio or statement, the added value of an SROI study is that it enables stakeholders to articulate stories of change that cannot always be captured with quantitative data. As such, an SROI study enables a more rounded and holistic picture of impact to be presented, beyond the raw numbers.

## 2.6 Non-Monetarised Outcomes

An SROI analysis may identify outcomes that produce benefits to participants, but which it is not possible or not appropriate to measure in monetarised terms. This occurred, for example, in the Sport NZ National SROI study.

That SROI was undertaken with a clear bi-cultural lens to recognise the value of physical activity to all citizens. It measured monetarised values of nine outcomes across six domains of wellbeing. These included two health outcomes, three outcomes related to subjective wellbeing and one outcome each from income, consumption and wealth, work, care and volunteering, family and friends, and safety. This led to the headline finding from the study: **For every \$1 spent on recreational physical activity there was a \$2.12 return to individuals and society in Aotearoa New Zealand.**

The study also examined the value of other outcomes articulated by Māori stakeholders as inappropriate to monetarise. These outcomes are discussed further in chapter 4 below. The SROI methodology endorsed by Social Value International encourages the inclusion of non-monetary valuations.<sup>16</sup> Following that approach, the summary prepared by Sport NZ of twelve main insights from the Sport NZ National SROI study was careful to include four points drawing on the non-monetarised outcomes described by Māori participants in the study.<sup>17</sup>

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<sup>16</sup> <https://www.socialvalueint.org/principle-3-value-the-things-that-matter>. For example, see page 11.

<sup>17</sup> <https://sportnz.org.nz/resources/social-return-on-investment-key-takeaways/>.

## Chapter 3

# Measuring SROI at a Community Level

### 3.1 Introduction

The Sport NZ National SROI study gives a snapshot estimate of the value of population-wide recreational physical activity at a point in time. This enables Sport NZ to support cross-government conversations on the value of investment in recreational physical activity with evidence from the sector. It also creates a context for conversations about social value at the community level. This chapter explains how community sport and recreation clubs and other organisations can utilise the findings from that study and outlines some key considerations for organisations wishing to carry out bespoke social value research.

### 3.2 Using Estimates from the Sport NZ National SROI Study

The Sport NZ National SROI study reports monetarised values of recreational physical activity across the general population. It includes diverse populations (aged 5+) and is based on high quality evidence which can be generalised at different scales. Community organisations can utilise its headline findings to advocate for the positive benefits of recreational physical activity to individuals and society.<sup>18</sup> They may also want to use values from the national study to provide an estimate of social value for the participants in their own activities.

In particular, the national study reported monetarised benefits for participation in recreational physical activity.<sup>19</sup> If an organisation has reliable data on the number of participants in its own programmes that meet each threshold of amount of activity, then it can use these national values to estimate monetarised values for their associated benefits.

Table 2 therefore repeats the valuation summaries of the social outcomes in the Sport NZ National SROI technical document. These estimate benefits (measured using 2019 prices) for each person (participant or volunteer) meeting the standards described in each row of the table. The data are separated for adults and for children and young people. There are limited values for the latter population (5-17 years of age), due to a lack of data at a population level.

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<sup>18</sup> Sport NZ has a dedicated webpage to help organisations communicate value from investment in play, active recreation and sport; see <https://sportnz.org.nz/resources/the-value-of-play-active-recreation-and-sport-for-local-government/>.

<sup>19</sup> <https://sportnz.org.nz/resources/social-return-on-investment-sroi-report/>, Chapter 7, pp. 59-62.

This does not mean that children and young people create low social value from physical activity, or less than adults, but that the evidence at the population level does not exist. Typically, the studies that have been carried out are of insufficient quality to be generalised.

**Table 2: Per Person Valuation Summaries from the Sport NZ National SROI Study**

<b>Stakeholders</b>	<b>Social Outcome and Threshold of Activity</b>	<b>Values, 2019 Prices (\$)</b>
Participants (Adults 18+)	Better quality of life and increased life expectancy from meeting public health guidelines for physical activity	\$4,498
Participants (Adults 18+)	Prevention of diseases attributable to physical inactivity by meeting public health guidelines for physical activity	\$367
Participants (Adults 18+)	Increased wellbeing (life satisfaction) for adults undertaking 30-149 minutes per week of moderate to vigorous physical activity	\$583
Participants (Adults 18+)	Increased wellbeing (life satisfaction) for adults undertaking 150-300 minutes per week of moderate to vigorous physical activity	\$1,115
Participants (Adults 18+)	Increased wellbeing (life satisfaction) for adults undertaking 300+ minutes per week of moderate to vigorous physical activity	\$1,757
Participants (5-17 years)	Increased wellbeing (happiness) children and young people undertaking at least one hour a day of moderate to vigorous physical activity 7 days a week	\$936
Volunteers (Adults 18+)	Increased wellbeing (life satisfaction) for adults undertaking regular (weekly) volunteering to support sport and active recreation (excluding those who also meet the 30+ minutes per week physical activity threshold)	\$571
Participants (Adults 18+)	Higher output from reduced absenteeism from meeting public health guidelines for physical activity	\$479
Participants (Adults 18+)	Enhanced social capital created by participation in sport and physical activity in club activities	\$608
Voluntary Sports Clubs	Replacement value of the services provided by volunteers if the club had to pay for the services	\$7,687
All participants (5+ years)	Increase in the number of accidents and injuries related to sport and recreation	-\$1,155

If this approach is taken, an organisation needs to be responsible in how it reports the results of its analysis. The values may be described as an estimate of the potential social value of an activity at the community level, but it may be necessary to acknowledge some caveats.

- Is there any reason for thinking that the organisation’s participants might be different from the general population? Are they, for example, more likely to be retired citizens? If so, the use of average values for the general population might not be reasonable.
- Is the data held by the organisation sufficiently detailed to know whether participants are meeting the various activity thresholds in Table 2? Often, this information may not be available. If so, the report must not overstate potential benefits by using maximum values if there is no evidence that participants are meeting that threshold.
- Is it reasonable to assume participants engage only in recreational physical activity provided by this organisation? If not, some of the value generated from meeting the activity threshold should not be included in the study, since a proportion must be attributed to other recreational physical activities.

### 3.3 Key Considerations for a Bespoke SROI at the Community Level

Carrying out a bespoke SROI study at the community level can be expensive. Each of the stages set out in section 2.3 require time and expertise. An organisation needs access to good data and evaluation methodologies. The Appendix to this guidance provides further resources that might assist in commissioning or carrying out a bespoke SROI. This section emphasises some key considerations in the SROI guide developed by SVI.<sup>20</sup>

1. **Purpose and audience.** The level of detail required for an SROI study depends on the purpose of the study. A short analysis for internal purposes, to help understand the difference a physical activity programme makes, will require less data and less time than a highly rigorous analysis for an external audience (including funders such as community trusts, local Councils or Government agencies).
2. **Knowledge and skills.** An understanding of SROI Principles, experience of working with stakeholders and an ability to work with quantitative data are necessary skills for undertaking an SROI. Social Value Aotearoa offer services and support around the SROI methodology and the necessary tools to measure and maximise social value.<sup>21</sup>
3. **Data availability.** Evaluative SROI studies require a considerable amount of data. For example, data on ‘inputs’ such as grants from Sport NZ and consumer spending, data on ‘outputs’ such as participation and volunteering, and ‘outcomes’ data such as

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<sup>20</sup><https://www.socialvalueint.org/guide-to-sroi>

<sup>21</sup><https://www.socialvalueaotearoa.nz/resources/>

health care costs, or measures of life satisfaction. A lack of data is a common reason for excluding social outcomes from an SROI study.

4. **Stakeholders.** The starting point of an SROI study is to identify stakeholders or beneficiaries. Stakeholders are individuals (e.g., participants) or organisations (e.g., clubs) who experience change from the programme. Taking account of all stakeholders that are significantly affected by an activity is important. They should be involved throughout the six stages of an SROI study.
5. **Understanding change.** Taking time to understand what changes for stakeholders is central to a good SROI study. Understanding relationships between inputs, outputs and outcomes (documented in a theory of change) is necessary to record how a physical activity programme makes a difference. It is important to measure outcomes that matter to the stakeholders who are directly affected, not the outcomes intended by a provider. Recognising positive and negative changes that take place is also important.
6. **Evidence.** Evidence enables you to know the changes that have occurred. Gathering evidence to support individuals' *opinions* of changes is essential. Evidence takes many forms and, depending on the rigour of a study, may look different in different contexts. It can include primary evidence collected with participants or clubs through tools or questionnaires, or it can be secondary evidence published in reports.
7. **Contribution.** Understanding the role of a programme in creating change in people's lives is also essential to avoid overclaiming social value. Consider who else or what other activities are making a difference to people's lives. An SROI study needs to take account of deadweight loss (what would have happened anyway), displacement (where the activity has simply replaced another), and attribution (the percentage of outcomes attributable to this activity, rather than to other activities).
8. **Relative value.** An SROI study is about understanding the relative value of outcomes to the individuals or organisations affected. A key thing to remember is that an SROI study should measure what matters to stakeholders. If an outcome is important to your stakeholders, then try to find a way to measure it. If an outcomes changes but it is not significant to your stakeholders, then it should be excluded.
9. **Record keeping.** Undertaking an SROI involves lots of assumptions and decisions throughout the process. Keeping a good record of your planning and progress from the start of the analysis makes it easier to document your process and to be scrutinised by others. SROI is not a precise science, but you need to be able to justify your findings with an audit trail of all the key decisions made.

For more detailed information on how to carry out an SROI study, a good place to start is the SVI document, [Guide to Social Return on Investment](#). Sport NZ is also preparing resources that will be made available on its [website](#) when completed.



## Chapter 4

# Reporting Outcomes for Māori

### 4.1 Introduction

This guidance has explained that the Sport NZ National SROI study for Recreational Physical Activity in Aotearoa New Zealand was undertaken with a clear bi-cultural lens to recognise the value of physical activity to all citizens (see section 2.6). The national study recognised, for example, distinctive Māori understandings of intergenerational wellbeing that draw on cultural values, beliefs, social norms and Indigenous knowledge. It therefore undertook interviews and case studies of Māori success as Māori and it included outcomes articulated by Māori stakeholders that were reported but not monetarised in the analysis.

This chapter draws on that study to offer guidance on how community level organisations can report outcomes for Māori, structured in three sections. The first section provides context by introducing Sport NZ's Māori Outcomes Framework (Te Pākē o Ihi Aotearoa). The second section addresses organisations that are primarily managed by Māori for Māori, named here as Kaupapa Māori organisations. There is a long history of such organisations in the physical activity sector. The third section is for other organisations, including those with formal bicultural structures that enable Māori to exercise rangatiratanga (chiefly leadership) in matters affecting Māori.

### 4.2 Te Pākē o Ihi Aotearoa – Sport NZ's Māori Outcomes Framework

A key step in any SROI analysis is Stage 2, Map inputs, outputs and outcomes associated with the programme (see Figure 1 in section 2.3). This is always done with the stakeholders identified in Stage 1 of the analysis. Nevertheless, it can be helpful in these steps to be mindful of relevant frameworks at the national level describing outcomes for similar programmes.

Te Pākē o Ihi Aotearoa is a Māori Outcomes Framework developed by Sport NZ after extensive research, consultation and meaningful conversations.<sup>22</sup> It weaves together Māori long term outcomes and guiding principles. Te Pākē is a Māori rain cape. The first line on Te Pākē is **Te Aho Tapu**, which holds the cape together and introduces the whenu, or threads, that run vertically through the framework. It sets out the overarching kaupapa or commitment of Te Pākē: **Tangata Whenua are enabled to participate and succeed as Tangata Whenua.**

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<sup>22</sup> <https://sportnz.org.nz/resources/te-pake-o-ih-i-aotearoa-the-maori-outcomes-framework/>.

Te Pākē presents long term outcomes for Māori consistent with that commitment, recognising that some outcomes may be difficult or inappropriate to measure in monetary terms. The long-term outcomes are bound by three primary threads:

- **Te Whakamana i te Tiriti** – Giving effect to Te Tiriti
- **Mauri Tū** – Cultural Capability
- **Mauri Ora** – Cultural Vitality

### 4.3 Kaupapa Māori Organisations

Kaupapa Māori organisations are primarily managed by Māori for Māori. A Kaupapa Māori organisation is likely to recognise that the SROI framework emerged from Western scholarship in which social benefits are typically modelled as the sum of individual benefits. It is therefore not appropriate to incorporate collective values such as mana, whakapapa, whanaungatanga, kaitiakitanga o te taiao, tikanga, mātauranga, te reo and mana motuhake.

Further, the SROI method focuses on measuring benefits and costs in monetary terms to calculate the social return figure. This produces statements such as “for every \$1 invested in recreational physical activity, \$2.12 worth of social value is generated for individuals and society”. For some benefits identified by Māori participants, including benefits to whānau, hapū, iwi, te reo and te taiao, monetarisation may be undesirable and/or unacceptable. While collective and cultural benefits might not be monetarised, the contribution of these outcomes towards hauora cannot be understated and should not be ignored.<sup>23</sup>

The Sport NZ National SROI study reported that many Māori programmes would benefit from better funding. A Māori organisation might choose to undertake an evaluative SROI for external funders, while insisting that the quantitative calculation does not capture all the benefits of its activities. Such a study might reveal, for example, that health benefits from participation in physical activity justify further funding, while recognising that Western philosophical positions on health and illness are very different to Indigenous understandings.

If a Kaupapa Māori organisation determines it will perform a SROI study, it may choose to provide opportunities for participants to report on diverse benefits considered important but not for inclusion in the monetarised analysis. This was the approach adopted in the Sport NZ National SROI study, where the following eight beneficial outcomes for Māori participants were described but not monetarised.

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<sup>23</sup> Hauora" is a holistic concept of health and wellbeing that encompasses the physical, mental, emotional, social and spiritual dimensions of an individual and their community. It reflects a comprehensive approach to health that integrates various aspects of life, recognising that wellbeing is not just the absence of illness but a state of overall harmony and balance.

- Intergenerational participation strengthens whānau.
- Reclamation and protection of mātauranga Māori strengthens Indigenous knowledge systems.
- Participation provides opportunities to reinforce and practice tikanga Māori strengthening 'a Māori way of life'.
- Whakawhanaungatanga (kinship) ties are strengthened through participation.
- Cultural identity is strengthened through participation in Māori sport and recreation.
- Māori sport and recreation provides opportunities to connect to the whenua 'as Māori'.
- Rangatahi experience leadership through Māori sport and recreation.
- Māori sport and recreation are an expression of mana motuhake.

These outcomes are offered as examples. Different organisations with different contexts will have their own examples of core values that motivate their activities.

#### 4.4 Organisations Committed to Māori Outcomes

Any organisation providing physical activity services may have a commitment to supporting strong outcomes for Māori as Māori. Many organisations in the recreational physical activity sector, for example, have bicultural arrangements in governance and management that aim to empower Māori leadership in fostering participation of Māori as Māori.

A proposal to undertake a social value analysis provides an opportunity for learning and sharing to take place from different world views on how to frame benefits from participation in physical activity. This takes time that cannot be rushed.

There may be concerns, for example, that a social value study might prioritise beneficial outcomes that can be monetarised for individual participants. Hence, outcomes for whānau or outcomes that are valued but cannot be monetarised might be overlooked or tacked on as an optional extra. A related concern might be that financial resources could be used to target the monetarised benefits, at the expense of other values.

Social Value International, which leads global collaborations on setting standards for social value measurement, is clear on concerns such as these. It has adopted, for example, six commitments to promote its mission, beginning with the commitment to be inclusive:<sup>24</sup>

We are committed to a culture of inclusivity to ensure that all voices are heard, respected and valued equally. Throughout our organisation and membership, we ensure and expect mutual respect, dignity for all and equality of opportunity.

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<sup>24</sup> <https://www.socialvalueint.org/who-are-svi>.

This respect for hearing diverse voices and valuing them equally is reinforced in the SVI standard on applying *Principle 3: Value the things that matter*. A highlighted text box in the standard makes the following observation:<sup>25</sup>

Value is subjective in its very nature. Therefore, it is critical that Principle #3 is applied in conjunction with Principle #1 ‘Involve stakeholders’ so that we value outcomes from their perspective.

This applies to different perspectives of Tangata Whenua and Tangata Tiriti in an organisation. Although only monetarised benefits can be included in a SROI calculation, the SVI Standard on Principle 3 advises that non-monetary valuation approaches should not be discarded. They can help validate a SROI or can be combined with a monetary valuation to provide a better picture of the full range of things that matter to participants in an organisation’s activities.

An organisation might be tempted to commission an SROI study that focuses on monetarised benefits with some added text indicating Māori participants are likely to experience additional non-monetarised benefits (such as those listed in section 4.3). The SVI standard on applying *Principle 3: Value the things that matter* warns against such an approach in general terms:<sup>26</sup>

Unless the scope of your analysis is for a national population, secondary data about average value for a large population is less desirable than primary data from stakeholders.

The Standard emphasises the need “to avoid significant errors with decision makers needing confidence in the ability to reliably transfer values from one situation to another”. In this context, the experience of Māori participants is likely to be very different in a Kaupapa Māori organisation than in other organisations.

To illustrate, many sport tournaments are restricted to a specific age group. Māori Touch NZ organises its annual tournament so that whānau and hapū participate together. This supports its mission: “Māori will be empowered and strengthened in tikanga, te reo, whanaungatanga, and hauora through the game of touch”.<sup>27</sup> The Sport NZ National SROI study found participants greatly valued this, but it can’t be assumed that similar benefits will occur in organisations without a strong focus on collective activity and cultural immersion for Māori empowerment.

Thus, *Principle 1: Involve stakeholders* means ensuring Māori participants are able to voice their experience within an organisation, so that outcomes are recognised and valued from the perspective of participants. A social valuation in which Māori describe what this means in an

<sup>25</sup> <https://www.socialvalueint.org/principle-3-value-the-things-that-matter>. The text box is on p. 5.

<sup>26</sup> <https://www.socialvalueint.org/principle-3-value-the-things-that-matter>. The quote is from p. 15.

<sup>27</sup> <https://maoritouch.co.nz/about-us>.

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organisation's own context can lead to new ways of doing things that create benefits for Māori participants. This can add to an organisation's vitality, creating benefits for all stakeholders.

## Chapter 5

# Responsible Reporting of Social Value

### 5.1 Introduction

Social value measurement enables organisations to understand the broad impact of the activities they deliver. This includes, but is not restricted to, financial values. It helps understand the relative importance of the wellbeing changes experienced by participants and other stakeholders and inform decision-making to increase positive social outcomes and decrease negative ones. Nevertheless, the credibility of social value measurement relies on the responsible use of methods. The final chapter of this guidance document therefore discusses important considerations for carrying out and reporting social value.

### 5.2 Important Considerations

SROI is a practical and credible economic evaluation method, which is increasingly popular across the public and not-for-profit sectors. However, it is not without limitations. Some commentators argue that the SROI ratio calculation is susceptible to misinterpretation and results can be misleading. For example, under-reporting inputs such as the amount of money participants spend on taking part in sport can inflate the SROI ratio of an activity. Additionally, under-reporting negative outcomes can also have the same effect. Others worry about the subjectivity of how researchers apply professional judgements throughout a SROI process, although this criticism can also be levied at other social impact methods. There are ways to mitigate and minimise some of the common problems raised.

**Transparency** is a key Principle of SROI and important for demonstrating how an SROI analysis has been carried out. All SROI studies require some assumptions to be made to enable outcomes to be monetised. It is important that these assumptions, and the calculations underpinning SROI calculations are clearly documented and reported. This is essential to maintain confidence in the SROI method and enable the end users of the research to see the mechanics of the estimations.

**Overclaiming.** A very important SROI Principle is ‘do not overclaim’. This means only claiming the specific value that recreational activities are responsible for creating. The Sport NZ National SROI study was deliberately conservative, for example, and likely to underestimate the value of recreational physical activity. This is good practice for all SROI studies, as is conducting sensitivity analysis to test the assumptions of the analysis and to identify which outcomes are most likely to have a significant impact on the ratio.

SROI studies sometimes overclaim by reporting ‘gross value’ rather than ‘net value’ i.e. valuing someone’s entire recreational activity, rather than the proportion resulting from an intervention or programme (see the last point in section 3.2 above). Overclaiming can quickly undermine confidence in an SROI study and the credibility of the findings.

**Materiality.** Recreational physical activity results in different outcomes for different people and it can be difficult to decide on which outcomes to include in an SROI and which to exclude. The decision is made easier when there is a clear lack of evidence linking recreational physical activity with a particular outcome, or when there is a lack of good data to enable the change to be measured, but this is not always the case.

Principle four states ‘Only include what is material’. Material outcomes are those that are important to stakeholders and if ignored would result in a different decision being made. Stakeholders are crucial for determining whether outcomes are material, rather than funders or investors, and should always be included in this decision-making process.

**Comparing studies.** An SROI is often linked to the question, is a programme being evaluated providing good value. It is therefore tempting to compare studies and rank their SROI calculations. However, no two SROI studies are the same. Stakeholders identify different outcomes and studies use different valuation techniques to monetise outcomes. Researchers using the Principles of Social Value may make different judgements and assumptions during the research process.

Consequently, as a general rule, Social Value International recommends that comparisons between SROI studies should be avoided. If a comparison is made, it should not focus on the calculated ratios without paying careful attention to how the different studies have analysed how people have benefited from their participation (see section 5.4 below).

There can be merit in comparing the SROI of an intervention or a programme to the Sport NZ National SROI study as a guide or a benchmark. Assuming a similar methodology in the community study, this could be a useful way for an organisation to articulate the unique or extra difference it is making to society value, over and above general participation. It may also be beneficial to compare two SROI studies of the same organisation or activity repeated at a different points in time (again following the same methodology to allow valid comparisons).

**Report Assurance.** For organisations carrying out a bespoke SROI study, Social Value International offers for a fee a service known as Report Assurance. During this process an SROI analysis will be independently checked by a qualified assessor. They will check whether you have a good understanding of social value principles and practice. Getting an SROI report independently assured gives it an externally verified mark of quality and credibility.<sup>28</sup>

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<sup>28</sup> <https://www.socialvalueint.org/report-assurance>

Note, however, that Principle 3 (Value what matters) may prioritise the use of financial proxies. This may be problematic if stakeholders agree that some beneficial outcomes should not be monetised, as was the case for Māori outcomes in the Sport NZ National SROI analysis. In such cases the views of stakeholders must be recognised and respected.

### 5.3 Credible Data Sources

A practice that can undermine confidence in an estimated SROI value is the use of data that are not fit-for-purpose. In cases where there is no verifiable measure of the financial benefit of an outcome, it can be tempting for analysts to provide their own subjective estimate. This might be expressed in a statement such as, “For the purposes of this analysis, the financial value of this benefit was assumed to be \$X per person.” This temptation must be resisted.

Researchers are developing new techniques for creating accepted estimates of financial values for wellbeing benefits. An example is the Social Value Banks developed by Simetrica-Jacobs in the United Kingdom.<sup>29</sup> This initiative includes the creation of a Sport Value Bank specifically targeted at organisations operating in the UK sports sector.

Simetrica-Jacobs have undertaken research, commissioned by Sport NZ, to develop a Sport NZ Subjective Wellbeing Value bank that offers insights on wellbeing valuation in a New Zealand context.<sup>30</sup> This Sport NZ SVB does not provide free access. Sport NZ are currently piloting the use of the SVB within the New Zealand Play, Active Recreation and Sport sectors.<sup>31</sup> Sport NZ will continue to make resources available on its website as this research continues.

Another credible source for wellbeing values is a database maintained by the New Zealand Treasury called CBAX.<sup>32</sup> This tool is regularly updated with new data organised under the 12 wellbeing domains of its Living Standards Framework. Designed primarily for public sector decision-makers, this database of financial proxies for wellbeing benefits is generally accepted as reliable. Associated with this tool is a comprehensive guide to social cost benefit analysis.<sup>33</sup> The guidelines prepared by the New Zealand Transport Agency Waka Kotahi for forecasting health benefits from infrastructure investments is consistent with the CBAX approach.<sup>34</sup>

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<sup>29</sup> <https://www.simetrica-jacobs.com/tools>.

<sup>30</sup> <https://sportnz.org.nz/resources/wellbeing-valuation/>.

<sup>31</sup> <https://sportnz.org.nz/resources/wellbeing-valuation/>.

<sup>32</sup> <https://www.treasury.govt.nz/information-and-services/state-sector-leadership/investment-management/investment-planning/treasurys-cbax-tool>.

<sup>33</sup> <https://www.treasury.govt.nz/publications/guide/guide-social-cost-benefit-analysis>.

<sup>34</sup> <https://www.nzta.govt.nz/assets/resources/Monetised-benefits-and-costs-manual-technical-notes/health-and-active-modes-impacts-march-2020.pdf>.



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Although social cost benefit analysis is not quite the same as SROI analysis, there is considerable overlap in the foundational principles for both techniques. This can be important in analyses intended to inform a business case for new recreational facilities.

## 5.4 Understanding and Communicating the Value Created

Many people associate SROI with a ratio, or a headline ‘return on investment’ statement. This can be an important calculation for internal and external stakeholders. However, much of the value of a good SROI comes from understanding stories of change that are told through qualitative analysis, as demonstrated by the reporting of Māori outcomes in the Sport NZ National SROI study. It is therefore best practice to report an SROI analysis as comprehensively as possible. It may be desirable to produce infographics and a summary report for dissemination to wider audiences. These should ideally be accompanied by a technical document which provides a detailed report of the six stages undertaken and provides a nuanced analysis of the full range of benefits identified by participants in the study.

## 5.5 Conclusion

The research on measuring social values created by civil society organisations is growing quickly. As noted at the beginning of this guidance, Sport NZ does not expect its partners or the sector to undertake SROI studies. Community organisations may find that using data from the Sport NZ National SROI study will suffice for their purposes, alongside other relevant project-specific evaluations.

Nevertheless, social value studies have enabled the recreational physical activity sector to record and communicate a more holistic view of value than was previously possible. There remain some gaps in the scientific evidence (including, for example, research gaps identified in the national SROI). Reducing these gaps will enable SROI to reach its full potential in helping sport and recreation organisations understand their contribution to social goals such as better physical and mental health, reduced inequalities, higher market productivity, greater social connections and stronger expressions of cultural identity.

Indeed, Social Value International suggests that one of the biggest challenges of SROI is the gap between what SROI seems to be able to do and the ambitions people have for it. SROI is not yet a panacea for valuing all the societal benefits of recreational physical activity.

Nevertheless, SROI is a flexible framework that organisations can use for learning and experimentation. This Guidance has been produced to help organisations wishing to undertake a bespoke SROI study to use the method appropriately and to report the results responsibly for the collective good of the recreational physical activity sector.

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## Appendix: Further Resources

Several organisations offer resources on how to complete a Social Return on Investment (SROI) analysis, including applications in the recreational physical activity sector. The following sections provide links to some of these key resources. These links are valid at the time of completing this report.

### Social Value International

Social Value International (SVI) describes itself as the global network for social value and impact management. Its website can be accessed at <https://www.socialvalueint.org/>. SVI has published a guide to SROI, which is available in several languages [here](#). There is a dedicated page on the site to the eight principles of social value, which includes a graphic integrating the principles, which can be accessed [here](#). There is guidance set out in a formal standards statement for each principle, each with its own webpage. Access to this guidance is available [here](#).

### Social Value Aotearoa

Social Value Aotearoa is an affiliated national network of the global organisation, Social Value International. It coordinates a range of activities to promote four pillars: (1) Drive systems change; (2) Build capability for innovation; (3) Create the space for change; and (4) Build new solutions. Its website can be accessed at <https://www.socialvalueaotearoa.nz/>. Its activities include the provision of accredited training on SROI and related topics; details are available [here](#).

### ImpactLab

ImpactLab is a private organisation that provides SROI services in New Zealand. It helps organisations to measure and report their social value impacts and to calculate the social return on investment in their programmes; see <https://impactlab.co.nz/>. With Jarden Securities Ltd in 2013, it published an introduction to SROI across the charitable sector of Aotearoa New Zealand, which can be downloaded [here](#).

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## The New Zealand Treasury

The New Zealand Treasury, Te Tai Ōhanga, is the Government's lead economic and financial adviser and steward of the public sector financial management and regulatory systems; see <https://www.treasury.govt.nz/about-treasury/who-we-are>. Its vision is lifting living standards for all New Zealanders. This includes promoting prosperity for future generations. Consistent with its vision, the Treasury since 2011 has been iteratively developing its Living Standards Framework that aims to capture many of the things that matter for New Zealanders' wellbeing, now and into the future. It can be accessed [here](#). It has also adopted He Ara Waiora, which is a framework that helps the Treasury understand waiora, a concept that relates to Māori perspectives on wellbeing and living standards. He Ara Waiora can be accessed [here](#).

These frameworks affirm that wellbeing is a much broader concept than traditional measures such as Gross Domestic Product. Hence, the Treasury maintains a database, known as CBAX, that uses generally accepted methods for monetising some wellbeing benefits that may be relevant for a SROI analysis. The database and explanatory material is available [here](#).

## Sport New Zealand Ihi Aotearoa

Sport NZ is a Crown entity that acts as a kaitiaki (guardian) of the play, active recreation and sport system in Aotearoa New Zealand. Its website is at <https://sportnz.org.nz/>. Sport NZ has an outcomes framework aligned with the Treasury's Higher Living Standards Framework, accessible [here](#). It also has a Māori outcomes framework, Te Pākē o Ihi Aotearoa, which is accessible [here](#).

In 2017, Sport NZ commissioned Angus & Associates to prepare a report on the value of sport and active recreation to New Zealanders; see the resources [here](#). In 2022, it commissioned the authors of this current report to undertake a national-level SROI analysis of recreational physical activity in Aotearoa New Zealand. The main report, a technical report and an insights summary are available [here](#).

Sport NZ continues to develop resources for organisations in the sector looking to understand and communicate their social value, which will be published on their website as they become available. A good starting point is its wellbeing valuation page, accessible [here](#).

## Sport England

Other countries are also engaged in measuring the impact of investment in recreational physical activity. An example is the work programme of Sport England on measuring impact. This includes national studies and tools for analysing local programmes. This material can be accessed on a sequence of web pages beginning [here](#).