

# Statement of Intent

2011–2014

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*Presented to the House of Representatives pursuant to section 149 of the Crown Entities Act 2004.*



# Foreword



We are pleased to present SPARC's Statement of Intent for 2011-14 (the SOI). The SOI reflects the priorities of the Government and the Board of SPARC over the next three years. It sets out how SPARC will direct its investment into the sport and recreation sector, what SPARC intends to achieve in that time and how SPARC will show it has achieved its goals.

In presenting this SOI, we are acutely aware of the need for SPARC to make the absolute most of its resources and operate as efficiently and effectively as possible, given the fiscal outlook. The need for rebuilding sport and recreation systems and infrastructure after the tragic Christchurch earthquake in February, and the extra resources required, heightens the need for us to use our resources to the best effect.

This environment places extra challenges on our ability to achieve our strategic outcomes of getting more New Zealanders participating in sport and recreation and winning on the world stage. However, we are committed to taking up this challenge.

The priority areas for SPARC over the next three years are:

- **High performance sport** – establishing the new high performance sport entity High Performance Sport New Zealand, to drive improved support for elite athletes and coaches, infrastructure development and implementation;
- **KiwiSport** – strengthening the capacity of the fund to get more kids into organised sport;
- **Community sport and recreation** – developing the ability of national sport and recreation organisations to increase participation;
- **Partner capability** – strengthening our sector partners to help us deliver our goals; and
- **Efficiency/effectiveness** – continuing to improve SPARC's processes and be innovative to get the best results, including better measurement of the extent to which we are achieving our goals.

A new high performance sport entity merging SPARC's High Performance Unit and the Academies of Sport (North and South Islands), is planned to be established early in the 2011/12 financial year. This entity will provide a streamlined, one-stop shop high performance support structure. SPARC will support the entity to drive the Government's vision of making New Zealand one of the most successful sporting nations in the world, through managing the Government's investment in new infrastructure and greater support to elite athletes.

In 2010, the Government committed an extra \$45 million over three years to high performance sport for facility development, technology and innovation and athlete high performance programme support. Over the next three years the impact of this additional funding will continue to be felt, driven by the new high performance entity. We will see further progress on developing world-class facilities and exciting advances in technology to help New Zealand athletes competing at pinnacle events including the 2012 London Olympic and Paralympic Games.

A critical component for SPARC in achieving its goal of encouraging more Kiwi kids into sport and recreation has been the Government's KiwiSport initiative – a total investment of \$82 million over four years spread across the sport/recreation and education sectors. SPARC's component of this (the KiwiSport Regional Partnership Fund of \$8.5 million per year) goes to help grass-roots sports organisations provide opportunities for young people to participate.

KiwiSport is part of the sporting landscape for young people and will continue to encourage communities, schools, clubs and Regional Sports Trusts (RSTs) to work together to get kids into sport and keep them there. We will manage and monitor the impact of our KiwiSport fund to ensure it is being used to best effect.

National sports organisations (NSOs) have traditionally provided the vast bulk of organised sport opportunities through their regional associations and community clubs. A major emphasis of SPARC's work in community sport over the next three years will be helping NSOs to provide effective leadership to regional sports organisations through their support to community clubs and events.

SPARC will continue to work with our partners to improve their capability, such as investing in leadership programmes for sport and recreation sector chief executives. Information from organisations SPARC invests in is also a crucial part of measuring performance and SPARC is working with our partners to improve their data collection as part of our capability work.

This year's Rugby World Cup will be a defining event for New Zealand and New Zealand sport. SPARC is committed to supporting legacy opportunities around volunteering from this event, to ensure future benefits for New Zealand.

It is also very important that SPARC engages with the newly amalgamated Auckland Council. SPARC will therefore develop and implement a strategy for partnership with Auckland including an engagement plan with the Council, improved sector alignment across Auckland and joint initiatives.

Since our 2008 restructure, SPARC has moved further towards becoming as lean and efficient an organisation as possible. We are continuing to work on our efficiency by streamlining, being innovative and moving resources to frontline workers in the community.

Another important stream of work over the next three years is more effectively measuring the effectiveness of SPARC's activities in achieving its goals of greater participation in sport and recreation and more winners on the world stage. Implementation of our new performance management framework will help us ensure we know we are achieving our goals.

Most of SPARC's funding comes from parliamentary appropriations. However, we would also like to acknowledge the large proportion that comes from Lotteries Commission activities (forecast to be \$35 million in 2011/12) allocated to SPARC by the New Zealand Lottery Grants Board.



**Paul Collins**  
Chairperson  
Sport and Recreation New Zealand



**Bill Birnie**  
Deputy Chairperson  
Sport and Recreation New Zealand

# Outcomes for sport and recreation

## SPARC's desired outcomes

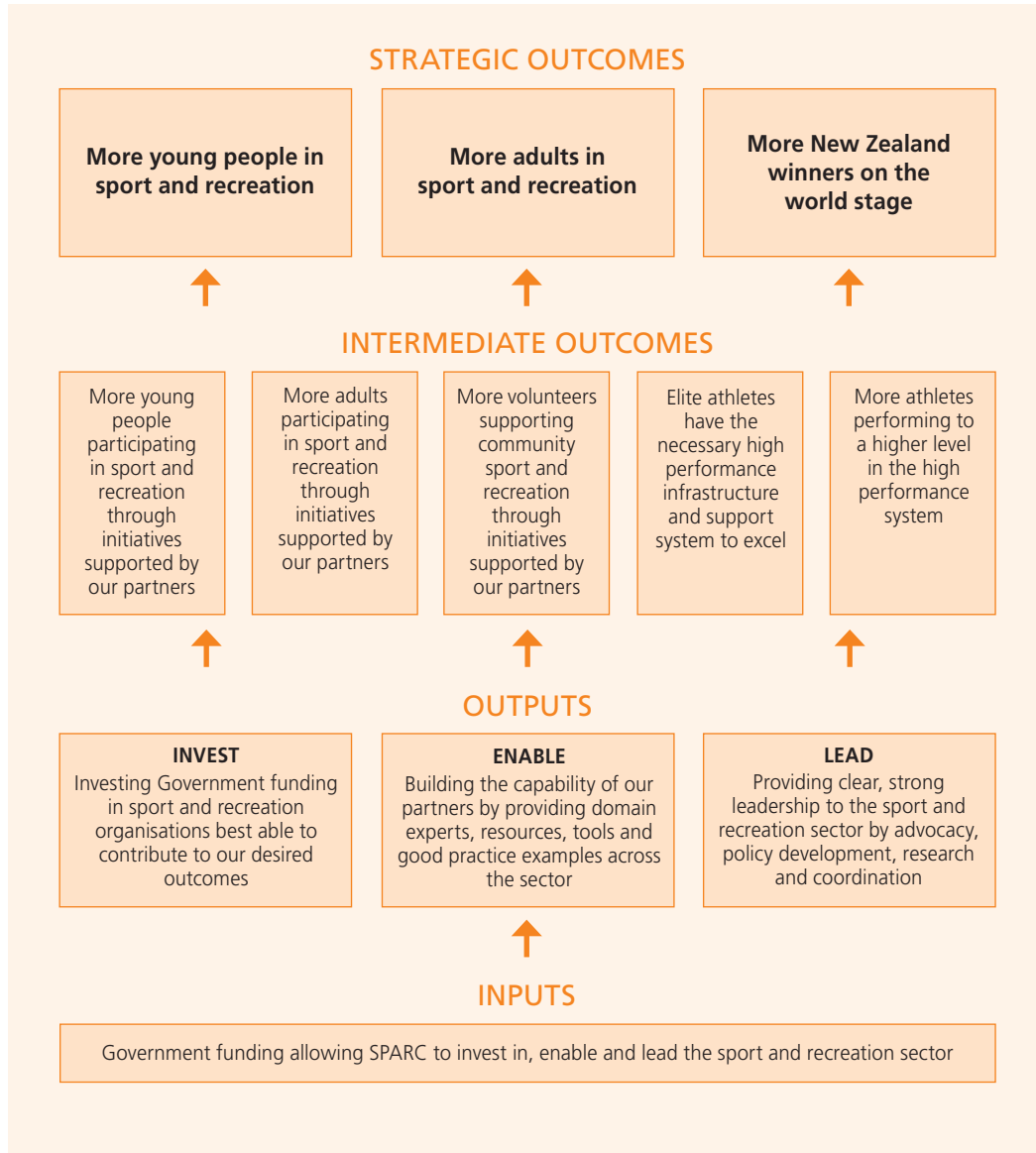
The three strategic outcomes SPARC wants to achieve are:

- more young people in sport and recreation;
- more adults in sport and recreation; and
- more New Zealand winners on the world stage.

These outcomes contribute to the Government's key goal of building the foundations for a stronger economy. By having more New Zealanders involved in sport and recreation we will build our social capital on many levels, with associated economic benefits. This will also be an important factor in the recovery of Canterbury, another Government priority. Having more New Zealand winners on the world stage builds national pride, identity and cohesiveness and promotes New Zealand as a successful nation internationally. This has associated potential economic benefits for our international trade and relationships.

## Strategic outcomes framework

How SPARC works to achieve these outcomes is represented by the following framework:





## Government's goals for sport and recreation

In line with SPARC's goals, the Government's expectations in the coming year for SPARC are to:

- help with the recovery of Canterbury's sport and recreation infrastructure and systems;
- implement a new high performance sport strategy with a streamlined, athlete-centred process for providing enhanced support services and athlete funding including:
  - establishing a new high performance sport entity by merging the SPARC High Performance Unit and the two Academies of Sport, with a planned start date early in the 2011/12 financial year;
  - develop a workforce plan to address gaps identified in the high performance system;
  - provide effective on-going oversight of infrastructure projects;
  - develop public/private/partnership opportunities to benefit high performance sport.
- implement and actively monitor the KiwiSport Regional Partnership Fund to ensure that RSTs are achieving partnerships with schools, sport-related and financial bodies to deliver more sporting opportunities for young New Zealanders;
- support volunteer legacy outcomes from the Rugby World Cup 2011;
- ensure as much resource as possible is dedicated to 'front-line' support for sport and recreation, with:
  - research and evaluation work being focussed on necessary performance information;
  - administration costs being reduced over time.
- provide quality information on performance and the achievement of outcomes by partner organisations; and
- create a leaner, more efficient, innovative SPARC.

In order to deliver on these expectations SPARC will:

- **Canterbury:** provide leadership, advice and resources to support re-establishing Canterbury community sport and recreation and high performance infrastructure and support systems.
- **High Performance:** establish and support the new entity, High Performance Sport New Zealand, to drive the Government's vision to take high performance sport to the next level, through expanded elite athlete and coach support and new and improved infrastructure. We will ensure the Government's significant new investment is expertly managed, in order to deliver high performance success. An important proviso is that SPARC will have no ownership interest in any high performance infrastructure, but will be concerned that owners have strong asset management plans in place.

- **KiwiSport:** strengthen KiwiSport to help more young people participate in sport. We will manage and monitor the effect of this investment and lead a review of the community priorities and processes for delivering the Regional Partnership Fund in each region. We will ensure KiwiSport remains a powerful tool to establish and support improved links, particularly between clubs and schools.
- **Strengthening our partners:** continue to build strong, capable and efficient partners in the sport and recreation sector that can effectively support our desired outcomes. We will help NSOs improve their business processes and sustainability by providing on-going capability support.
- **Rugby World Cup legacy:** continue to support delivery of the Rugby World Cup volunteer plan and record effective practice as a legacy to strengthen the future sport and recreation sector volunteer base.
- **Measuring SPARC's performance (new performance measurement framework):** continue to refine and implement our new performance measurement framework. The framework is designed to a) effectively measure the impact of SPARC's work on our desired strategic outcomes, b) inform SPARC's strategic and operational decision making, c) effectively measure the contribution our investment partners make to our strategic outcomes, and d) inform our investment partner's strategic and operational decision making. To ensure effective implementation of the performance measurement framework, we will continue working with all partners to improve data collection processes and capability.
- **A lean, efficient/effective, innovative SPARC:** continue to improve the quality and performance of our organisational processes and systems. We will achieve this by identifying ways we can further streamline our operations and by finding more innovative and cost effective ways of delivering our services within existing funding. Over the past two years we have reduced staff numbers by 10% and we will continue efforts to move SPARC further towards being a lean, efficient/effective organisation.

# About SPARC

## SPARC's functions

SPARC was established as a Crown entity on 1 January 2003 under the Sport and Recreation New Zealand Act 2002 (the Act) to “*promote, encourage and support physical recreation and sport in New Zealand*”. SPARC’s functions are set out in section 8 of the Act. A full list of functions is set out in the Appendix to this SOI.

## Governance of SPARC

SPARC is governed by a Board whose members and Chairperson are appointed by the Minister for Sport and Recreation. The Board is responsible for setting SPARC’s strategic direction and for providing governance and leadership for the agency. The current Board members bear responsibility for this SOI:

<b>Board member</b>	<b>Appointed</b>	<b>Term ends</b>
Paul Collins (Chair)	7 May 2009	30 Apr 2012
Bill Birnie (Deputy Chair)	7 May 2009	30 Apr 2012
Rob Fisher	1 July 2005	30 June 2011
Paul Allison	31 Aug 2007	1 Sept 2013
Katie Sadler	1 July 2009	30 June 2012
Waimarama Taumaunu	1 July 2009	30 June 2012
Don Mackinnon	1 July 2009	30 June 2012

## SPARC's role

SPARC's delivery model is based on partnering with key organisations in the sport and recreation sector (primarily national-level sport and recreation organisations and Regional Sports Trusts) to help us achieve our outcomes.

These partner organisations deliver sport and physical recreation to New Zealanders from the grassroots to the high performance level. SPARC is not primarily a delivery agency, but is responsible for setting direction and providing investment and resources to the sector. SPARC works to:

- **Invest** - target investment to organisations that are the most capable and ready to deliver on our outcomes.
- **Enable** - build the capability of our partners by providing our staff and their expertise, resources, research and examples of good practice across the sector – for example, in coaching, governance and management systems, research and monitoring.
- **Lead** - provide clear and strong leadership and work in the best interests of the sport and recreation sector through advocacy, policy development and research, and coordination of the sector to be stronger and more effective.

## Funding of SPARC

SPARC is partly funded by the Government from money voted by Parliament. It is also funded from money provided by the Lotteries Commission and allocated by the New Zealand Lottery Grants Board.

## SPARC's financial reserves

SPARC is forecasting \$6.7 million in public equity at 30 June 2012, down from a peak of \$29.5 million in public equity at 30 June 2010. This accumulation of funds had resulted from two factors:

- the cessation of Mission-On programmes and a Cabinet decision to allow SPARC to hold any unspent Mission-On funding to apply over a three-year period to the new KiwiSport initiative which was established in 2009/10; and
- delays in the start of high performance sports infrastructure developments.

Accumulated funds are expected to be reduced to an optimum level of approximately \$5 million by 30 June 2014.

## Monitoring progress

Over 2011-2014, SPARC will ensure that our impact on the sector is measured and monitored and we have developed a new performance measurement framework to achieve this. Some of our performance targets do not yet have appropriate baselines against which progress can be measured, so in these cases we are establishing new baselines.

# Forecast service performance

The bulk of SPARC's activities are directed towards achieving three broad outcomes around more:

- 1. Young people involved in sport and recreation.**
- 2. Adults involved in sport and recreation.**
- 3. New Zealanders winning on the world stage.**

These outcomes reflect the breadth of the sport and recreation sector, from community participation to high performance success.

Underpinning achievement of all these outcomes is a strong sport and recreation sector that works with us and consistently delivers on our agreed outcomes. In presenting this framework we are aware that Canterbury-based sport and recreation organisations will be challenged to deliver outcomes in some regards for some time. We will take this into consideration in our future reporting.

## Performance measurement framework

SPARC wants to demonstrate measurable achievements from its work towards achieving the above outcomes and to gather strong information to inform policy, investment decisions and business development.

To do this SPARC has created a performance measurement framework (Figure 1) to assess its achievements using a solid evidence base and to make well informed decisions about its work. The performance measures detailed later in this 'Forecast Service Performance' section are based on this framework.

FIGURE 1: SPARC'S PERFORMANCE MEASUREMENT FRAMEWORK:

What SPARC needs to know	When	Collecting information in different ways	Linking information to strategic outcomes	Using information for decision making
<b>Strategic information</b> Achievement of strategic outcomes.	Assessed at 4-5 year intervals.	Surveys	Surveys selected to provide specific information about individual strategic outcomes.  Earlier survey data established baselines.	Strategic planning.  Assessing SPARC's performance.
<b>Operational Information</b> Progress towards achieving strategic outcomes.	Assessed at 1-2 year intervals.	Reporting from sport and recreation organisations.  SPARC performance information.	Standardised measures linked to strategic outcomes incorporated into reporting requirements for sport and recreation organisations.	Evaluation of investment decisions.  Assessing progress towards strategic outcomes and where changes are needed.
<b>Contextual information</b> Understanding the sport and recreation environment.	Ongoing	Research  SPARC work with the sport and recreation sector.	Research programme informed by strategic outcomes.	Identifying emerging issues and challenges.  Understanding what works.  Informing strategy, policy and research.  Identifying where changes are needed.

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

SPARC wants more young people to develop a love of sport and recreation, leading to lifelong participation.

To develop this, young people need to develop confidence by acquiring fundamental movement and sport skills. These skills are different for various age groups. Young people need to experience a sport and recreation system sympathetic to their unique needs.

### YOUNG PEOPLE'S PARTICIPATION

We know that many young people are involved in physical activity, sport and recreation. However, there is a pattern of participation in organised sport decreasing past the early teens.

Early primary school-aged children spend the highest proportion of their time doing physical activity as free or unstructured play, with much less time spent in organised sport. Time spent playing organised sport peaks in 10-14 year-olds, dropping significantly when we reach the 20-24 year-old group.

Around half of high-school students are likely to be involved in school or community-based sports teams and clubs (around 10 percent more boys than girls). We also know that sport is a key reason why high school students enjoy school and many believe sport and physical activity is important.

We are running a new nationwide Young People's Survey in 2011 to give us an up-to-date picture of young people's participation levels, patterns and dropout rates.

### BUILDING PARTICIPATION

We want to increase young people's participation rates and particularly decrease the rate of school-leavers dropping-out of organised sport. To do this we must understand the nature of and context of young people's sport and recreation participation and our Young People's Survey will help with this.

There are pressures on young people's participation like less school-based skill development and outdoor recreation opportunities, but more recreation and entertainment options outside school. SPARC must therefore reconsider how it funds young people's sport and recreation to adjust to these pressures. It is clear that we need to provide relevant sport and recreational opportunities for this group in a variety of settings such as in community clubs, at community-based events and in schools.

### KIWISPORT

The SPARC administered KiwiSport Regional Partnership Fund (\$8.5million per annum) is critical funding for regional sports trusts (RSTs) to get more school-aged youngsters into organised sport. The fund works by RSTs funding community sports organisations to provide participation opportunities to young people and leveraging more funding for this purpose from the community. Coupled with Ministry-of-Education-managed KiwiSport funding going directly to schools, KiwiSport will continue to be a crucial initiative in increasing young people's sports participation levels.

This fund is also proving a powerful tool in improving links between community providers, schools, clubs and the RSTs. Encouragingly, more than 460,000 young people had been involved in initiatives funded through the KiwiSport Regional Partnership Fund to 30 June 2010, with 84 percent of these being new initiatives.

## WHAT SPARC WILL DO TO GET MORE YOUNG PEOPLE INTO SPORT AND RECREATION:

- invest in and support our key partners (RSTs, NSOs, national recreation organisations) to provide more sport and recreational opportunities for young people which motivate them to participate and remove barriers to participation;
- develop and implement a new Young People's Plan which will identify important principles about participation, responsibilities of providers and a blueprint for SPARC's engagement;
- help provide sport in schools by facilitating more involvement from community clubs and providers, especially around coaching support;

### **KiwiSport:**

- actively manage and monitor the fund to ensure efficiency/effectiveness, while sharing good practice initiatives;
- direct funds to young people's initiatives in SPARC's targeted sports to 'kick-start' growth.

### **Recreation**

- develop a recreational cycling plan, initially focusing on off-road cycling, to increase young peoples' participation and complement Government cycling investment and implement the plan with stakeholder involvement;
- support territorial authorities in providing appropriate spaces for young people's participation in physical activity;
- support outdoor recreation teacher training in schools and young people's education outside the classroom.



## OUTCOME 1 PERFORMANCE MEASURES: HOW SPARC WILL DEMONSTRATE THAT MORE YOUNG PEOPLE ARE PARTICIPATING IN SPORT AND RECREATION

Strategic Outcomes	Performance Measures	Baselines	Standard for 2015
More young people in sport and recreation	<ul style="list-style-type: none"> <li>Percentage of young people (5-18 years) who participated in organised sport or recreation (including physical education) for at least three hours per week.</li> </ul>	<p>By 30 June 2012:</p> <p>SPARC will establish national prevalence baseline standards through a national survey of young people's participation in sport and recreation.</p>	<p>By 30 June 2015:</p> <p>80 percent of young people (5-18 years) participating in organised sport and recreation for at least three hours per week. To be measured by a national survey of young people's participation in sport and recreation.</p>
Intermediate Outcomes	Performance Measures	Standard for 2012	Standard for 2013-2015
Increase in the number of young people participating in sport and recreation through initiatives supported by our partners	<ul style="list-style-type: none"> <li>Number of young people (5-18 years) participating in sport and recreation as reported by SPARC's partner organisations.</li> <li>Number of young people (5-18 years) participating in organised sport through primary and secondary schools as reported by SPARC's partner organisations.</li> </ul>	<p>By 30 June 2012:</p> <p>SPARC will establish baseline standards for each performance measure (through initiatives supported by our partners).</p> <p>Baseline data will be reported in SPARC's annual report for 2011-12.</p>	<p>By 30 June 2013, 2014, and 2015:</p> <p>Increase in performance measures (through initiatives supported by our partners).</p>

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

SPARC wants more adult New Zealanders participating and volunteering in a range of quality sport and recreation experiences that will inspire them to stay involved for life. The changing social environment and corresponding impacts on the sport and recreation sector makes this challenging.

Pressures on participation include;

- shifting employment patterns and busier lifestyles;
- changing discretionary spending power and spending decisions;
- more preference for informal, event-based sport accessed through facilities and places, rather than clubs;
- more preference for recreation close to home, rather than in the wilderness;
- better access to alternative, more attractive recreation and entertainment options;
- increased cost of travel to activities.

Community sport and recreation providers, which rely on adult volunteers, are also under pressure from:

- increased participant expectation of the level and quality of service provided;
- increased competition between codes, clubs and schools for participants, coaches and other volunteers;
- lower commitment from participants and volunteers due to time pressures, greater recreational choices and more informal pay-per-play participation; and
- demand for greater and more competitive sport for older age groups such as 'masters' sport, with population aging trends also driving this.

These sectoral pressures will also impact on young peoples' as well as adults' participation and involvement.

### DEVELOPING THE SECTOR

For the community sport and recreation sector to develop and grow, allowing increased participation, the sector must adapt to these pressures. SPARC's partners must therefore be flexible and provide attractive, accessible opportunities that fit the changing environment and respond to pressures on participation.

SPARC must support this adaptation through a mixture of investment, advice, and sharing good practice strategies to help foster innovation. With these tools we can influence our partners to provide an array of relevant opportunities, growing participation.

Given the pressures faced, there is also need for more effective collaboration and alignment between our partners, to more effectively use scarce resources. This is one of the biggest challenges to delivering community sport and recreation.

Re-developing the Canterbury community sport and recreation sector in particular will require strongly collaborative working practices, to overcome resource and planning challenges.

## ADULT PARTICIPATION

SPARC's Active New Zealand survey 2007/08, which looked at adults' (16 years and older) participation in sport and recreation, told us that:

- during any week almost 80 percent of adults participated in at least one sport or physical recreation activity;
- during any month, one in three adults were members of a club or centre to do a sport or physical recreation activity;
- over one year, one in four adults volunteered in sport and recreation.

While these participation numbers are good, we want to ensure they grow. We also need more and updated information and we plan to repeat the Active New Zealand Survey in 2013/14.

## WHAT SPARC WILL DO TO GET MORE ADULTS PARTICIPATING IN SPORT AND RECREATION:

- support national, regional and community partners to concentrate on providing relevant and accessible opportunities for adult participation across age-groups, adapted to needs;
- provide specialist resources and advice to targeted sports to crystallise their development pathway from grassroots sport through to elite sport, through a whole-of-sport<sup>1</sup> approach;
- prioritise coaches as a key volunteer group, given their importance in providing a quality sporting experience;
- provide leadership in facilitating better sectoral collaboration and alignment;
- act as a knowledge and good practice hub, disseminating information to providers around motivators and barriers to participation;
- strongly advocate the value of sport and recreation to Government, existing and potential partners, wider society;
- support Rugby World Cup volunteering legacy initiatives;
- invest in and support key sector organisations to deliver more safe and enjoyable recreation opportunities, through increased organisational training and assessment;
- provide leadership, advice and resources to support re-establishing Canterbury community sport and recreation infrastructure and supporting systems.

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<sup>1</sup> Whole-of sport refers to the concept of recognising the inter-connectedness of the entire sports development pathway. This pathway starts at grass-roots community participation and volunteering, moving up the competitive sporting levels, through to the high performance system involving elite athlete success.

## OUTCOME 2 PERFORMANCE MEASURES: HOW WILL SPARC DEMONSTRATE THAT MORE ADULTS ARE INVOLVED IN SPORT AND RECREATION?

Strategic Outcomes	Performance Measures	Baselines	Standard for 2014
More adults in sport and recreation	<ul style="list-style-type: none"> <li>Number of adults (16 years and over) participating in at least one sport or recreation activity during any one week.</li> <li>Number of adults (16 years and over) who volunteer (e.g. unpaid club administrators or coaches etc.) in sport and recreation at least once a year.</li> </ul>	<ul style="list-style-type: none"> <li>2,388,195 adults<sup>2</sup> (73% of the population) participated in at least one sport or recreation activity during any one week in 2007/08.</li> <li>829,735 adults (25% of the population) volunteered in sport and recreation at least once a year in 2007/08.</li> </ul> <p>National prevalence baseline standards were established in 2007/2008 through the Active New Zealand national survey.</p>	<p>By 30 June 2014:</p> <p>Half a million more adult New Zealanders participating at least once a week in sport and recreation, than 2007/08 baseline.</p> <p>Over one million New Zealanders volunteering in sport and recreation each year.</p> <p>As measured through repeating the 2007/2008 Active New Zealand national survey.</p>
Intermediate Outcomes	Performance Measures	Standard for 2012	Standard for 2013-2015
Increase in the number of adults participating in sport and recreation through initiatives supported by our partners	<ul style="list-style-type: none"> <li>Number of adults participating in sport and recreation as reported by SPARC's partner organisations.</li> </ul>	<p>By 30 June 2012:</p> <p>SPARC will establish baseline standards for performance measures (through initiatives supported by our partners).</p> <p>Baseline data will be reported in SPARC's annual report for 2011-12.</p>	<p>By 30 June 2013, 2014, and 2015:</p> <p>Increase in performance measures (through initiatives supported by our partners).</p>
Increase in the number of volunteers supporting community sport through initiatives supported by our partners	<ul style="list-style-type: none"> <li>Number of coaches participating in community-level sport as reported by SPARC's partner organisations.</li> </ul>		

<sup>2</sup> Excludes gardening participants.

## OUTCOME 3: MORE NEW ZEALANDERS WINNING ON THE WORLD STAGE

SPARC wants to see more New Zealanders winning or on podiums in pinnacle events and global competitions.

### THE ENVIRONMENT

New Zealand has a comparatively small population and therefore a modestly sized pool of talent from which to draw athletes, coaches and support staff. To create a competitive advantage we must adopt a targeted approach to athletes and sports.

We need to ensure that our resources are utilised efficiently to create a dynamic, nimble, athlete-centred high performance environment. This requires proactive management to provide elite athletes with access to world-class facilities, coaching and support, technology and innovation and international competition.

### SPARC'S APPROACH TO HIGH PERFORMANCE SPORT

We are entering a new era in the structure and delivery of the high performance sport in New Zealand, designed to take things to the next level. The new high performance sport entity, High Performance Sport New Zealand, merging SPARC's High Performance Unit and the Academies of Sport (North and South Islands), is planned to be established early in the 2011/12 financial year.

High Performance Sport New Zealand represents the sector's positive response to streamlining the high performance sport system, to ensure the best use of the significant extra capital and operating funding the Government provided in 2010. The new entity will provide an efficient, one-stop-shop delivery mechanism to focus maximum support to elite athletes, to give the best chance that their goals are achieved.

SPARC funding for elite athletes is directed via NSOs. SPARC works with NSOs and the New Zealand Olympic Committee to help with performance planning for elite athletes. SPARC will continue to liaise closely with relevant NSOs and the New Zealand Olympic Committee to resource these plans and ensure athletes' performance needs are met.

Our approach to targeted sports' high performance programmes works on an eight year planning phase. This means we work with those sports to identify and prepare athletes for both the upcoming pinnacle events (e.g. Olympics, world cups) and the ones following, with the focus of resources on medal-potential athletes. Attraction, development and retention of coaching and support staff are fundamental to ensuring desired outcomes are achieved.

World class facilities are a key requirement of successful high performance daily training environment, so infrastructure development is critical. SPARC remains a key investor and partner with local government and the private sector to leverage government investment to develop world class facilities. Many of these facilities will be capable of hosting events which further expose New Zealand athletes to quality international competition.

### WHAT SPARC WILL DO TO GET MORE NEW ZEALANDERS WINNING ON THE WORLD STAGE:

- support the new entity, High Performance Sport New Zealand, to ensure delivery of a streamlined high performance system, providing an athlete-centred one-stop shop approach to maximised support;
- ensure the new high performance system supports a culture of excellence for New Zealand athletes, coaches and support staff;
- develop a high performance system using cutting edge technology and data to maximise athlete performance;
- support development of world-class high performance infrastructure, including the national training centre at the Millennium Institute of Sport and Health, a Cycling Centre of Excellence, the National Ocean Water Sports Centre and performance hubs based at regional centres; and
- provide leadership, advice and resources to support re-establishing the Canterbury high performance sport and recreation infrastructure and supporting systems.

### OUTCOME 3 PERFORMANCE MEASURES: HOW WILL SPARC DEMONSTRATE THAT MORE NEW ZEALANDERS ARE WINNING ON THE WORLD STAGE?

Strategic Outcomes	Performance Measure	Standard for 2012	Standard for 2013-2015
<b>More winners on the World Stage</b>	<ul style="list-style-type: none"> <li>• Number of athletes or teams ranked in the world's top 8 in Olympic disciplines.</li> <li>• Number of athletes or teams ranked in the world's top 16 in Olympic disciplines.</li> <li>• Number of athletes or teams ranked in the world's top 3 in non-Olympic disciplines (including netball, rugby and cricket) .</li> </ul>	<p>By 30 June 2012:</p> <p>Increase in performance measures from the following baselines:</p> <ul style="list-style-type: none"> <li>• 30 or more athletes or teams ranked in the world's top 8 in Olympic disciplines.</li> <li>• 50 or more athletes or teams ranked in the world's top 16 in Olympic disciplines.</li> <li>• 35 or more athletes or teams ranked in the world's top 3 in non-Olympic disciplines (inc. netball, rugby and cricket).</li> </ul>	<p>By 30 June 2013, 2014, and 2015:</p> <p>Increase in performance measures each year.</p>
Intermediate Outcomes	Performance Measure	Standard for 2012	Standard for 2013-2015
<b>More athletes performing to a higher level in the high performance system</b>	<ul style="list-style-type: none"> <li>• Number of athletes meeting their NSOs high performance pathway criteria.</li> <li>• Percentage of athletes supported by the high performance system who achieve their performance goals.</li> </ul>	<p>By 30 June 2012:</p> <p>SPARC will establish baseline standards for both performance measures.</p> <p>Baseline data will be reported in SPARC's annual report for 2011-12.</p>	<p>By 30 June 2013, 2014, and 2015:</p> <p>Enough athletes in their NSOs high performance pathway each year to meet SPARC targets (to be set).</p> <p>Increase in percentage of athletes supported by the high performance system who achieve their performance goals each year.</p>

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### OUTCOME 3 PERFORMANCE MEASURES: HOW WILL SPARC DEMONSTRATE THAT MORE NEW ZEALANDERS ARE WINNING ON THE WORLD STAGE?

Intermediate Outcomes	Performance Measure	Standard for 2012	Standard for 2013-2015
<p>Elite athletes have the necessary high performance infrastructure and support system to excel</p>	<ul style="list-style-type: none"> <li>• Quality and availability assessment of the high performance infrastructure and support system including:               <ul style="list-style-type: none"> <li>– training facilities</li> <li>– coaching</li> <li>– support staff</li> <li>– planning</li> <li>– culture</li> <li>– athlete funding support</li> <li>– technology/equipment</li> <li>– high performance events</li> </ul> </li> </ul> <p>(e.g. athlete, coach, high performance director and NSO satisfaction levels with infrastructure and system support and an independent expert assessment).</p>	<p>By 30 June 2012:</p> <p>SPARC will establish baseline standards for this performance measure.</p> <p>Standards to be established from on-going high performance system debriefs and surveys (e.g. those currently conducted for the Olympic sports SPARC supports) and pinnacle event debriefs.</p> <p>Baseline data will be reported in SPARC's annual report for 2011-12.</p>	<p>By 30 June 2013, 2014, and 2015:</p> <p>Increase in performance measure each year.</p>



## Our core business functions

To successfully achieve the above outcomes SPARC has identified three distinct roles it is responsible for:

### INVEST

We will invest taxpayer funds on behalf of the Government and, in return, we will expect accountability and results. We will continue to review and streamline our investment models to ensure investments are cost effective, with fewer reporting requirements.

Outputs 2011-2012	Performance Standards for 2011/2012
<p><b>Investment into sport and recreation organisations to increase young people's and adult's participation and create more winners on the world stage</b></p>	<p>80% of our partners' investment key performance indicators are met.</p> <p>In 2011/12 SPARC will invest almost \$112 million directly into the sport and recreation sector. Key investments will be:</p> <p><b>High Performance Sport</b></p> <p>\$28m in NSOs for delivery of their high performance programmes.</p> <p>\$18m to develop high performance facilities.</p> <p>\$8m to provide support services to high performance athletes.</p> <p>\$5.6m in Performance Enhancement Grants for elite athletes.</p> <p>\$4.25m in Prime Minister's Scholarships for elite athletes, coaches and officials.</p> <p>\$2m in technology and innovation to give New Zealand athletes a competitive edge.</p> <p>\$1.2m in high performance events.</p> <p><b>Community Sport and Recreation</b></p> <p>\$12m in RSTs for community sport and recreation outcomes.</p> <p>\$12m in RSTs for KiwiSport Regional Partnership Fund.</p> <p>\$9m in NSOs for community sport and recreation outcomes.</p> <p>\$1.7m directly in partners to build capability.</p> <p>\$1.7m in He Oranga Poutama initiatives.</p> <p>\$1.6m to deliver recreation outcomes.</p> <p>\$1.6m in Active Communities projects run by territorial authorities and RSTs.</p> <p>\$1.5m to encourage participation in sport and recreation by people with disabilities.</p>

## ENABLE

'Enabling' means building the capability of our partners. To deliver sport and recreation opportunities to New Zealanders, our partner organisations need to be well managed, sustainable and capable of delivering results. This means we have to support their organisational capability in several areas including governance, leadership and people management, as well as other business processes and commercial activities. Our work supporting partner capability underpins our efforts to achieve our key outcomes.

Sport and recreation organisations are facing new social and economic challenges. It is vital for these organisations to have strong governance and leadership, capable people and efficient business systems in place to meet these challenges.

To develop strong partners that deliver consistently SPARC will:

- prioritise a small number of partner organisations for direct support and investment, targeting those organisations most capable of supporting SPARC's strategic priorities. We will support SPARC's remaining partners through developing widely accessible good practice tools and resources;
- develop a capability development plan jointly with each targeted partner organisation focussing primarily on leadership, governance and the management of finances and people; and
- commission a new sports market survey and work with sports organisations so they can use the resulting market and commercial information to develop and grow their sports sustainably to meet the current and future needs of New Zealanders, realise the commercial potential of their sports and sports people, and secure and service sponsors.

## ENABLE: PERFORMANCE MEASURES

Outputs 2011-2012	Performance Standards for 2011/2012
<p><b>Enable sport and recreation organisations, through capability building support, to increase New Zealanders' participation and create more winners on the world stage</b></p>	<p>By 30 June 2012:</p> <p>15 seminar programmes are delivered to the sector to increase knowledge and skills in administrative and organisational matters.</p> <p>80% of seminar programme participants responding to surveying are satisfied with the seminars.</p> <p>2 organisational capability assessments are carried out to identify where those organisations can be strengthened.</p> <p>12 national sport organisations are provided with capability support and market and commercial information to improve their sustainability and organisational performance.</p>

## LEAD

We will provide clear and strong leadership and work in the best interests of the sport and recreation sector. This means undertaking advocacy, facilitation and bringing the sector together to be stronger and more effective.

We work across central government, local government, sport and recreation organisations, funding bodies and other potential stakeholders to better access and leverage investment opportunities.

Our policy advice and development function is crucial to SPARC's leadership role in ensuring:

- the Government's goals for sport and recreation are understood and implemented in the sector;
- the Minister has sound advice on issues within the sector;
- our sector partners are encouraged to work collaboratively and from best practice in implementing Government policy.

## LEAD: PERFORMANCE MEASURES

Outputs 2011-2012	Performance Standards for 2011/2012
Lead sport and recreation organisations, through advocacy, facilitation and encouraging collaboration, to increase New Zealanders' participation and create more winners on the world stage	<p>By 30 June 2012:</p> <p>7 targeted sport whole-of-sport strategies (see footnote 1 page 17) in place and meet standards set and monitored by SPARC.</p> <p>9 targeted sports deliver high performance programmes to standards set and monitored by SPARC.</p> <p>6 national sport organisations deliver high performance projects through contestable funding to standards set and monitored by SPARC.</p> <p>80% of partners are confident in SPARC's ability to build effective relationships with the sector to deliver quality outcomes for SPARC and the sector.</p>

# Organisational capability

SPARC actively manages its people, processes and technology to ensure it maintains the organisational capability to deliver high quality sport and recreation outcomes to New Zealanders.

## Managing our people and being a good employer

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

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

SPARC's structure is aligned with the strategic direction outlined in the 2009-2015 Strategic Plan.

SPARC monitors its performance as a good employer through regularly monitoring staff engagement levels.

## Improving our systems

SPARC continues to improve the quality and performance of our organisational processes and systems. In 2011/12 we will:

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

## Managing our technology

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

All information and technology-based software developments and projects are managed through a three-year rolling Information Systems Plan. Implementation of this plan is monitored by the Audit Committee, which is a subset of the SPARC Board.

## Managing risk

### RISK MANAGEMENT FRAMEWORK

SPARC operates a risk management framework that includes oversight by the Audit and Risk Committee of the Board.

### CONTRACT AND INVESTMENT MANAGEMENT

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

### RELATIONSHIP MANAGEMENT

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

## Reporting to the Minister

The Board of SPARC will provide the Minister for Sport and Recreation with annual and six-monthly reports on SPARC's operations and its progress towards meeting agreed performance targets. SPARC's Board will report quarterly on the activities of the High Performance Board. Reporting requirements of the entity, High Performance Sport New Zealand, will be determined in consultation with the Minister, as the entity is established.

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

# Prospective financial information

## For the years 2010-2014

### Financial overview

#### SUMMARY OF KEY FINANCIAL POINTS

These financial forecasts show significant variances between initial budgets and actual expenditure incurred both within years and between years. The most significant is in relation to high performance sport infrastructure investments which were initially planned for 2010/11 but due to delays in the infrastructure projects, expenditure will now fall in the 2011/12 financial year. Also contributing to expenditure within high performance sport was the decision to front load investment in targeted sports in the lead up to the London Olympics in 2012.

As a result of the high performance sport initiatives announced by the Prime Minister in June 2010, Crown funding for high performance sport rose significantly in 2010/11 and out years.

During 2010/11 a new appropriation 'Loan to Rowing New Zealand' was created to partially fund the deficit incurred in the hosting of the Rowing World Championships 2010. This \$1.3 million of funding has been reported within the sport and recreation programmes output expense.

SPARC is forecasting \$25.3 million in public equity at 30 June 2011. This accumulation of funds has resulted from the cessation of Mission-On programmes and a Cabinet decision to allow SPARC to hold any unspent Mission-On funding to apply over a three year period to the new KiwiSport initiative which was established in 2009/10. A further contributory factor is that SPARC will be holding a further \$10 million of funds from the Crown and from a one-off distribution from the New Zealand Lottery Grants Board to be applied to high performance sports facilities in 2011/12. We are forecasting that public equity will be reduced to a level of approximately \$5 million from 2014.

Within this document costs have been disclosed as programme investment, programme support or SPARC costs. These categories of expenditure are further defined as follows:

- Programme investment costs are direct investments in sport and recreation sector partners, such as national sport and recreation organisations and regional sports trusts.
- Programme support costs include expenditure on items that provide benefits across the sector including the SPARC seminar series, Young Persons Survey, research on the sports and recreation sector and staff costs, where staff are delivering front line services directly to the sports sector.
- SPARC costs are those indirect costs not otherwise allocated to an output as programme support costs, namely those costs for the provision of corporate administration and support services.

## Prospective cost of service by output expense

SPARC is funded by the Crown from four output expenses:

- **Sport and Recreation Programmes** (a general appropriation);
- **Loan to Rowing New Zealand** (an appropriation specifically for a \$1.3 million loan made to Rowing NZ during 2011);
- **High Performance Sport** (an appropriation dedicated to high performance sport); and
- **Prime Minister's Sport Scholarships** (an appropriation dedicated to scholarships for athletes, coaches, officials and support staff).

### OUTPUT EXPENSE: SPORT AND RECREATION PROGRAMMES (INCLUDING LOAN TO ROWING NEW ZEALAND)

FOR THE YEARS ENDED 30 JUNE 2010 - 2014

	Actual 2010 \$000	Budget 2011 \$000	Forecast 2011 \$000	Budget 2012 \$000	Budget 2013 \$000	Budget 2014 \$000
Crown funding	16,709	19,376	20,026	19,151	19,151	19,151
Other operating revenue	37,188	31,150	32,868	32,618	34,408	34,410
<b>Total revenue</b>	<b>53,897</b>	<b>50,526</b>	<b>52,894</b>	<b>51,769</b>	<b>53,559</b>	<b>53,561</b>
Less expenses						
– Programme investment	34,779	42,407	41,718	43,852	44,492	43,941
– Programme support	5,039	5,897	4,986	5,868	5,807	5,770
– SPARC costs	6,538	6,806	6,400	6,826	6,500	6,450
<b>Total expenses</b>	<b>46,356</b>	<b>55,110</b>	<b>53,104</b>	<b>56,546</b>	<b>56,799</b>	<b>56,161</b>
<b>Net operating surplus / (deficit)</b>	<b>7,541</b>	<b>(4,584)</b>	<b>(210)</b>	<b>(4,777)</b>	<b>(3,240)</b>	<b>(2,600)</b>

Major variations in the level of operating revenues and expenditures between years are explained as follows;

#### REVENUE

The forecast result for 2011 represents a one-off increase of \$0.65 million following a transfer to Vote Sport & Recreation from Vote Economic Development. This is a contribution by the Ministry of Economic Development towards the \$1.3 million loan to Rowing New Zealand to partially fund the deficit incurred in hosting the Rowing World Championships 2010.

Crown funding will decrease in this output expense from the 2011 year by a further \$0.225 million. This will follow a transfer to the Ministry of Culture and Heritage of additional funding to support its provision of purchase advice to the Minister and its monitoring of sport and recreation Crown entities.

Other operating revenue movements are largely the result of varying profits of New Zealand lotteries which are distributed to SPARC by the New Zealand Lottery Grants Board.

## EXPENDITURE

The increase in programme investment for sport and recreation programmes from 2011 reflects SPARC's increased direct investment in NSOs to enhance capability and to deliver community sport and recreation programmes.

## OUTPUT EXPENSE: HIGH PERFORMANCE SPORT

FOR THE YEARS ENDED 30 JUNE 2010 - 2014

	Actual 2010 \$000	Budget 2011 \$000	Forecast 2011 \$000	Budget 2012 \$000	Budget 2013 \$000	Budget 2014 \$000
Crown funding	38,663	48,338	48,338	53,338	58,338	58,338
Other operating revenue	9,584	5,262	2,366	4,156	704	204
<b>Total revenue</b>	<b>48,247</b>	<b>53,600</b>	<b>50,704</b>	<b>57,494</b>	<b>59,042</b>	<b>58,542</b>
Less expenses						
– Programme investment	34,408	58,725	49,131	63,788	47,088	51,088
– Programme support	2,730	3,697	3,557	4,902	4,902	4,902
– SPARC costs	2,386	2,693	2,351	2,627	2,627	2,627
<b>Total expenses</b>	<b>39,524</b>	<b>65,115</b>	<b>55,039</b>	<b>71,317</b>	<b>54,617</b>	<b>58,617</b>
<b>Net operating surplus / (deficit)</b>	<b>8,723</b>	<b>(11,515)</b>	<b>(4,335)</b>	<b>(13,823)</b>	<b>4,425</b>	<b>(75)</b>

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

### REVENUE

Crown funding increases significantly from 2011 as a result of the high performance sport initiatives announced by the Prime Minister in June 2010.

Other operating revenue in 2010, 2011 and 2012 is largely the result of a distribution of New Zealand Lottery Grants Board reserve funds.

Other operating revenue from 2011 to 2013 also reflects a three year \$1.5 million private philanthropic contribution to SPARC's Gold Mine high performance technology programme, and interest income.

### EXPENDITURE

Programme investments and support costs have risen as increased Crown revenue is applied to high performance sport from 2011.

The most significant impact on high performance expenditure however relates to infrastructure investments in high performance sport facilities. \$17 million was originally budgeted for 2010/11 but only \$9 million is now forecast for 2010/11. The \$8 million unspent in this year is to be spent along with an additional \$10 million (\$18 million in total) in the 2011/12 financial year.



**OUTPUT EXPENSE: PRIME MINISTER'S SPORT SCHOLARSHIPS**

FOR THE YEARS ENDED 30 JUNE 2010 - 2014

	<b>Actual 2010 \$000</b>	<b>Budget 2011 \$000</b>	<b>Forecast 2011 \$000</b>	<b>Budget 2012 \$000</b>	<b>Budget 2013 \$000</b>	<b>Budget 2014 \$000</b>
Crown funding	4,250	4,250	4,250	4,250	4,250	4,250
Other operating revenue	0	0	0	0	0	0
<b>Total revenue</b>	<b>4,250</b>	<b>4,250</b>	<b>4,250</b>	<b>4,250</b>	<b>4,250</b>	<b>4,250</b>
Less expenses						
– Programme investment	4,039	4,250	3,961	4,250	4,250	4,250
– Programme support	0	0	0	0	0	0
– SPARC costs	0	0	0	0	0	0
<b>Total expenses</b>	<b>4,039</b>	<b>4,250</b>	<b>3,961</b>	<b>4,250</b>	<b>4,250</b>	<b>4,250</b>
<b>Net operating surplus / (deficit)</b>	<b>211</b>	<b>0</b>	<b>289</b>	<b>0</b>	<b>0</b>	<b>0</b>

There are no major variations in the level of operating revenues and expenditures between years requiring explanation.

## Prospective Financial Statements For the years 2010-2014

### PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 30 JUNE 2010 - 2014

	Actual 2010 \$000	Budget 2011 \$000	Forecast 2011 \$000	Budget 2012 \$000	Budget 2013 \$000	Budget 2014 \$000
<b>REVENUE</b>						
Crown funding	59,622	71,964	72,614	76,739	81,739	81,739
New Zealand Lottery Grants Board	43,254	35,262	33,967	35,395	34,000	34,000
Contract revenue	2,728	0	0	0	0	0
Interest received	740	600	1,215	326	475	477
Sundry revenue	50	550	52	1,053	637	137
<b>Total operating revenue</b>	<b>106,394</b>	<b>108,376</b>	<b>107,848</b>	<b>113,513</b>	<b>116,851</b>	<b>116,353</b>
<b>COST OF SERVICES</b>						
Programme investment	73,226	105,382	94,810	111,890	95,830	99,279
Programme support	7,769	9,594	8,543	10,770	10,709	10,672
SPARC costs	8,924	9,499	8,751	9,453	9,127	9,077
<b>Total operating expenditure</b>	<b>89,919</b>	<b>124,475</b>	<b>112,104</b>	<b>132,113</b>	<b>115,666</b>	<b>119,028</b>
<b>Net operating surplus / (deficit)</b>	<b>16,475</b>	<b>(16,099)</b>	<b>(4,256)</b>	<b>(18,600)</b>	<b>1,185</b>	<b>(2,675)</b>
Loss on disposal of assets	18	0	0	0	0	0
<b>Net profit / (loss)</b>	<b>16,457</b>	<b>(16,099)</b>	<b>(4,256)</b>	<b>(18,600)</b>	<b>1,185</b>	<b>(2,675)</b>
Other comprehensive income	0	0	0	0	0	0
<b>Total comprehensive income</b>	<b>16,457</b>	<b>(16,099)</b>	<b>(4,256)</b>	<b>(18,600)</b>	<b>1,185</b>	<b>(2,675)</b>

Differences in expenditure, and associated revenue, have been previously described at a more detailed output expense level on pages 29 to 31.

An increase in programme support costs and SPARC costs is forecast from 2011 associated mainly with increased support for high performance athletes and technology and innovation (Goldmine) projects.

A \$9.5 million reserves distribution from the New Zealand Lottery Grants Board was received in 2010, but will be held until 2011-12 when it will be invested in the development of high performance sports facilities.

## PROSPECTIVE STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2010 - 2014

	Actual 2010 \$000	Budget 2011 \$000	Forecast 2011 \$000	Budget 2012 \$000	Budget 2013 \$000	Budget 2014 \$000
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	11,424	11,673	6,766	6,854	7,612	4,952
Trade and other receivables	330	1,771	96	97	100	99
Inventories	160	100	146	146	50	50
<b>Total current assets</b>	<b>11,914</b>	<b>13,544</b>	<b>7,008</b>	<b>7,097</b>	<b>7,762</b>	<b>5,101</b>
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	1,068	975	914	756	756	756
Intangible assets	314	956	917	1,817	1,984	2,137
Investments	19,200	0	19,200	0	0	0
Loans	0	0	363	378	391	402
<b>Total non-current assets</b>	<b>20,582</b>	<b>1,931</b>	<b>21,394</b>	<b>2,951</b>	<b>3,131</b>	<b>3,295</b>
<b>Total assets</b>	<b>32,496</b>	<b>15,475</b>	<b>28,402</b>	<b>10,048</b>	<b>10,893</b>	<b>8,396</b>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Trade and other payables	1,895	884	2,217	2,696	2,389	2,601
Revenue received in advance	257	222	223	190	157	123
Employee benefits	776	932	650	450	450	450
<b>Total current liabilities</b>	<b>2,928</b>	<b>2,038</b>	<b>3,090</b>	<b>3,336</b>	<b>2,996</b>	<b>3,174</b>
<b>Total liabilities</b>	<b>2,928</b>	<b>2,038</b>	<b>3,090</b>	<b>3,336</b>	<b>2,996</b>	<b>3,174</b>
<b>Net assets</b>	<b>29,568</b>	<b>13,437</b>	<b>25,312</b>	<b>6,712</b>	<b>7,897</b>	<b>5,222</b>
Represented by:						
Public equity	13,111	29,536	29,568	25,312	6,712	7,897
Total comprehensive income	16,457	(16,099)	(4,256)	(18,600)	1,185	(2,675)
<b>Total public equity</b>	<b>29,568</b>	<b>13,437</b>	<b>25,312</b>	<b>6,712</b>	<b>7,897</b>	<b>5,222</b>

## PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

FOR THE YEARS ENDED 30 JUNE 2010 - 2014

	Actual 2010 \$000	Budget 2011 \$000	Forecast 2011 \$000	Budget 2012 \$000	Budget 2013 \$000	Budget 2014 \$000
Opening public equity	13,111	29,536	29,568	25,312	6,712	7,897
Total comprehensive income	16,457	(16,099)	(4,256)	(18,600)	1,185	(2,675)
<b>Closing public equity</b>	<b>29,568</b>	<b>13,437</b>	<b>25,312</b>	<b>6,712</b>	<b>7,897</b>	<b>5,222</b>

## PROSPECTIVE STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2010 - 2014

	Actual 2010 \$000	Budget 2011 \$000	Forecast 2011 \$000	Budget 2012 \$000	Budget 2013 \$000	Budget 2014 \$000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Cash inflows						
Receipts from Crown revenue	59,622	71,964	72,614	76,739	81,739	81,739
Receipts from other revenue						
- New Zealand Lottery Grants Board	43,254	35,262	33,967	35,395	34,000	34,000
- Contract revenue	2,667	0	0	0	0	0
- Sundry revenue	161	800	52	1,053	637	137
Interest received	574	600	1,215	328	475	477
<b>Total cash inflows</b>	<b>106,278</b>	<b>108,626</b>	<b>107,848</b>	<b>113,515</b>	<b>116,851</b>	<b>116,353</b>
Cash outflow						
Payments to suppliers						
- Programme investment	73,852	106,132	88,778	94,985	95,830	99,279
- Other payments	8,709	8,841	7,342	8,958	8,289	8,205
<b>Total payments to suppliers</b>	<b>82,561</b>	<b>114,973</b>	<b>96,120</b>	<b>103,943</b>	<b>104,119</b>	<b>107,484</b>
Payments to employees	8,351	10,153	8,177	9,372	9,630	9,750
Goods and services tax (net)	(1,120)	2,277	1,577	1,467	1,839	1,259
<b>Total cash outflows</b>	<b>89,792</b>	<b>127,403</b>	<b>105,874</b>	<b>114,782</b>	<b>115,588</b>	<b>118,493</b>
<b>Net cash inflow / (outflow) from operating activities</b>	<b>16,486</b>	<b>(18,777)</b>	<b>1,974</b>	<b>(1,267)</b>	<b>1,263</b>	<b>(2,140)</b>

*Continued next page*

**CASH FLOW FROM INVESTING ACTIVITIES**

## Cash inflows

Cash withdrawn	0	0	0	19,200	0	0
Loan principal repayments	0	0	0	50	55	60
Disposal of fixed assets	16	0	0	0	0	0
<b>Total cash inflows</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>19,250</b>	<b>55</b>	<b>60</b>

## Cash outflows

Purchase of property, plant and equipment	12	30	30	30	30	30
Purchase of intangible assets	188	960	207	960	530	550
Loans made to other parties	0	0	6,395	16,905	0	0
Cash invested	19,200	0	0	0	0	0
<b>Total cash outflows</b>	<b>19,400</b>	<b>990</b>	<b>6,632</b>	<b>17,895</b>	<b>560</b>	<b>580</b>

<b>Net cash inflow / (outflow) from investing activities</b>	<b>(19,384)</b>	<b>(990)</b>	<b>(6,632)</b>	<b>1,355</b>	<b>(505)</b>	<b>(520)</b>
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<b>Net increase / (decrease) in cash held</b>	<b>(2,898)</b>	<b>(19,767)</b>	<b>(4,658)</b>	<b>88</b>	<b>758</b>	<b>(2,660)</b>
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Opening cash balance as at 1 July	14,322	31,440	11,424	6,766	6,854	7,612
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<b>Closing cash balance as at 30 June</b>	<b>11,424</b>	<b>11,673</b>	<b>6,766</b>	<b>6,854</b>	<b>7,612</b>	<b>4,952</b>
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**MADE UP OF**

Cash and cash equivalents	11,424	11,673	6,766	6,854	7,612	4,952
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<b>Total cash and cash equivalents</b>	<b>11,424</b>	<b>11,673</b>	<b>6,766</b>	<b>6,854</b>	<b>7,612</b>	<b>4,952</b>
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# 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 SPARC's financial prospects and to assess actual financial results prepared in future reporting periods against the prospective financial statements.

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

## REPORTING ENTITY

Sport and Recreation New Zealand ("SPARC") is a Crown agent as defined by the Crown Entities Act 2004 and is domiciled in New Zealand. SPARC's ultimate parent is the New Zealand Crown.

SPARC was established as a Crown entity by the Sport and Recreation New Zealand Act 2002 to promote, encourage and support physical recreation and sport in New Zealand. SPARC's primary objective is to provide public services to the NZ public, rather than make a financial return.

Accordingly, SPARC has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS').

These prospective financial statements for SPARC are for the years ending 30 June 2010 through to 30 June 2014 and were approved by the Board on 25 May 2011.

## STATEMENT OF COMPLIANCE

The prospective financial statements of SPARC 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').

The prospective financial statements comply with NZ IFRS, including FRS 42 "prospective financial statements" and other applicable Financial Reporting Standards appropriate for public benefit entities.

## BASE

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

## FUNCTIONAL AND PRESENTATION CURRENCY

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

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these prospective financial statements SPARC 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 is likely to vary from the information presented, and the variations may be material.

The 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 Board reasonably expect to occur in respect of those actions the Board reasonably expects to take as at 18 June 2010, the date on which the prospective financial statements have been authorised for issue by the Board.

### SIGNIFICANT ASSUMPTIONS

Crown revenue for 2011/12 and additional outyear funding for high performance sport has been confirmed and forms the basis for estimated Crown revenue in 2012/13 and 2013/14.

New Zealand Lottery Grants Board funding has been estimated for the 2011/12, 2012/13 and 2013/14 years based on projected profits of New Zealand lotteries and SPARC's agreed share of them.

It is assumed that SPARC's business model and staffing levels will not significantly change in each of the financial years. All significant assumptions surrounding expenditure have been based on historical data, existing business practices or actual business plan projections for each financial year.

## SIGNIFICANT ACCOUNTING POLICIES

### REVENUE

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

### REVENUE FROM THE CROWN

SPARC is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of SPARC meeting its objectives as specified in the forecast service performance on pages 11 through 25.

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

#### **OTHER GRANTS**

Non-government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance, and recognised as revenue when conditions of the grant are satisfied.

#### **INTEREST**

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

#### **GRANT EXPENDITURE**

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

Discretionary grants are those grants where SPARC has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the grants approval committee and the approval has been communicated to the applicant.

SPARC has disclosed all grant expenditure within these prospective financial statements as 'Programme Investments'.

#### **LEASES**

Leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to SPARC 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 twelve months or less.

#### **DEBTORS AND OTHER RECEIVABLES**

Debtors and other receivables are stated at their expected realisable value after providing for doubtful and uncollectable debts.



## INVESTMENTS

### 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.

For bank deposits, impairment is established when there is objective evidence that SPARC will not be able to collect amounts due according to the original terms of the deposit. During the periods covered by these prospective financial statements SPARC has not calculated any impairment on any bank deposits.

### LOANS

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

## ACCOUNTING FOR DERIVATIVE FINANCIAL INSTRUMENTS, HEDGING ACTIVITIES AND FOREIGN CURRENCY TRANSACTIONS

SPARC has neither been exposed or intends to be exposed to any derivative financial instruments during the periods covered by these prospective financial statements. SPARC has not adopted hedge accounting.

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

## PROPERTY, PLANT AND EQUIPMENT

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

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

SPARC does not own any land or buildings and does not account for any revaluations of property, plant and equipment.

### 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 with 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%)
Office equipment	5 to 10 years	(10-20%)
Computer equipment	3 years	(33%)

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

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

## INTANGIBLE ASSETS

### SOFTWARE ACQUISITION AND DEVELOPMENT

Acquired computer software licences 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 SPARC are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

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

Costs associated with the development and maintenance of SPARC's website 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%)

## CREDITORS AND OTHER PAYABLES

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

## EMPLOYEE ENTITLEMENTS

### SHORT-TERM EMPLOYEE ENTITLEMENTS

Employee entitlements that SPARC 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.

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

### LONG-TERM EMPLOYEE ENTITLEMENTS

SPARC does not have any employee entitlements that are payable beyond 12 months.

## 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**

SPARC 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 statement of comprehensive income, costs have been disclosed as programme investment, programme support or SPARC costs. In reference to the above allocation system, these categories of expenditure can be further defined as being:

- Programme investment costs are costs directly attributable to an output.
- Programme support costs are a combination of a) costs directly attributable to an output and b) indirect costs allocated to an output based on cost drivers appropriately linking those indirect costs to an output.
- SPARC costs are those indirect costs not otherwise allocated to an output as programme support costs.

There have been no changes to the cost allocation methodology since the date of the last prospective financial statements.

### **CHANGES IN ACCOUNTING POLICIES**

There have been no changes in accounting policies since the date of the last audited financial statements, other than the impact of New Zealand International Financial Reporting Standards. These policies have been applied on a basis consistent with previous years.

# Appendix

## Functions of SPARC

### FUNCTIONS

The functions of the Agency are to:

- (a) develop and implement national policies and strategies for physical recreation and sport;
- (b) allocate funds to organisations and regional bodies in line with its policies and strategies;
- (c) promote and advocate the importance of participation in physical activity by all New Zealanders for their health and well-being;
- (d) promote and disseminate research relevant to physical recreation and sport;
- (e) provide advice to the Minister on issues relating to physical recreation and sport;
- (f) promote and support the development and implementation of physical recreation and sport in a way that is culturally appropriate to Maori;
- (g) encourage participation in physical recreation and sport by Pacific peoples, women, older New Zealanders and people with disabilities;
- (h) recognise the role of physical recreation and sport in the rehabilitation of people with disabilities;
- (i) facilitate the resolution of disputes between persons or organisations involved in physical recreation and sport;
- (j) work with schools, regional, central and local government, and physical recreation and sport organisations to ensure the maintenance and development of the physical and organisational infrastructure for physical recreation and sport;
- (k) work with health, education and other agencies to promote greater participation in physical recreation and sport through policy development, advocacy and support, in line with the objectives of the New Zealand health strategy;
- (l) provide advice and support for organisations working in physical recreation and sport at national, regional and local levels;
- (m) facilitate co-ordination between national, regional and local physical recreation and sport organisations;
- (n) represent the Government's policy interests in physical recreation and sport internationally.



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