

SPORT NZ GROUP

**STATEMENT OF
PERFORMANCE
EXPECTATIONS**

—
1 JULY 2018 – 30 JUNE 2019



CONTENTS

INTRODUCTION	PAGE 3
<hr/>	
KEY PRIORITIES IN 2018/19	PAGE 3
<hr/>	
OUTPUT CLASS 1: SPORT AND RECREATION PROGRAMMES	PAGE 16
<hr/>	
OUTPUT CLASS 2: HIGH PERFORMANCE SPORT	PAGE 21
<hr/>	
OUTPUT CLASS 3: HIGH PERFORMANCE SPORT NEW ZEALAND – PRIME MINISTER’S SPORT SCHOLARSHIPS	PAGE 24
<hr/>	
MANAGING THE ORGANISATION	PAGE 26
<hr/>	
PROSPECTIVE FINANCIAL STATEMENTS (CONSOLIDATED)	PAGE 27
<hr/>	
STATEMENT OF ACCOUNTING POLICIES	PAGE 31

STATEMENT OF AUTHORISATION

This Statement of Performance Expectations should be read with our Statement of Intent 1 July 2018 – 30 June 2022.

We are responsible for the prospective financial statements and statement of performance contained in this document.

We consider that these financial statements and statement of performance fairly reflect the organisation's expected financial position and performance results for the year ending 30 June 2019, in accordance with the Crown Entities Act 2004.

We authorise this Statement of Performance Expectations on behalf of Sport New Zealand Board:



SIR PAUL COLLINS

Chair, Sport NZ and High Performance Sport NZ
23 May 2018



JASON SHOEBRIDGE

Board member, Sport NZ
Chair, Audit Finance and Risk Committee
23 May 2018

INTRODUCTION

This Statement outlines the performance expectations for the Sport NZ Group for the year ending 30 June 2019, covering service performance and prospective financial statements.

The Sport NZ Group comprises the parent entity, Sport and Recreation New Zealand (Sport NZ), and its wholly-owned subsidiary High Performance Sport NZ Limited (HPSNZ).

This Statement should be read in conjunction with the Sport NZ Group Statement of Intent 1 July 2018 – 30 June 2022 (SOI).

KEY PRIORITIES IN 2018/19

SYSTEM LEADERSHIP

During the year, Sport NZ and HPSNZ are looking to take a step change in our traditional leadership role by developing and enhancing our leadership position in and across a range of systems including Government, Local Government, our sport sector partners and international counterparts.

Across Government, we are looking to work collaboratively with other agencies to recognise the value of sport and active recreation in supporting the achievement of wider Government outcomes. We will seek to do this through continued development of strong evidence and development of genuine cross-Government partnerships.

At a Local Government level, we will continue to identify key opportunities, risks and issues that influence quality participation at regional and local levels – for example, the quality and accessibility of council-owned spaces and places.

We will also continue to lead the sport sector in achieving a major shift in the fundamental approach to sport delivery through the education and adoption of our three strategic approaches: insights, physical literacy and locally-led development.

HPSNZ is developing a 10-year strategic plan that enhances its vision of inspiring New Zealanders through more winners on the world stage and to ensure a sustainable high performance system across multiple Olympiads.

Alongside our international counterparts, we will continue to explore opportunities for collaboration and partnerships that will further our mutual outcomes in regards to seeing greater levels of quality participation.

The priorities listed below demonstrate what we expect to achieve as a result of some of this work.

KEY PRIORITIES IN 2018/19

YOUNG PEOPLE

Young people are at the foundation of our Community Sport Strategy. We are building the system to enable quality experiences for young people to participate and ultimately develop a life-long love of sport and recreation. We are particularly focused on girls 10-18 years, young people playing competitive sport and those in low participating communities.

We continue to take a system-led approach that will deliver quality experiences to participants, which together will attract and support more people to participate at each stage of their lives. Refer to 'System Build' below for our priorities in this area.

In 2018/19, this will include an expansion of Play.sport into a further two regions. It is currently operating in Waitakere and Upper Hutt with a total of 45 schools involved. Findings from the Year 2 evaluation of Play.sport demonstrate specifically that the pilot is leading to improved prioritisation/embedding of physical activity, PE, and sport in the schools' culture, policies and processes (e.g. improved PE planning and practice) and increased teacher confidence and practice (e.g. to design purposeful PE learning experiences that reflect the Health and PE learning area).

SYSTEM BUILD

To achieve the required level of Community Sport system improvements, we have prioritised the development of three approaches and five system-build components:

THREE APPROACHES FOR LONG-TERM IMPACT

- **INSIGHTS APPROACH** – through the development of surveys, data collection and analytical techniques, we are supporting our partners to identify what New Zealanders want and need in terms of participation and translating this into intelligence, to help the sport system respond effectively.
- **PHYSICAL LITERACY APPROACH** – we are working to improve system understanding and adoption of the National Physical Literacy Framework and to support partner capability in delivering participation opportunities that are founded on the Physical Literacy approach.
- **LOCALLY-LED DELIVERY APPROACH** – supporting our partners to engage with local communities, including those with lower socio-economic conditions or facing greater barriers to participation which require the sport system to respond differently.

INSIGHTS APPROACH

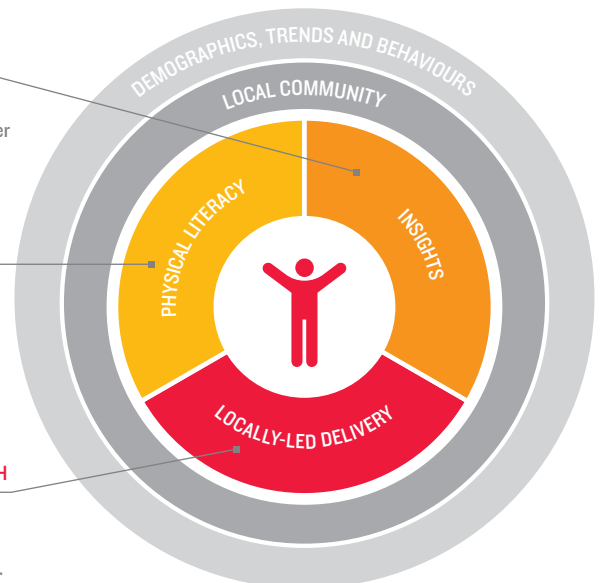
A combination of facts, data, voice-of-the-participant, local knowledge and analysis to help better understand participants.

PHYSICAL LITERACY APPROACH

The motivation, confidence, physical competence, knowledge and understanding to choose participating in physical activity and sport for life.

LOCALLY-LED DELIVERY APPROACH

Local communities empowered to make decisions and take action to improve their lives and communities.



KEY PRIORITIES IN 2018/19

FIVE STRATEGIC PRIORITIES

To build the sport system through the provision of quality advice, guidance, tools, training and investment.

INSIGHTS - a better informed sporting system

- Lead and make available information and knowledge that helps the sport system understand the rapidly changing environment within which potential participants are making decisions regarding their engagement (or not) with sport.
- Provide data and tools for the system to assist in understanding participants.
- Support our partners as they develop strategies to understand and target specific trends and demographics.

PEOPLE – improved people capability

- Enhance our partners' understanding of their future workforce needs and take a proactive and coordinated approach to workforce planning, recruitment and development.
- Implement opportunities for development and connectivity for those in critical Community Sport roles at local, regional and national levels.

SPACES & PLACES – better spaces and places to participate in community sport

- Engage across the sport system, facilitating alignment and collaboration between all those with an interest in the planning and development of sporting spaces and places, including development of regional facility plans.
- Using the Sporting Facilities Framework, guide and influence investment into sport and recreation spaces and places.
- Develop, and make more available, our space and place knowledge and resource base.

PARTNERS/PROVIDERS – increased capability of partners and providers

- Work with and invest in partners and providers who can make the biggest difference to our sport system for the greatest number of people.
- Build long-term partnerships with the above partners. Partnership will focus on building the partners' impact on our five strategic priorities.
- Support our partners to utilise the participant (current and potential) knowledge available to them and translate that into planning and delivery of relevant services and products to their people.
- Bring our partners together to share learning and seek meaningful collaboration.

PATHWAYS – increased and improved opportunities to meet the needs of participants

- Promote system understanding that builds on the Physical Literacy approach and develops pathways and opportunities for those wanting to participate in sport and active recreation.
- Support our partners to incorporate the Physical Literacy approach and Talent plan into their planning and delivery.

ACTIVE NZ

The new annual Active NZ Year 1 Participation Report was released in mid-2018.

Moving from a five-yearly to an annual survey enables us to better track our strategic progress and provide more regular intelligence to inform decision-making both within Sport NZ and in the sector. For the first time, Active NZ captures participation data for young people and adults in the same survey. Each year, Active NZ will survey at least 5,000 young people (5-17 years) and 20,000 adults (18+ years). In Year 1 of Active NZ (2017), a sample size of 6,004 young people and 27,038 adults was achieved.

The survey backs up our strategic thinking behind our Young People Plan: that having fun is the biggest motivator for young people to participate, whereas adults are more motivated by physical wellbeing. The biggest barriers to both adults and young people participating appears to be other commitments (which vary by life stage) taking priority or people being too busy (for reasons which vary by life stage). Despite these challenges, two-thirds of young people and three-quarters of adults, whether currently participating or not, want to do more – and we have a responsibility to help meet the needs of different groups to break down these barriers.

In 2018/19, we will develop a series of publications that take deeper dives into the data across areas of importance. We will also continue to work with the sector to ensure they are able to access the appropriate data for their own needs.

MEASURING PERFORMANCE

During 2017/18, measuring and reporting performance has been a key organisational priority.

A Performance Framework approved by the Board in December 2017 is largely complete, with measurement methodology and targets set.

Continuing into 2018/19, we are focused on:

- Ongoing refinement of the Performance Framework and bringing it to life as a core tool for measuring performance and decision-making at Senior Leadership Team and Board level
- Evaluating investment performance and impact to inform our decision-making
- Further developing our thinking in regards to Return on Investment measures
- Adopting Treasury's Living Standards Framework, developing our own thinking on how sport and recreation outcomes contribute, particularly in relation to the Human and Social Capitals within the Framework, including the development of potential measures. We will continue to work with Treasury as our thinking develops in this area.

KEY PRIORITIES IN 2018/19

WOMEN AND GIRLS IN SPORT

Increasing female involvement in sport and recreation at all levels is a key driver within New Zealand, recognising the power that sport and gender balance has in positively changing our social, economic and cultural future.

Action needs to be taken which will:

- Remove barriers for women and girls to participate in sport and recreation, wherever and however they choose
- Provide equitable access for women and girls in programming, training, coaching, administration, leadership and governance
- Promote a welcoming environment for all women and girls to feel respected, confident and safe to participate
- Ensure that women and girls are visible and valued in sport and active recreation.

A New Zealand consortium led by Women in Sport Aotearoa and supported by Sport NZ, will host the International Working Group on Women in Sport (IWG) in 2022 and the four-year secretariat from August 2018 – this presents an opportunity to gain momentum with our work in this area.

We are developing a strategic approach to Women and Girls in Sport to enhance leadership in this area. As part of the approach, we will develop a framework for action (including targets to measure progress), alongside learning from our international counterparts to determine what levers will have the most powerful impact within New Zealand and develop a prioritised work programme. We expect the strategic approach and framework to be developed by December 2018.

MĀORI PARTICIPATION

In response to the Māori and Community Sport Review, the Sport NZ Board accepted all recommendations in principle and is committed to improving its responsiveness to Māori Participation. In addition to the appointment of a Toihautū Principal Advisor Māori, the key success factors to achieve this are:

- Establish Te Tuarā – working Group that will develop a Māori Participation Strategy
- Increase cultural capability of Sport NZ Board and staff
- Review the Sport NZ kaupapa Māori framework Te Whetū Rēhua and He Oranga Poutama programme to ensure current and future relevance
- Develop genuine partnerships with Māori, re-build trusting relationships with He Oranga Poutama providers, establish kaupapa-driven connections with key Māori Organisations.
- Provide advocacy and guidance in cultural capability build for sector partners

WORKING IN PARTNERSHIP WITH THE MINISTRIES OF HEALTH AND EDUCATION

We continue to work closely with both Ministries to explore and implement collaborative approaches to areas of mutual benefit. Our immediate focus is on agreeing:

- A workplan that identifies areas where it would be sensible for the three agencies to work collectively (this will complement the two-party workplans already in place)
- A cross-Government approach to physical activity
- Joint advice on the best intervention into education settings to incorporate improved physical literacy and nutrition.

We will seek joint Ministerial support and implementation timeframes to be set by July 2018.

This work is complemented by initiatives resulting from our 'The Value of Sport' study, that have been specifically tailored to align to the challenges of both Ministries. This work demonstrates that:

- Physically active people have lower levels of non-communicable disease
- Physical activity can reduce the risk of depression, anxiety, suicide and dementia
- Tailored, quality physical activity has the potential to reduce health inequalities
- More physically active young people have better physical and mental health
- Physically active young people engage more in the classroom, stay in school longer, and achieve better at school – in and out of the classroom
- Older people who are more physically active have fewer age-related health problems.

This value proposition aligns strongly with the human capital component of the Living Standards Framework the Government is developing. This framework is already providing a useful common focal point to ongoing engagement with the Ministries of Education and Health.

We have been promoting the framework to the sport and recreation sector to enable it to better understand and connect into Government in a more aligned manner, with a particular emphasis on the education and health sectors.

We anticipate the combination of our tailored value proposition and the common emphasis provided by the Living Standards Framework will enable a stronger and more productive engagement across the sport, education and health sectors. This will build on existing cross-sector engagement in Ministry of Health initiatives such as promotion of physical activity guidelines, Healthy Families and Green Prescription, and the sport and education partnership on Play.sport and Sport in Education.

WORKING IN PARTNERSHIP WITH OUR INTERNATIONAL COUNTERPARTS

We are working closely with our international counterparts in Australia, England, Scotland, Wales and Canada, who are facing the same problems with declining participation rates as New Zealand, and we are proactively sharing information and best practice on initiatives to help turn these rates around.

KEY PRIORITIES IN 2018/19

FUTURE STATE

We are in the process of determining our future strategic direction, work which will continue for the remainder of 2018 and include several stages of stakeholder consultation.

Our work programme in 2018/19 includes undertaking a number of foundation reviews to better inform our thinking:

- **INTEGRITY REVIEW** – globally, the integrity of sport is increasingly being called into question. While New Zealand has various initiatives in place to protect and promote the integrity of sport, the current international environment indicates a review is needed to determine whether current measures are sufficient. The Integrity Review will inform our future approach to protecting the integrity of New Zealand sport. It may also identify areas where we can work with other Government agencies and the sport sector to address areas of concern. Phase 1 of this review will be complete by December 2018. The scope and timing of Phase 2 will be agreed at that point.
- **DISABILITY REVIEW** – a key focus for the disability sport and recreation sector is to provide quality support, opportunities and experiences for disabled people and their whānau/families to participate. The Disability Review will help us gain a more informed understanding of the disability sport and recreation sector by identifying who is active in the sector, the make-up of the sector, how well the sector is aligned and connected, and if there are gaps in both the sector's and Sport NZ's understanding or offering. A Blueprint for the Future will be published in mid-to-late 2018.
- **KIWISPORT REVIEW** – the Kiwisport Review will determine whether the objectives of the Kiwisport Regional Partnership Fund remain fit for purpose in light of our Community Sport Strategy, and in particular whether they align with the aims of Sport NZ's Young People Plan 2016-20 and improve the quality of experiences for young people aged 5-18. Draft findings and recommendations will be presented to the Sport NZ Board in October 2018, with final approval expected in December 2018.
- **SECONDARY SCHOOL REVIEW** – the Secondary School Review will develop a better understanding of the lives of New Zealand teenagers, and how their sport and recreation needs might be met in the future. It will establish a series of key principles for the delivery of sport and recreation that will be developed further during the next year and shared with agencies responsible for providing these opportunities for young people. Draft findings and recommendations will be presented to the Sport NZ Board in October 2018, with final approval expected in December 2018.

Our new Active NZ Survey is providing us with valuable insights into current and possible future participation trends. Work being done on our strategic approach to Women and Girls in Sport and through our partnerships with the Ministries of Health and Education will help to shape our future direction. We will also look to ensure that we are aligned with the Living Standards Framework.

HIGH PERFORMANCE SPORT NEW ZEALAND (HPSNZ)

HPSNZ's mission is to create a world-leading, sustainable high performance sport system.

We aim to inspire, enrich and unite the nation by leading the high performance sport system to achieve more winning on the world stage, thereby instilling national pride and shaping our national identity.

Under HPSNZ's leadership, the New Zealand high performance sport system is experiencing an unprecedented level of success. Recent success includes New Zealand's best results in Olympic, Winter Olympic and off-shore Commonwealth Games. Paralympic and non-Olympic Sport success is also reaching new levels of performance. This demonstrates a strong systems approach and collaboration with system partners such as National Sport Organisations (NSOs), New Zealand Olympic Committee (NZOC) and Paralympics New Zealand.

HPSNZ STRATEGIC PRIORITIES

SYSTEM BUILD

Delivering New Zealand's 2018 high performance success on the world stage is attributable to HPSNZ's 2017-2020 strategy and the following key strategic priorities:

Lead a highly effective high performance (HP) system that ensures resources are targeted and prioritised to deliver performance outcomes

- Maximise high performance outcomes through optimal allocation of investment and other resources to targeted podium potential sports and athletes.
- Drive for effectiveness and efficiency in the high performance system and HPSNZ operations, ensuring maximum use of resource with minimal duplication.
- Implement an evidence-based approach to the monitoring and evaluation of programmes and campaigns to ensure resources are enhancing performance.
- Ensure we retain, develop and attract people who can provide sustained world-leading support.
- Lead the broader HP system through the delivery of initiatives to address system-wide issues as well as connecting, sharing and informing NSOs, NZOC and Paralympics New Zealand on high performance good practice.

Work in partnership to increase the stability and high performance capability of NSOs

- Enhance capability and capacity within sports to meet the changing requirements for winning performance so they are increasingly self-reliant and support their athletes to win consistently.
- Partner with Sport NZ to collectively enhance organisational development support to prioritised HP NSOs in governance, leadership/management and finance to provide stability to enable ongoing success.
- Work closely with NSOs to evaluate their HP programmes and identify opportunities to impact performance.
- Provide consulting and expert technical support to targeted podium potential sports to increase capability and athlete performance.
- Ensure world-class HP planning and preparation for targeted sports and medal potential campaigns.

KEY PRIORITIES IN 2018/19

Partner with NSOs to build world-leading coaching and high performance programme leadership

- Prioritise coaching and create the environment for HP coaches to provide athletes with the coaching they need to win.
- Grow the coaching and leadership capability of coaches.
- Develop a collaborative HP coaching community that supports coaches, encourages cross-sport learning and grows New Zealand's coaching knowledge.
- Enhance individual and collective leadership capability to improve the connectedness and performance sustainability of the New Zealand system.
- Support NSOs to build the environment to attract and retain the key HP people.

Deliver world-leading performance support for our athletes and coaches

- Work in partnership with NSOs to enable a positive impact on athlete and coach performance.
- Create, challenge and influence performance by providing world-leading performance knowledge, experience and support.
- Deliver athlete-focused support to enable athletes to maximise their potential and achieve at pinnacle events.
- Use innovative practices to go beyond existing knowledge.
- Achieve sustainable success by developing our people and monitoring their wellbeing, creating specific pathways and ensuring robust recruitment and retention strategies.

Enhance the daily training and competition environments

- Provide an appropriate HP training, performance and recovery support environments to meet the requirements of elite sport.
- Sustain a professional HP culture and immerse athletes in an HP environment.
- Create a world-leading HP environment in performance hubs where there is a critical mass of targeted athletes.
- Partner with NZOC, Paralympics NZ and NSOs to create performance environments at the Olympic and Paralympic Games.

Strengthen high performance athlete development systems

- Support NSOs to develop effective HP athlete development (HPAD) systems and pathways to deliver the number and quality of athletes required to meet or exceed future medal targets.
- Assist NSOs to ensure appropriate developmental experiences for pathway athletes, including competition.
- Lead and support a better understanding of HPAD across the HP system, focused on growing capability.
- Work collaboratively with Sport NZ to improve whole of sport pathway alignment.

Lead an integrated and robust innovation, technology and knowledge programme to drive increased performance

- Ensure resources are effectively allocated to develop and implement innovation and technology solutions to improve athlete performance.
- Ensure a network of innovation expertise is harnessed to provide solutions to improve athlete performance.
- In partnership with sports, coaches and athletes, develop and deliver applied innovation projects to solve performance issues.
- Improve collective NSO capability in pinnacle event learning to enhance decision-making and uncover cross-sport insights.
- Implement longitudinal tracking to uncover predictors of performance and enhance learning for athletes and coaches.

These strategies are fundamental to HPSNZ's leadership role in New Zealand's HP sport system. The programmes and tactics behind each strategy continue to develop as we adapt to the changing international HP sport environment and respond to the evolving needs of NSOs.

WOMEN IN HIGH PERFORMANCE SPORT

HPSNZ, in partnership with Sport NZ and sector stakeholders, have committed to developing opportunities for women and girls to contribute to the high performance system.

Representation of female high performance leaders, coaches and specialist staff is significantly lower than males. We are seeking to better understand the factors that contribute to this and provide meaningful opportunities that support the growth of female numbers in the sector.

KEY PRIORITIES IN 2018/19

HPSNZ KEY STRATEGIC PRIORITIES 2018

HPSNZ has developed several initiatives to supplement and enhance the HP strategic priorities, summarised below:

MISSION: CREATING A WORLD-LEADING, SUSTAINABLE HIGH PERFORMANCE SPORT SYSTEM

KEY STRATEGIC PRIORITIES (STRATEGIC PLAN 2017-2020)

Lead a highly effective high performance system that ensures resources are targeted and prioritised to deliver performance outcomes

Work in partnership to increase the stability and high performance capability of NSOs

Partner with NSOs to build world-leading coaching and high performance leadership

Deliver world leading performance support for our athletes and coaches

Enhance the daily training and competition environments

Strengthen high performance athlete development systems

Lead an integrated and robust innovation, technology and knowledge programme to drive increased performance

STRATEGIC DRIVERS

2018 PRIORITIES AND PROJECTS

PEOPLE

CULTURE AND ENVIRONMENT

PLANNING AND MONITORING

IMMERSION AND INTEGRATION

INNOVATION

INTELLIGENCE

OVERARCHING:

Develop a HP System 10 year blueprint to ensure more New Zealanders are winning on the world stage

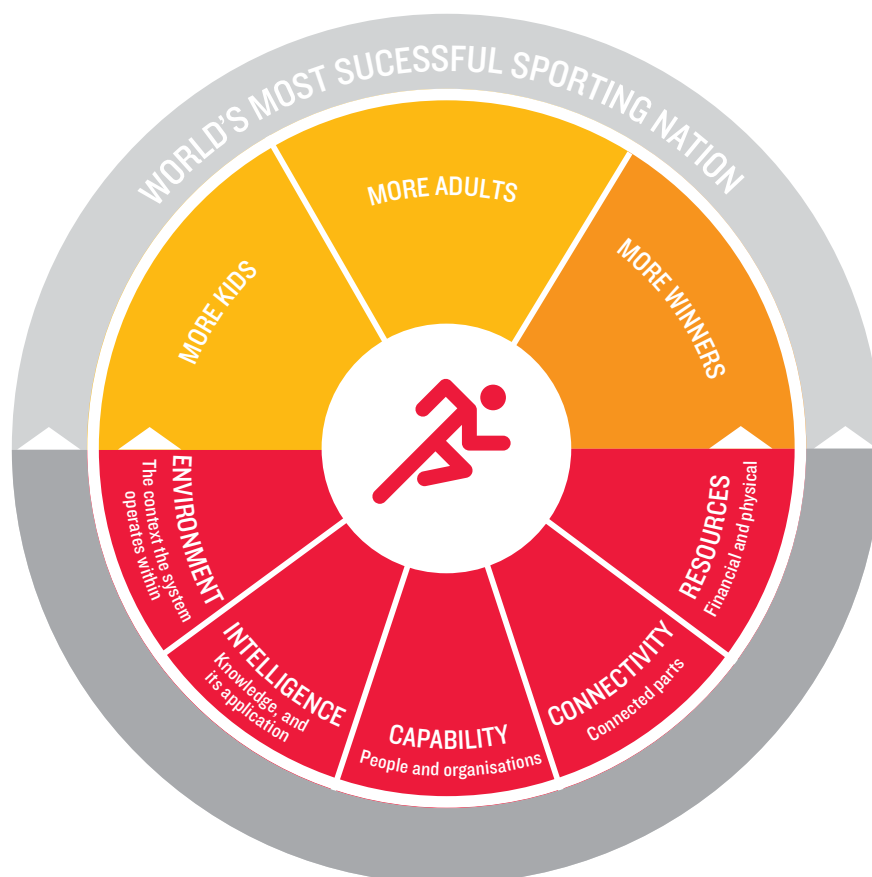
- | | |
|--|---|
| <p>1 Partner with targeted sports to enhance robust evidence based tracking and learning systems to inform critical programme and campaign decisions for Tokyo 2020 and beyond</p> <p>2 Lead the development of a NZ approach to understand what it takes to win to better inform campaign preparation</p> <p>3 Partner with NSO leaders in targeted sports to increase numbers of HP coaches and develop environments that optimise coaches' preparation for Tokyo 2020 and Paris 2024</p> <p>4 Partner with Sport NZ to support enhanced NSO capability, stability and alignment</p> <p>5 Partner with targeted NSOs via a tailored Engagement model utilising Performance Teams to ensure alignment and focus</p> <p>6 Develop a national strategy for HPSNZ hub networks</p> | <p>7 Challenge and support the system internally and externally with targeted NSOs to deliver sustainable success for 2024/28</p> <p>8 Create and leverage effective partnerships with industry, universities, commercial and philanthropy networks</p> <p>9 Initiate a gender equity project that will provide meaningful opportunities for women in high performance</p> <p>10 Develop recommendations on how athletes can have authentic involvement, genuine consultation and ability to impact in the HPSNZ system and within NSOs</p> <p>11 Review our current investment model (including carding, PEGs and PM scholarships criteria) to be sustainable towards 2028</p> <p>12 Further develop and enhance the HPSNZ culture by living our values and improving collaboration and communication with staff, contractors and stakeholders</p> |
|--|---|

WHAT WE INTEND TO ACHIEVE AND HOW

Through building a world-leading sport system, we will achieve our strategic outcomes: more kids and adults participating, more winners on the world stage.

The diagram below is an extension of our Outcome model, the lower 'hemisphere' depicts the sport system attributes or parts we will work through (the 'How') to achieve the outcomes and priorities we have identified in the top 'hemisphere' (the 'What').

WHY – ENRICHING LIVES AND INSPIRING THE NATION



OUTPUT CLASS 1: SPORT AND RECREATION PROGRAMMES

This Output refers to Sport NZ and in particular our work devoted to achieving more kids and adults participating.

We intend to achieve: increased participation in sport and recreation by providing investment, technical expertise, knowledge and information, and technical advice to partner organisations and key stakeholders.

How we will assess performance: by aggregating individual output results from the table below across these main themes:

- Community Sport Strategy implementation.
- Stakeholder satisfaction levels.
- Partner capability.

We will also report progress across all Sport NZ 2018/19 Key Priorities reported above.

We use several methods of evaluation including surveys and case studies across quantitative and qualitative aspects of our work.

PARTICIPATION

We will report annual progress towards the participation outcome measures identified through Outcomes 1, More kids and 2, More adults in the 2018-22 Statement of Intent.

We have redesigned the way we gather information about participation. Using our new Active NZ Survey, we are collecting data on a continuous basis, so that we can continue to track participation patterns. Additionally, for the first time we have been able to collect data on both adults and young people in the same survey and understand how their participation interacts in the household.

Results from the first year of the new survey will now form our baselines, and with more readily available data, we will be better informed to break down barriers and meet the different needs of population groups. In the face of declining participation, it has become even more important to understand how participant needs may be changing in New Zealand.

PROGRESS AGAINST THE COMMUNITY SPORT STRATEGY 2015-20

The four tables below show how we will monitor progress of our Community Sport Strategy by:

- understanding how our investment partners are embedding our three approaches.
- progress in building the sport system through quality support and opportunities.
- partners believing Sport NZ can improve on participation.
- partners understand Sport NZ strategic priority activities and are confident that Sport NZ can deliver on these.
- looking to see direct improvements as a result of specific investments.

EMBEDDING APPROACHES

The measures below tell us how effective we have been in ensuring our three approaches are being embedded across our priority partners¹ and RSTs in particular.

PRIORITY	OUTCOME DESCRIPTION	MEASURE	BASELINE ¹	2018/19 TARGET
Insights	Partners embedding the Insights approach by identifying participant needs and wants	% of RSTs embedding the Insights approach	100%	100%
		% of Priority Partners embedding the Insights approach	74%	>74%
Physical Literacy	Partners embedding the Physical Literacy approach by applying a holistic approach to the participant	% of RSTs embedding the Physical Literacy approach	80%	>80%
		% of Priority Partners embedding the Physical Literacy approach	65%	>65%
Locally-led delivery	Partners embedding the Locally-led approach by enabling local communities to co-design sport and active recreation to meet local needs	% of RSTs embedding the Locally-led approach	80%	>90%
		% of Priority Partners embedding the Locally-led approach	70%	>70%
		Locally-Led Approach case studies demonstrating how locally-led approach is being used, the learnings over the year and the changes occurring	N/A	Case studies demonstrate use, learnings, and changes occurring

1. We have identified 33 partners who we are working more in-depth with. These are 14 Regional Sports Trusts (RSTs) for their ability to impact on participation at regional and local level, 10 National Sports Organisations (NSOs) receiving Grow investment to impact on our target participant groups (TPGs), 3 large NSOs, 2 National Recreation Organisations, 2 Disability Organisations and 2 Education partners.

OUTPUT CLASS 1: SPORT AND RECREATION PROGRAMMES

BUILDING THE SYSTEM THROUGH PROVIDING QUALITY SUPPORT AND QUALITY OPPORTUNITIES

PRIORITY	OUTCOME DESCRIPTION	MEASURE	BASELINE ¹	2018/19 TARGET
Insights	Impact on an informed sporting system	Priority Partners Insights initiatives are having a positive impact on an informed sporting system	N/A	Qualitative evidence of impact
		Sport NZ's activity in the Insights area has had a positive impact on Priority Partners	83%	80%
People	Impact on people capability	Priority Partners People initiatives are having a positive impact on people capability	N/A	Qualitative evidence of impact
		Sport NZ's activity in the People area has had a positive impact on Priority Partners	52%	50%
Spaces & Places	Impact on spaces and places to participate in Community Sport	Priority Partners Spaces & Places initiatives are having a positive impact on spaces and places to participate in sport and active recreation	N/A	Qualitative evidence of impact
		Sport NZ's activity in the Spaces and Places area has had a positive impact on Priority Partners	48%	55%
Partners/ Providers	Impact on capability of partners and providers	Priority Partners Partners/Providers initiatives are having a positive impact on partner and/or provider capability	N/A	Qualitative evidence of impact
		Sport NZ's activity in the Partners/ Providers area has had a positive impact on Priority Partners	91%	>85%
Pathways	Impact on opportunities to meet the needs of participants	Priority Partners Pathways initiatives are having a positive impact on opportunities to meet the needs of participants	N/A	Qualitative evidence of impact
		Sport NZ's activity in the Pathways area has had a positive impact on Priority Partners	48%	55%

SPORT NZ'S ABILITY TO IMPACT ON PARTICIPATION

OUTCOME DESCRIPTION	MEASURE	BASELINE ¹	2018/19 TARGET
Sport NZ's Impact on ability to increase participation	% of Partners that believe the Community Sport Strategy is able to improve participation	78%	≥80%

KEY INITIATIVES FOR 2018/19

We will also monitor what we have identified as key initiatives for the business this year that we believe will help accelerate building the sport system.

FOCUS AREA/ PRIORITY	OUTCOME DESCRIPTION	MEASURE	BASELINE ¹	TARGET
Investment and monitoring processes	Sport NZ's Service quality to Partners	Sport NZ performance management services	69%	70%
Stakeholder engagement	Sport NZ's relationship quality	Sport NZ relationship quality	84%	80%
		Sport NZ staff interact in a well organised and co-ordinated manner	73% overall 20% RST	75% overall 30% RST
Active NZ	Sport NZ's information quality	External view of information provided: Sharing research, information and knowledge of relevance and interest	41%	45%
		External view of information provided: Providing enhanced understanding of the sport, recreation and physical activity sector to inform decision making	45%	45%
Secondary Age	Sport NZ's Service quality	Sport NZ specialist services & consultancy	80%	80%
Play.sport	Teacher practice and confidence in physical education, sport and active recreation	% of staff who feel more confident in setting up at least one PE learning opportunity as a result of Play.sport	70% ²	>70%
		% of staff who feel more confident in setting up 6-8 PE learning opportunities as a result of Play.sport	45% ²	>45%
		% Play.sport teachers thinking differently about PE, physical activity and sport	75% ²	>75%
		% of staff who feel Play.sport has helped strengthen at least one area of School Health and PE planning	85% ²	>85%
Competitive Sport Review	Sport NZ's service quality: Coaching	How well partners rate Sport NZ's quality of service in the Coaching and/or instructing area	80%	≥80%
		How well partners rate Sport NZ's quality of service in the Talent area	65%	≥65%
Cross Government collaboration	Sport NZ's Cross Government relationship quality	Sport NZ Cross Government relationship quality – overall quality	under development	TBD
Effective Ministerial relationship	Sport NZ is working effectively with the Minister	Level of Ministerial satisfaction	Satisfied	Satisfied

OUTPUT CLASS 1: SPORT AND RECREATION PROGRAMMES

FINANCIAL FORECAST

	ESTIMATE 2018 \$000	BUDGET 2019 \$000
Crown funding	19,151	19,151
Other operating revenue	57,765	53,862
Total Revenue	76,916	73,013
Less Expenses		
- Sector investment	45,838	52,174
- Programme Management	4,843	5,279
- Technical Advice and Resources	12,247	15,090
- Policy Advice	1,814	2,133
- Knowledge and Information	1,272	1,628
- World cups office	285	0
Total Expenses	66,299	76,304
Net operating surplus / (deficit)	10,617	(3,291)

OUTPUT CLASS 2: HIGH PERFORMANCE SPORT

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

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

In this second year of the Tokyo 2020 Olympic and Paralympic cycle, we have set targets that reflect a strategic build-up over time to maximise performances at key pinnacle events.

How we will assess performance: by aggregating individual output results from the tables below across these main areas:

- Progress across high performance programmes and campaigns, supported by strategic investment and world leading high performance expertise
- Stakeholder satisfaction levels
- Athlete and coaches enabled to perform.

We use several methods of evaluation including surveys and case studies across quantitative and qualitative aspects of our work. Where available, we monitor NZ's position within the international environment, for example, virtual Olympic medal table.

KEY ACTIVITY	OUTPUT DESCRIPTOR	KEY INDICATOR
Investment to support NSO high performance initiatives	High performance system programme goals are achieved, which include: Podium Performances, World Class Athletes, World Class Leaders, Coaches & Support Staff, World Class Planning & Execution, World Class Daily Training Environments, Athlete Development, Effective partnerships with National Sport Organisations, New Zealand Olympic Committee, Paralympics New Zealand and HPSNZ	At least 80% High Performance system key performance indicators achieved: 2017: 89% 2016: 91% 2015: 89% 2014: 86% At least 85% of total high performance funding will be invested in high performance programmes and initiatives ² 2017/18: 94.4% (Forecast) \$62.1 million 2016/17: 89.3% \$57.3 million 2015/16: 92.0% \$58.6 million 2014/15: 92.2% \$57.1 million 2013/14: 92.2% \$55.5 million

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

OUTPUT CLASS 2: HIGH PERFORMANCE SPORT

CAPABILITY AND EXPERTISE

KEY ACTIVITY	KEY OUTPUT	KEY INDICATOR
Technical advice for high performance expertise	HPSNZ provides expert advice, guidance and assistance to national sport organisations to improve the delivery of their high performance programmes and athlete development	<ul style="list-style-type: none"> At least 80% partner satisfaction with quality of consultancy provided³ <p>2016/17: 93% (question revised from 2016/17) 2015/16: 96% 2014/15: 94%</p>

ATHLETE PERFORMANCE SUPPORT

KEY ACTIVITY	KEY OUTPUT	KEY INDICATOR
High performance athlete support services	HPSNZ directly supports athletes through the allocation of grants and the provision of specialist and expert services. ⁴	<ul style="list-style-type: none"> At least 80% of coaches and athletes⁵ say that HPSNZ support and training environment positively impacts performance <p>2017: Athletes 89%, Coaches 86% 2016: = Athletes 83%, Coaches = 81% 2015: Athletes = 90%, Coaches = 93%</p> <ul style="list-style-type: none"> Performance Enhancement Grants (PEGs) allocated to at least 200 high performance athletes <p>2017: 312 2016: 235 2015: 251</p> <ul style="list-style-type: none"> 400 athletes receive funding and/or access to services through the high performance system <p>2017: 527 2016: 596 2015: 510⁶</p>

3. Partners receiving targeted investment.

4. For example, exercise physiology, biomechanics, strength and conditioning, nutrition, physiotherapy, massage, planning, athlete life, and medical services.

5. 2015 excludes responses from athletes who indicated that they seldom used HPSNZ services e.g. athletes that are located outside of New Zealand.

6. Some HPSNZ past results are gathered on a calendar year basis.

FINANCIAL FORECAST

	ESTIMATE 2018 \$000	BUDGET 2019 \$000
Crown funding	62,192	62,192
Other operating revenue	5,589	7,531
Total Revenue	67,781	69,723
Less Expenses		
- Sector investment	43,093	46,186
- Infrastructure Investment	3,528	3,073
- Programme management	1,943	2,096
- Technical Advice and Resources	6,968	8,039
- HP Athlete Services	15,766	16,465
Total Expenses	71,298	75,859
Net operating surplus / (deficit)	(3,517)	(6,136)

OUTPUT CLASS 3: PRIME MINISTER'S SPORT SCHOLARSHIPS

What we intend to achieve: the Prime Minister's Sports Scholarships aim to increase participation and achievement in sport and physical recreation by enabling talented New Zealanders to pursue tertiary study to develop particular skills, while developing to elite-level sport. Particular skills are those which contribute to the quality of New Zealand's sport performance at the elite level.

How we will assess performance:

We aggregate and monitor the results in the table below across these main perspectives:

- Efficient administration.
- Talent is developed (athletes, coaches, officials and support staff).

SECTOR INVESTMENT

KEY ACTIVITY	KEY OUTPUT	KEY INDICATORS
Investment	High performance athletes, coaches, officials and support personnel balance their sports development by pursuing educational and personal development opportunities	<ul style="list-style-type: none"> - Administration costs are less than 4% of the total funding 2016/17: 2.7% 2015/16: 3.6% - At least 300 athlete scholarships are awarded 2016/17: 312 2015/16: 394 - At least 100 coach, official and support team scholarships are awarded 2016/17: 139 2015/16: 197

FINANCIAL FORECAST

PRIME MINISTER'S SPORTS SCHOLARSHIPS

	ESTIMATE 2018 \$000	BUDGET 2019 \$000
Crown funding	4,250	4,250
Total Revenue	4,250	4,250
Less Expenses		
– Sector investment	4,000	4,250
– Programme management	128	155
Total Expenses	4,128	4,405
Net operating surplus / (deficit)	122	(155)

MANAGING THE ORGANISATION

PRIORITY	OUTCOME DESCRIPTION	MEASURE	BASELINE ⁷	2018/19 TARGET
Organisational effectiveness and efficiency	A workforce with the right capacity and capability to drive strategy	% Turnover (12 months rolling average)		
		– Sport NZ	14%	12%
	– HPSNZ	19% ⁷	15%	
	% of front line staff	– Sport NZ	63%	63%
		– HPSNZ	90%	85%
	Staff engaged to drive strategy	% Total Engagement		
– Sport NZ	68%	72%		
– HPSNZ	81%	75%		
Operate with financial effectiveness and efficiency	Overhead Percentage	– Sport NZ	7.6%	7.5%
		– HPSNZ	6.2%	7.5%
Organisational performance	Relationship quality with Partners	Relationship quality		
		– Sport NZ	84%	80%
	– HPSNZ (Targeted Sports)	97%	85%	
	Sport NZ's Service quality to Partners	Performance management services		
		– Sport NZ	69%	70%
		– HPSNZ (Targeted Sports)	86%	85%
Specialist services and consultancy	– Sport NZ	80%	80%	
	– HPSNZ (Targeted Sports)	93%	85%	

MANAGING RISK

Sport NZ Group has risk management arrangements which include the Board's risk appetite, corresponding risk registers and a business continuity plan.

The Board receives regular reports of significant risks and risk management mitigation actions and controls.

Staff have risk management resources including a risk management manual and policy.

Maintaining risk awareness is an ongoing activity which enhances risk management and includes risk management workshops.

7. Baseline turnover for HPSNZ is high due to normal staff movement that occurs after a four year Olympic cycle, Rio 2016 being the most recent.

PROSPECTIVE FINANCIAL STATEMENTS

For the year ending 30 June 2019.

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

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

For the year ended 30 June 2019

	ESTIMATE 2018 \$000	BUDGET 2019 \$000
REVENUE		
Crown Funding	85,593	85,593
NZ Lottery Grants Board	58,426	56,402
Interest Received	1,653	1,861
Sundry Revenue	3,275	3,130
Total Operating Revenue	148,947	146,986
INVESTMENTS AND GRANTS		
Investment consulting	903	706
Sector Investment	92,152	102,004
World Cups Office	132	0
Infrastructure Investment	3,516	3,000
Total Investments and Grants	96,703	105,710
COST OF SERVICES		
Board members remuneration	223	242
Personnel costs	24,112	27,152
Professional and Technical services	7,878	8,109
Leased Property	1,002	1,032
Depreciation and amortisation	1,563	1,684
Other Operating Costs	10,244	12,639
Total Operating expenditure	45,022	50,858
Total Expenditure	141,725	156,568
Net operating surplus / (deficit)	7,222	(9,582)
Loss on disposal of assets	0	0
Net profit / (loss)	7,222	(9,582)
Other Revenue and Expenditure	0	0
Total Revenue and Expenditure	7,222	(9,582)

PROSPECTIVE FINANCIAL STATEMENTS

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	ESTIMATE 2018 \$000	BUDGET 2019 \$000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,003	890
Trade and other receivables	18,921	14,722
Prepayments	89	39
Investments	35,000	28,500
Total Current assets	55,013	44,151
NON-CURRENT ASSETS		
Property, plant and equipment	3,618	3,463
Intangible assets	981	1,111
Rowing Loan	9	8
Total Non-current assets	4,608	4,582
Total Assets	59,621	48,733
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	7,597	5,774
Revenue received in advance	563	949
Employee benefits	1,627	1,765
Provisions	23	22
Total Current liabilities	9,810	8,510
Net assets	49,811	40,223
Public equity	42,589	49,805
Total Revenue and Expenditure	7,222	(9,582)
Shareholder's Equity	49,811	40,223

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2019

	GROUP	
	ESTIMATE 2018 \$000	BUDGET 2019 \$000
Opening Public equity	42,589	49,805
Total Revenue and Expenditure	7,222	(9,582)
Closing Public equity	49,811	40,223

PROSPECTIVE FINANCIAL STATEMENTS

PROSPECTIVE STATEMENT OF CASH FLOWS

For the year ended 30 June 2019

	ESTIMATE 2018 \$000	BUDGET 2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflows		
Receipts from Crown revenue	85,593	85,593
– New Zealand Lotteries Grants Board	62,774	60,662
– Sundry revenue	4,149	3,330
Interest Received	1,099	1,799
Goods and services tax (net)	515	–
Total Cash inflows	154,130	151,384
Cash outflow		
Payments to suppliers		
– Sector investment	94,483	107,741
– Other payments	18,941	21,135
Total Payments to suppliers	113,424	128,876
Payments to employees	25,143	27,463
Total Cash outflows	138,567	156,339
Net cash inflow / (outflow) from operating activities	15,563	(4,955)
CASH FLOW FROM INVESTING ACTIVITIES		
Cash inflows		
Disposal of fixed assets	231	–
Investments maturing	–	6,500
Total Cash inflows	231	6,500
Cash outflow		
Purchase of property, plant and equipment	2,365	1,015
Purchase of intangible assets	452	643
Acquisitions of investments	24,000	–
Total Cash outflows	26,817	1,658
Net cash inflow / (outflow) from investing activities	(26,586)	4,842
Net increase / (decrease) in cash held	(11,023)	(113)
Opening cash balance as at 1 July	12,026	1,003
Closing cash balance as at 30 June	1,003	890

STATEMENT OF ACCOUNTING POLICIES

PURPOSE

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

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

REPORTING ENTITY

These prospective financial statements are for the Sport NZ Group for the year ending 30 June 2019. The Sport NZ Group comprises the parent entity, Sport and Recreation New Zealand (trading as Sport NZ) and its wholly-owned subsidiary High Performance Sport New Zealand Limited (HPSNZ).

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

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

These prospective financial statements were approved by the Sport NZ Board on 23 May 2018.

BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

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

MEASUREMENT BASE

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

FUNCTIONAL AND PRESENTATION CURRENCY

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

CONSOLIDATION

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

STATEMENT OF ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

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

SUBSIDIARIES

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

REVENUE

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

Revenue from the Crown

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

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

Revenue from the New Zealand Lottery Grants Board

Sport NZ receives annual Lotteries funding from the NZ Lottery Grants Board (LGB) who in turn receive it from Lotto NZ, in accordance with section 279 of the Gambling Act 2003. Sport NZ currently receives 20% of Lotto NZ net profits through this means. Revenue from the NZ LGB is recognised in the same financial year as Lotto NZ's net profits.

Grants and donations

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

Interest

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

SECTOR INVESTMENTS AND GRANTS (EXPENDITURE)

To meet its primary objectives, the Group provides funding to various organisations in the sport and recreation sector. This expenditure is recognised as an expense in the statement of comprehensive revenue and expense either as 'sector investments' or 'infrastructure investments' when contracted requirements are met and an obligation to distribute funds has arisen.

The Group must exercise judgement when recognising investment expenditure to determine whether contracted requirements have been satisfied. This judgement will be based on the facts and circumstances that are evident for each contract.

LEASES

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

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

CASH AND CASH EQUIVALENTS

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

TRADE AND OTHER RECEIVABLES

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

INVESTMENTS

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

Bank deposits

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

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

LOANS

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

Additions

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

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

STATEMENT OF ACCOUNTING POLICIES

Disposals

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

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

Depreciation

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

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

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

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

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

INTANGIBLE ASSETS

Software acquisition and development

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

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

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

Amortisation

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

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

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

TRADE AND OTHER PAYABLES

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

EMPLOYEE ENTITLEMENTS

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

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

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

SUPERANNUATION SCHEMES

Defined contribution schemes

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

PROVISIONS

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

GOODS AND SERVICES TAX (GST)

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

INCOME TAX

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

COST ALLOCATION

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

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

STATEMENT OF ACCOUNTING POLICIES

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

The basis and appropriateness of the estimates and assumptions used in preparing the prospective financial statements are those which the Sport NZ Board reasonably expect to occur in respect of those actions the Sport NZ Board and HPSNZ Board reasonably expects to take as at 23 May 2018, the date on which the prospective financial statements have been authorised for issue by the Sport NZ Board.

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

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

SIGNIFICANT ASSUMPTIONS

New Zealand Lottery Grants Board funding has been estimated for the 2018/19 year based on projected profits of the Lotto NZ available at the time of preparing the prospective financial statements and Sport NZ Group's agreed share of them.

It is assumed that Sport NZ Group's business model and staffing levels will not significantly change during the 2018/19 financial year, beyond normal staff turnover. All significant assumptions surrounding expenditure have been based on historical data, existing business practices or actual business plan projections for each financial year.

CRITICAL JUDGEMENTS IN APPLYING THE SPORT NZ GROUP'S ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying the Sport NZ Group's accounting policies for the year ending 30 June 2019:

Impairment of loans and advances

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





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

New Zealand Government

SPNZ00005
ISBN 978-0-947502-77-5