Securing the Future:

Navigating Funding Uncertainty in Play, Active Recreation and Sport

SPORT NEW ZEALAND IHI AOTEAROA

Te Kāwanatanga o Aotearoa
New Zealand Government

The funding landscape for play, active recreation and sport in New Zealand is changing rapidly, marked by uncertainty, shifting participation trends, and evolving funding sources. This report helps sector leaders plan and act today with recommendations to strengthen funding resilience.

What we know about the current funding environment

Sector Funding Snapshot - 2022

Total sector funding

$4.0 billion

COVID-19 Aftermath

Funding fell by $250 million from 2019 to 2020. Although there has been some recovery by 2022, overall funding remains below pre-pandemic levels.

Changing Funding Sources

Since 2018, there is increased reliance on central/local government and Class 4 gaming grants, while income from membership, participation, sponsorship, and commercial activities has declined.

Inflation-Adjusted Decline

By 2022, sector revenue was 14% ($540 million) lower in real terms than in 2018, with inflation eroding real funding each year post-pandemic. Only central government contributions have kept pace with inflation.

Shift in Participation

There is a move away from organised sport towards fitness, events, and recreational activities, which are experiencing revenue growth, while traditional clubs and organisations face stagnation or decline.

Organised Sport Under Pressure

National and regional sports organisations and clubs have experienced a 20% real funding decrease from 2018 to 2022.

Traditional Club Revenue Models

Membership in many clubs is declining and subscription revenue is diminishing. The cost of compliance and changing habits are making bar operations unprofitable or marginal at best.

For more detail see the 2023 NZIER report on the funding of the play, active recreation and sport sector.

Developments post 2022

Funding environment

Tighter and more targeted funding

Since 2022, the environment is marked by fiscal sustainability, regulatory compliance, and greater scrutiny on value for money.

Participation impact

Rising living costs have reduced participation, especially among vulnerable groups.

Sport NZ Group funding

2025/26 Allocation

$118.8 million (including $74 million for high performance, $29 million for community sport/policy, $11 million for integrity).

Fiscal constraints

Sport NZ required to cut 7.5% from its 2023/24 baseline for 2024/25 and ongoing.

High performance focus

Investment is increasingly targeted at Olympic medal prospects.

Proceeds from gambling

Class 4 gambling

$165 million was returned to play, active recreation and sport in 2024 (consistent with distributions in 2023). New regulations in 2023 introduced stricter harm prevention requirements. High competition for venues results in shifts in distributions among societies. Demand for Class 4 funding significantly exceeds supply, with applications from sport sector organisations double the distributed funding in 2024.

Sports betting

In 2025, TAB NZ became the sole legal provider of online sports and racing betting, resulting in it becoming illegal for offshore agencies to take bets from New Zealanders. Coupled with a 25-year partnership with Entain established in 2023, it is anticipated there will be higher commission payments to contracted NSOs, in addition to a one-off $20 million paid to Sport NZ.

Lotto funding

Sport NZ receives a share of net profits distributed by the Lottery Grants Board. This equates to about $70m and makes up over 60% of Sport NZ funding. Possible formula change post 2028. The Community Facilities Fund was cut by 46% in 2023/24, and the Significant Projects Fund has not been operational since 2023.

Online Casino Gambling Bill (Introduced 30 June 2025)

The Bill proposes up to 15 licensed online casino operators in New Zealand with the ability to advertise, without requiring them to return funds to the community - unlike the three existing gambling providers. This creates a risk of substitution, with gamblers shifting from community-funding outlets (like Class 4 gaming) to online casinos that provide no community grants.

Overseas studies suggest Class 4 revenues could change between a 2% increase (best case) and 15.8% fall (worst case) over five years - on top of an existing decline of 1.8% annually (2019-24). By 2029, this equates to a potential loss of up to $43.3m annually in sport funding under a worst-case scenario. Best case, funding could increase slightly (around $1.8m) if online gambling stimulates broader gambling activity.[1]

1 Potential impact of the Online Gambling Bill on funding of sport and recreation; NZIER, 2025.

Local government

Budget constraints

Since 2023, local government has faced ongoing fiscal pressure, leading to more strategic, accountable and prioritised funding decisions.

Targeted caps rate

The consideration of capping targeted rates could limit councils' ability to fund new and upgraded sport and recreation facilities, risking underinvestment, widening regional inequality, and reducing access to quality amenities for communities unless alternative funding solutions are established.

Spaces and places funding

Some councils have decreased support for facilities. Scrutiny of new, and redevelopment of existing facilities have increased.

Participation and accessibility

Cost-of-living impact

Reduced household ability to pay has led to lower spending, declining club memberships and a shift toward informal or free activities.

Equity concerns

Lower-income families and young people are most affected, raising concerns about equitable access to play, active recreation and sport.

Commercial and broadcasting

Sponsorship challenges

The sector faces a tougher environment for attracting sponsorships, driven by changing media habits, fewer traditional sponsorship opportunities and higher sponsor expectations. Yet, there are isolated examples of increased business willingness to engage with sport e.g. BNZ/Basketball.

Broadcasting

The changing landscape of sports broadcasting in New Zealand is significantly affecting the revenue streams for NSOs. Sky's purchase of TV3 signals a consolidation of media power amid a challenging market, while TVNZ's winning of exclusive FIFA World Cup rights has seen it launch a new pay-tv model for premium events. Rugby's latest Sky/TVNZ deal secures visibility through free-to-air coverage but reflects declining rights fees and removes key internationals from bundled agreements, increasing financial uncertainty for rugby. Netball's move to TVNZ in 2026 boosts public access but comes with reduced broadcast revenue. This era marks the end of lucrative broadcast deals for most codes, leaving NSOs searching for new, sustainable revenue models.

Decline of pay per view (PPV)

The UFC has signed a 7-year, US$7.7B deal with Paramount, making Paramount+ the exclusive U.S. streaming home and ending standalone PPV. With one lower-cost subscription model, UFC aims to expand reach, cut piracy and strengthen fan engagement. The deal highlights the decline of PPV and cable exclusivity, while positioning streaming as the primary home for premium live sports. It also sets a potential blueprint for future sports media rights as traditional models face accelerating disruption.

Signals shaping future funding

The following matrix identifies major signals that could disrupt future funding for play, active recreation and sport.

Impact Area	Funding Source Affected	Urgency	Detailed Nature of Risk/Opportunity
Inflation	All sources	High	Funding power declines, especially for grants and sponsorships not indexed to inflation; widening resource gaps.
Cost-of-living	User fees, household spending	High	Participation drops among low-income families and youth, reducing fee revenue and widening equity gaps.
Space and place costs	All sources	High	Facilities become less accessible or close; participation and programme delivery suffer; Maintenance standards reduce resulting in lower quality facilities, and required facilities are not built in population growth regions.
Class 4 gambling trends	Gaming machine grants	High	Declining grant pool; increased regulatory pressure; continued shift to local recipients; uncertainty for recipients reliant on this funding.
Equity concerns	All sources	High	Social exclusion increases; targeted programmes may lose funding, exacerbating disparities.
Commercial challenges	Sponsorship, Broadcasting	High	Reduced sponsorship revenue; need for innovative engagement strategies; increased marketing costs.
Local government reform	Council grants, spaces and places	High	Less local funding for required new facilities, operations and upgrades; risk of facility closures or service cuts.
Cause funding	Grant Foundations	High	Grant making foundations are narrowing their focus on impact and equity related investments (i.e. less of a focus on sport and more of a focus on equity and opportunity).

Impact Area	Funding Source Affected	Urgency	Detailed Nature of Risk/Opportunity
Online gambling regulation	Community grants	Medium	Community groups lose a key revenue source; need to identify alternative funding streams; or new regulation creates new funding stream.
TAB monopoly extension	Betting revenue	Medium	5-10 NSOs benefit from increased revenue.
Shift in participation	Memberships, user fees	Medium	Traditional revenue streams shrink; need to adapt funding models to new participation trends.
Lotto trends	Lottery grants	Medium	Unpredictable funding post 2028; difficult to plan long-term programmes based on fluctuating grant levels.
Demographic change	All sources	Medium	Changing demand for services; potential for both increased and decreased participation in different segments.
Technology shift	All sources	Medium	New revenue streams and engagement models, but traditional models may be disrupted.
Environmental risk	Facility costs	Medium	Increased costs for climate adaptation and insurance; risk of facility damage or closure.
Volunteerism decline	Operational budgets	Medium	Reliance on paid staff increases operational costs; potential reduction in programme delivery capacity.

What's next?
4 scenarios to anticipate the future of funding

By anticipating a range of possible futures, organisations can better safeguard themselves and continue delivering value to their communities, regardless of what lies ahead. These scenarios can also be used to stress-test strategies, prioritise resilience and remain agile.

Growth

Steady Climb

Overview

A stabilising economy drives incremental funding increases, technological piloting, and steady participation, but risks complacency on equity and innovation.

Key signals

- Incremental, predictable increases in government and Lotto funding.
- Technology trials expand access, but mainly for those already engaged.
- Local government invests in high-impact, low-risk projects.
- Low regulatory turbulence with minimal surprises.

Action triggers

- Map and actively address equity gaps.
- Invest in innovation and futureproofing.
- Track sector trends to prevent stagnation.

Workforce implications

- Incremental skills improvement for existing workforce.

How this scenario is experienced

Hilltop Rec Centre enjoys stable government and local funding. Joanne can confirm both junior football and digital fitness pilots. Participation creeps upward, especially among young adults. Outreach remains limited for rural families, but continuity feels assured. The atmosphere is one of security - with a wary eye on groups that funding doesn't reach.

Discipline

Tightening Belts

Overview

Funding plateaus or declines. Efficiency and impact take precedence, forcing consolidation and partnerships, but also putting pressure on inclusion and service adaptability.

Key signals

- Budgets freeze or shrink as operational costs rise.
- Greater scrutiny, with rising reporting demands and compliance.
- Capped budgets squeeze outreach to disadvantaged groups.
- Emergence of consolidation and shared service models.

Action triggers

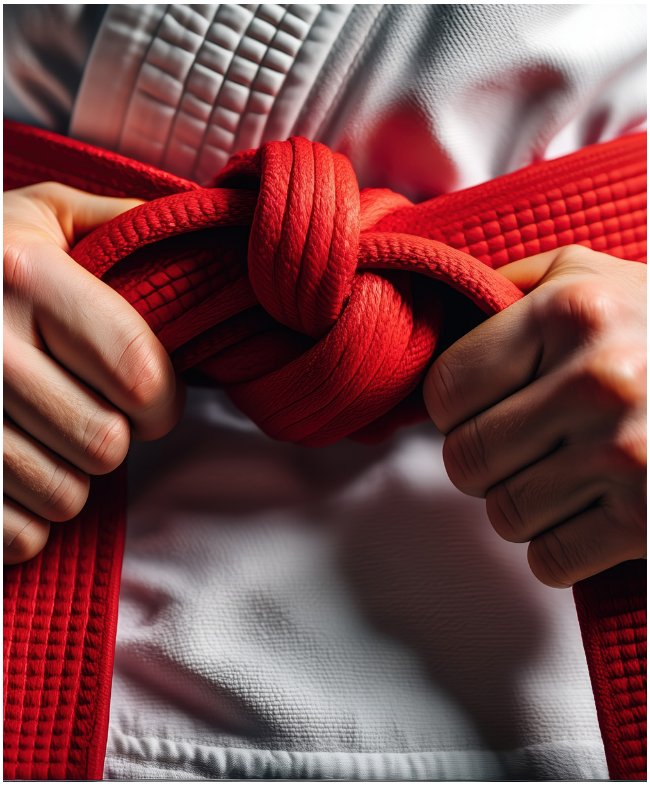
- Prioritise core and high-impact services.
- Proactive decommissioning and retirement of assets to avoid costs.
- Seek partnerships and resource-sharing.
- Systematically collect and use data to advocate for the sector.

Workforce implications

- Greater focus on skills to facilitate partnerships.

How this scenario is experienced

At Riverside Sports Trust, Iri faces budget freezes. Programmes for neurodiverse youth are dropped; costs are trimmed wherever possible. Facility-sharing and programme mergers become survival strategies. Core activities continue, but peripheral and small-group offerings shrink. The sector becomes leaner - some are left behind.



Collapse

On the Brink

Overview

Severe, rapid funding shocks lead to sector contraction. Survival replaces strategy, severely risking equity and community access.

Key signals

- Revenue from all sources collapses; lay-offs and closures surge.
- Remaining organisations operate in crisis mode; volunteer base evaporates.
- Access and equity deteriorate sharply.
- Assets and facilities are abandoned – transferring responsibility to Councils.

Action triggers

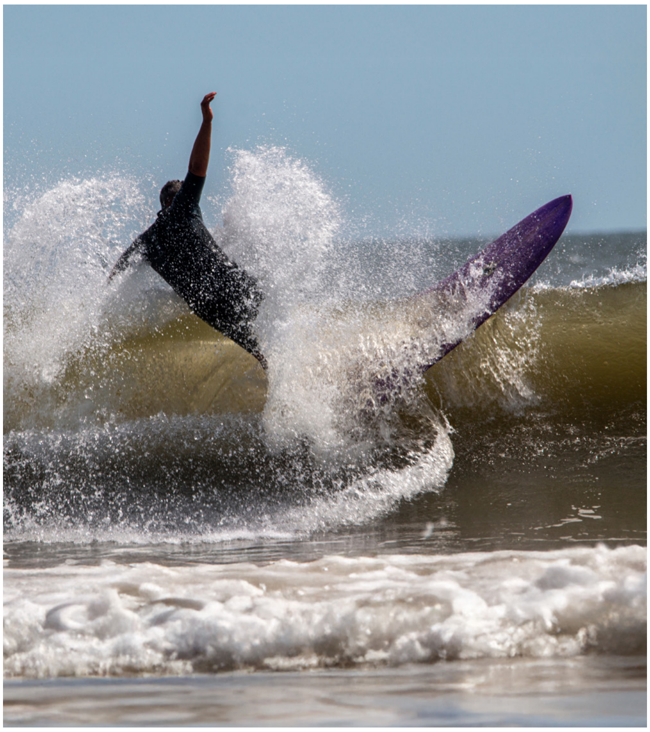
- Develop emergency resilience and continuity plans.
- Urge government/philanthropy for stop-gap funding.
- Trial radical, low-cost programme adaptations.

Workforce implications

- Paid and volunteer workforce downsized.
- Greater health and safety and risk management skill requirement.

How this scenario is experienced

Small-town Recreation Trust reels as grants and council support collapse. Staff layoffs, programme cancellations, and rising user fees drive away participants - especially low-income families. Volunteers burn out. The board scrambles to reduce costs or merge, with only minimal services struggling on. Community spirit and access both erode dramatically.



Transform

Thriving Through Change

Overview

Organisations rapidly adapt, diversifying income, leveraging technology, and forging new partnerships to deliver inclusive, innovative services.

Key signals

- Broadened revenue base with new social/tech-driven income streams.
- Digital-first engagement expands reach and effectiveness.
- Demand is managed through shared booking platforms.
- Organisations position to receive cause-based philanthropy funding (gear up to access intergenerational wealth transfer).
- Data informs responsive, flexible programming.
- Regulatory changes anticipated and proactively managed.

Action triggers

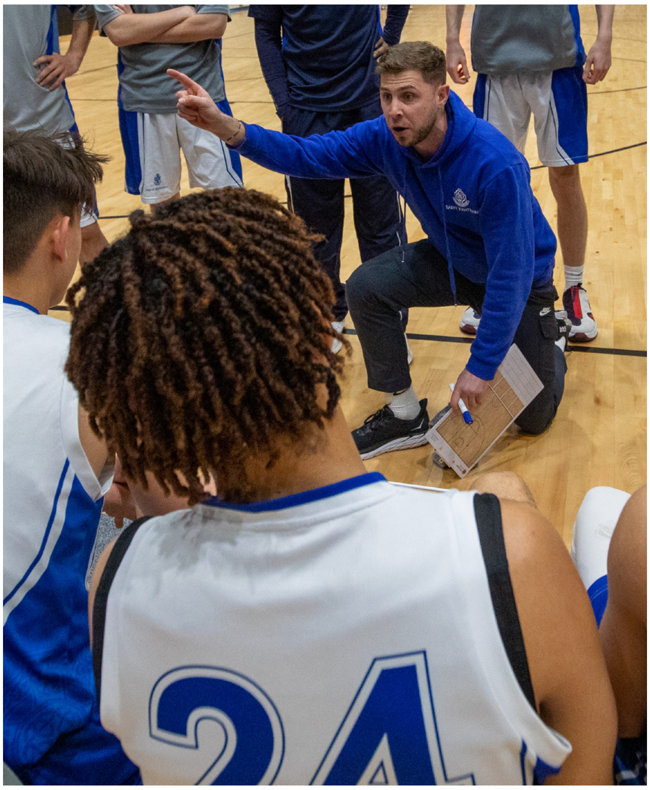
- Invest in digital capability and robust data.
- Move from funded relationships to formalise cross-sector partnerships where risk and value are genuinely shared.
- Systematically measure and communicate outcomes.

Workforce implications

- Skills in tech and network optimisation at the forefront.
- Data focussed asset management increases.
- Less focus on capital project skills.

How this scenario is experienced

Urban Active Alliance becomes a social enterprise, launching virtual classes and flexible, pay-what-you-can models. Cross-sector partnerships and data-driven impact reporting win new audiences and investment. The centre is now a bustling, adaptive hub responding dynamically to changing community needs - with tech-enabled agility and inclusivity at its core.



How the play, active recreation and sport sector is currently responding to funding sustainability

New Zealand play, active recreation and sport

Shared services

Regional sport organisations pooling administration, IT, and marketing to cut costs and redirect savings to core programmes.

Collaboration

Clubs being encouraged by Councils to share facilities and form sport and recreation hubs. An increasing number of school/community facility partnerships being established.

Facility leverage

Council's grants require recipients to raise additional funding, leveraging community investment.

Charge evaluation

Council exploring facility and field charges based on cost to the participant

Prioritising

National agency prioritising top-performing athletes, consolidating administration, and reducing discretionary spending.

Digital transformation

Clubs adopting online registration, virtual coaching, and digital communication to reduce costs and expand reach.

International play, active recreation and sport

UK social impact bonds

Investors fund programmes with repayment tied to social outcomes, encouraging innovation and impact measurement.

IOC Olympism365

Social enterprises reinvest profits from commercial activities (e.g., Gymbox in PNG, Alive and Kicking in Kenya) into sport and community development.

Australian health partnerships

Funding sport as a preventive health measure, tied to national health objectives.

Other sectors in New Zealand

NGO shared services

Non-profits collaborate on finance, HR, and IT, saving significant overhead and freeing up resources for frontline delivery.

Social enterprise

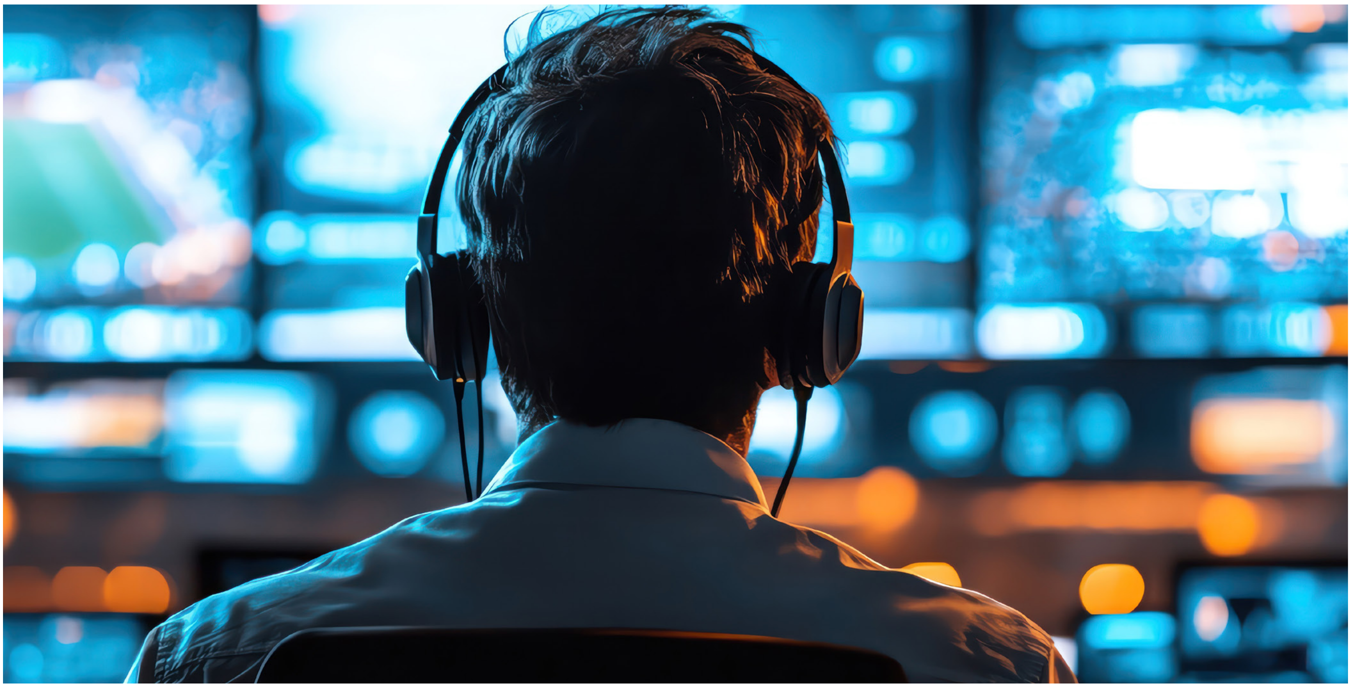
Organisations generate commercial revenue and reinvest profits into social outcomes (e.g., cafes, retail, consultancy).

Community foundations

Pooling donations to create endowments for local projects.

Priority actions for future funding resilience

Action area	Key actions
Diversify funding	• Seek collaborative fundraising with similar organisations for joint campaigns. • Explore flexible, participant-driven membership models (casual, pay-as-you-go, targeted offers for women/girls, youth, or off-peak sessions). • Align with values and purpose-driven funders and sponsors offering measurable impact.
Participation trends	• Rethink necessity, scale, and frequency of tournaments or events; ensure alignment with core mission. • Analyse participant feedback (Voice of Participant surveys, focus groups, informal discussions) to adapt offerings. • Adopt co-design approaches to maximise relevance and satisfaction.
Financial resilience	• Harness shared leadership or back-office functions (finance/HR) with peer organizations for cost-effectiveness. • Renegotiate leases or share office space for operational efficiency.
Equity and accessibility	• Introduce non-traditional, affordable, and short-term engagement models (e.g., "have-a-go" days, targeted group sessions). • Map local community demographics to ensure outreach gaps are addressed. • Use participant surveys to understand and close equity gaps.
Advocacy and engagement	• Use evidence (data, survey results) from own and sector-wide research to demonstrate impact to funders, councils, councils, and government. • Connect with economic development agencies to unlock event support or resources. • Share success stories to raise profile and attract partners.
Sponsorship innovation	• Offer digital sponsorship packages, integrate sponsor branding into events or materials. • Approach non-traditional sponsors, leveraging local suppliers (hotels, caterers) for discount exchanges and added visibility. • Highlight environmental and social action to attract purpose-driven sponsors.
Regulatory preparedness	• Consult regularly on legislative and funding environment. • Proactively plan for policy shifts impacting grants, facilities, or charitable funding sources. • Build reserve funds against unexpected changes.



Action area	Key actions
Volunteer and workforce development	• Familiarise with new volunteer management practices, provide recognition. • Share paid roles (leadership, admin) with other organisations to pool expertise and reduce overhead. • Invest in upskilling for evolving needs, e.g., digital marketing, climate action.
Facility sustainability	• Engage councils/economic agencies for event venue subsidies in return for local benefits. • Transition from ownership to leasing of fixed assets (vehicles, IT) to reduce lifecycle costs. • Share facilities/services where possible.
Technology and demographics	• Use digital tools to capture member feedback, participation patterns, and demographic shifts. • Implement data-driven decision-making for program design and funding applications. • Learn from successful models in fitness/gym sectors (e.g., CrossFit, casual/club hybrids).
Environmental sustainability	• Measure/track utility and resource use, then act to cut fuel, water, electricity waste. • Leverage sustainability credentials to unlock new sponsors and grants. • Use climate action toolboxes for tailored guidance and reputational benefits.

Quick start checklist for funding resilience:

- Do we have a mix of funding sources?
- Are our programmes aligned with current participation trends?
- Have we stress-tested our budget against different scenarios?
- Are we monitoring and addressing equity gaps?
- Are we leveraging technology and partnerships for new revenue?
- Are we prepared for regulatory changes impacting gambling-derived income?

SPORT
NEW ZEALAND
IHI AOTEAROA

Level 1, Harbour City Centre
29 Brandon Street
Wellington 6011, New Zealand
PO Box 2251 Wellington 6140
Phone: +64 4 472 8058
sportnz.org.nz