

**Start with a dream**

Then work out every step  
to make it happen



Statement of Intent  
2003 – 2004



# Our mission

By 2006 be recognised as world leading in our approach to sport and physical recreation measured by:

- > Being the most active nation
- > Having the most effective sport and physical recreation systems
- > Having athletes and teams winning consistently in events that matter to New Zealanders.

Cover

National Sports Journalism Awards – Adrian Malloch, Taranaki Newspapers

Inside Cover

National Sports Journalism Awards – Craig Marsden, Cycling NZ

National Sports Journalism Awards – Mark Taylor, Daily News

National Sports Journalism Awards – Mark Dwyer

Page 1

National Sports Journalism Awards – Joanna Caird

Anthony Phelps

National Sports Journalism Awards – John Borren, Bay of Plenty Times



## TABLE OF CONTENTS

Creating Value for New Zealand	3
Organisational Direction and Capability	5
Revenue	9
Investment	10
Risk	13
Outcomes, Objectives, Performance Measures	14
Statement of Accounting	22
Financial Statements	25
References	29

# Executive Summary

This is the second Statement of Intent presented by Sport and Recreation New Zealand (SPARC) in accordance with section 34A of the Public Finance Act 1989. The document provides information on key projects and investment over the next three years.

The development of the Statement of Intent also provides an opportunity to sharpen the definitions of the challenging outcomes that have been set, and to restate the organisation's commitment to the mission.

Contained in this document are the initiatives that SPARC will deliver in 2003/04. The development of the organisation and its increased capacity enables SPARC to provide an extended range of services and outputs.

Finally, the Statement of Intent lists a series of challenging, yet achievable, performance measures. These measures provide the means to demonstrate that the 2003/04 \$62M investment in sport and recreation is making a difference and represents value for money to the taxpayer.

# Creating Value for New Zealand

Physical activity, physical recreation, and sport play an important role in the lives of New Zealanders, and have a significant impact on the nation's health and identity. This sector also contributes to the development of New Zealand communities and economic growth.

## HEALTH

The health benefits of physical activity are beyond question. A significant and growing body of research clearly indicates the value of physical activity. Physical activity reduces the risk of developing or dying from many serious diseases, becoming disabled, and having accidents. For example, it is a significant contributing factor in reducing cardiovascular disease which accounts for 40 percent of all deaths in New Zealand. Physical activity also reduces the risk of some forms of cancer and diabetes, obesity, depression and falls in older people, and contributes to a range of improved health outcomes.

Physical activity has a major part to play in reducing the social and economic impact of disease on the New Zealand population. An increase in physical activity would result in considerable reduction to the \$9.6B expected to be spent on health in 2003/04.

The World Health Organization has identified physical inactivity as one of the biggest contributors to the global burden of disease. Physical inactivity contributes to 2,600 deaths per year (8 percent) in New Zealand, and is second only to smoking as a negative health behaviour.

## STRENGTHENING IDENTITY

Sport and physical recreation lie at the heart of New Zealand's identity. New Zealanders' interest in sport is high with 94 percent interested and/or involved in sport. New Zealand's presence and success on the world stage makes a strong statement about the country. At the same time, sport and physical recreation creates a sense of community and nationhood. Sport, physical recreation and physical activity also provide opportunities for New Zealand's diverse peoples to express and reinforce their cultural identities.

## ECONOMIC GROWTH

Physical activity makes a significant contribution to the New Zealand economy. The recent Ministerial Taskforce on Sport, Fitness and Leisure identified immeasurable societal benefits from sports participation, not to mention \$300M per annum in sport-generated tax payments. Studies of the economics of the sport and active leisure sector also found that:

- The real gross output from the sector was \$1.9B in 1999
- New Zealanders spend \$1B per annum on sport and physical leisure activities and services (2.5 percent of total household spending)
- There were an estimated 41,000 jobs in the sector
- More than 500,000 people (19.6 percent of the adult population) volunteer their time to sports clubs and organisations, which is worth up to \$1.9B per annum.

International tourists who visited New Zealand to watch or play sport contributed a further \$120M to the economy. The involvement of New Zealand teams and the hosting of international events has major spin-offs for the economy. Sport also provides a vehicle to reinforce and enhance New Zealand's brand image and improve the value of traded products.

### **SOCIAL COHESION**

Sport and recreation clubs are at the core of New Zealand communities, drawing individuals together, providing facilities and access to community services. Approximately one third of all New Zealanders participate in organised sporting activities. This activity fosters cooperation and helps strengthen social ties and networks within communities.



# Organisational Capability and Direction

## VISION

All New Zealanders have a right to enjoy participating and reaching their potential in sport and physical recreation, are proud of their own active healthy lifestyles, and are proud of their achievements as a nation in sport.

## MISSION

By 2006 be recognised as world-leading in our approach to sport and physical recreation measured by:

- Being the most active nation
- Having the most effective sport and physical recreation systems
- Having athletes and teams winning consistently in events that matter to New Zealanders.

## VALUES

- People focused; individuals achieving their full potential; effective relationships
- World-leading approach to sport and physical recreation; innovative and nimble
- Displays integrity; ethical; committed to the Treaty of Waitangi
- Provides leadership; effective, focused and inspiring.

SPARC was established under the Sport and Recreation New Zealand Act 2002 enacted on 1 January 2003, on the recommendation of the Ministerial Taskforce on Sport, Fitness, and Leisure. As a Crown Agency, the organisation provides policy advice to Government on sport and recreation and is governed by a nine-member Board.

*The Board of SPARC (left to right): Nicholas Hill Chief Executive, Jane Huria, Liz Coutts, David Collins, Bill Osborne, John Wells Chairman, Jenny Ross, Margot Foster. Inset: Graham Condon*



SPARC also works with Te Roopu Manaaki (Maori Advisory Committee) who provide strategic advice with respect to Maori.

SPARC has three operating divisions covering physical recreation (Push Play), sector effectiveness (SPARC Development), and high-performance sport (New Zealand Academy of Sport) [see Figure 1]. The Policy and Research Team, Corporate Services Team, and Senior Maori Advisor support the organisation’s public policy role.

**FIGURE 1: Organisational Structure**



**BUILDING CAPACITY**

SPARC is building its capacity to become a world-leading sport and physical recreation organisation in the following areas.

**People:** SPARC will continue to refine its human resource systems and policies to ensure it recruits, develops and retains the best people. The organisation seeks to model best practice and promote a healthy and active workplace. The focus for the next 12 months will be on developing its performance management, personal development and training practices.



**Systems:** SPARC seeks to develop excellent internal processes to ensure the organisation's ongoing viability and success. Key systems include planning, governance, financial management, communications, relationship management, and knowledge management. A key focus for the next 12 months is the development of effective relationship management and contract management systems.

**Brands:** SPARC recognises the benefit of building value in its brands. For example, recognition and uptake of the Push Play message is critical to increasing the physical activity rates of New Zealanders. Over the next 12 months SPARC will consolidate its brands around three SPARC-derived brands.

**Intellectual property:** SPARC seeks to continue to develop a range of intellectual property and to make these assets available to the sector.

## DIRECTION

SPARC is committed to the following five key strategies to help deliver on the vision, mission and values of the organisation.

### People

Recognise and develop good people, internally and across the sector  
Foster specialist knowledge, skills and experience  
Support training to up-skill people and increase performance.

### Working together

Continue to develop SPARC's relationship with the sector  
Set national priorities and standards  
Clarify key institutional roles and relationships  
Develop long-term partnerships with key stakeholders  
Build sustainable sport and recreation organisations with effective governance procedures.

### Smart investment

Invest strategically in the sector  
Establish funding paths for national sport and recreation organisations of up to five years  
Increase the effectiveness of decision-making  
Focus on outcomes rather than outputs  
Align sector investment  
Provide leadership on facility development.

### Innovation and growth

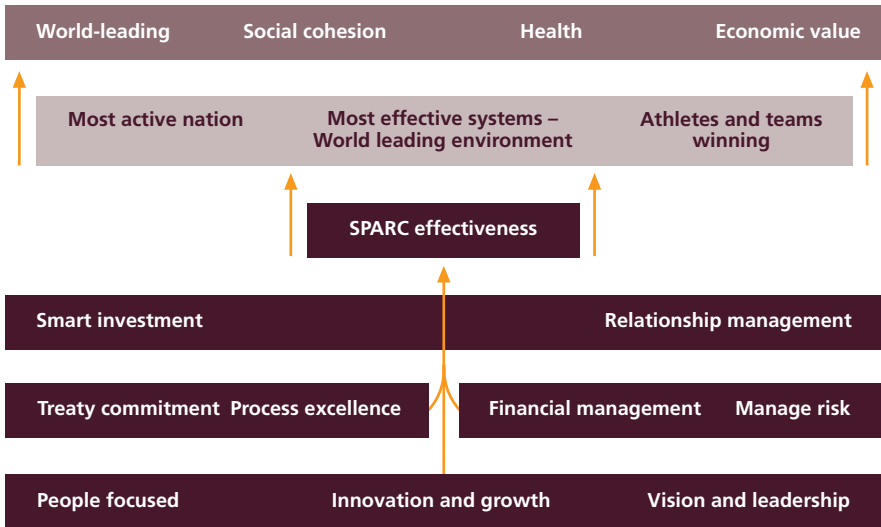
Share good ideas  
Promote research and development across the sector  
Provide best practice advice, and access to a wide range of information  
Develop an innovation fund to promote new ideas  
Develop international relationships that increase knowledge or create opportunities  
Create links and partnerships with health and education in particular.

## Vision and leadership

Articulate a clear vision and strategic framework  
Lead by example, by adopting best practice and maintaining high standards  
Provide high quality policy advice and monitoring  
Undertake research of local, national and international significance.

Figure 2 represents the intervention logic underpinning the above strategies and SPARC's investment in the sport and recreation sector.

**FIGURE 2: Investment in Outcomes**



## TREATY OF WAITANGI

SPARC recognises the importance of a partnership between Maori and non-Maori under the Treaty of Waitangi. A key objective of the organisation is to develop a common understanding and ensure the needs of Maori are provided for across the whole sector.

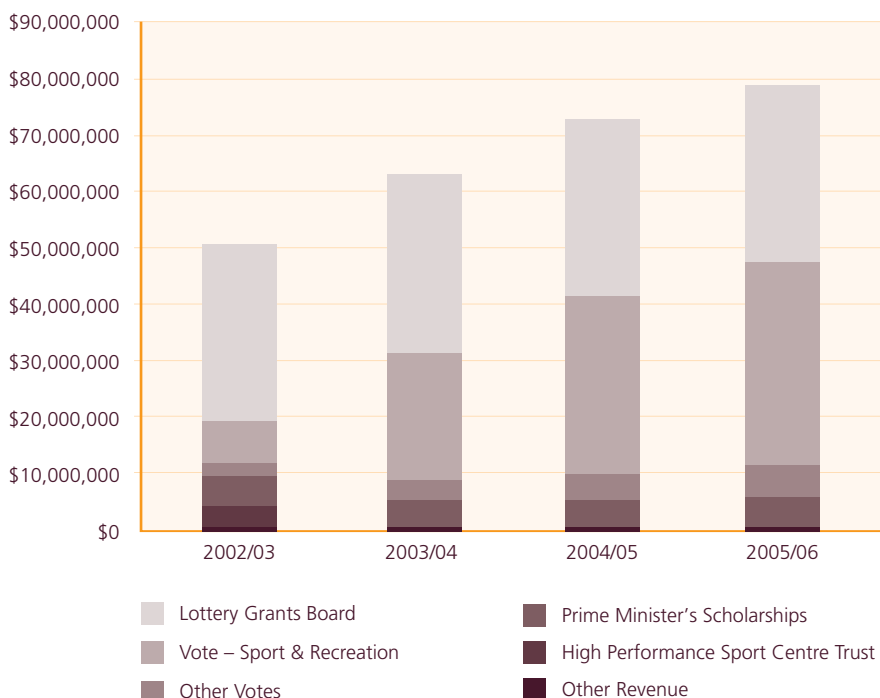
SPARC has a particular focus on improving outcomes for Maori and thereby improving participation rates to at least match the norm for the New Zealand population.

Key strategies include:

- Further enhancing the He Oranga Poutama programme
- Strengthening the ability of national organisations and regional sports trusts to cater for Maori needs and aspirations
- Increasing the level of understanding of the Treaty of Waitangi and its application to the sector
- Ensuring that SPARC understands the needs of Maori and is equipped with the knowledge and skills to incorporate Maori culture in the sport and recreation sector.

# Revenue

SPARC receives funding from two main sources: Direct Vote funding from the Government; and the New Zealand Lottery Grants Board (NZLGB). In 2003/04 SPARC will receive \$62.125M (nett of GST).



## REVENUE

	\$000's 2002/03	\$000's 2003/04	\$000's 2004/05	\$000's 2005/06
NZLGB 02/03 Base	\$30,889	\$30,889	\$30,889	\$30,889
Vote – Sport & Recreation	\$7,223	\$22,200	\$31,088	\$35,533
Vote – PM Scholarships	\$5,000	\$5,000	\$5,000	\$5,000
Vote – Education	\$1,937	\$2,911	\$3,800	\$5,333
Vote – Health	\$425	\$425	\$425	\$425
High Performance Sports Centre (HPSC) Trust	\$4,000			
Other Revenue	\$570	\$700	\$740	\$750
<b>Total Operating Revenue</b>	<b>\$50,044</b>	<b>\$62,125</b>	<b>\$71,942</b>	<b>\$77,931</b>

**Note 1** – For 2002/2003, the \$4M represents the annual tranche able to be drawn down as income from the original \$16M, and used to fund the Regional Academies of Sport.

**Note 2** – For 2003/2004, revenue excludes \$4M transferred to and ring-fenced in the HPSC Trust for expenditure in out years.

Total Operating Revenue per Statement of Financial Performance	\$66,125 000
Less transfer out to HPSC Trust for expenditure in out years	\$ -4,000 000
Total Operating Revenue as above.	<u>\$62,125 000</u>

# Investment 2003/04

## PRINCIPLES

Seven principles underpin SPARC's investment decisions.

**Investment rather than entitlement:** SPARC will focus on investing funds, rather than allocating entitlements. Funding decisions will be made on the likelihood of achieving a return on that investment and ability to contribute to positive outcomes.

**Sector alignment:** SPARC investments will be made in the context of sector-wide funding. The goal is to fund opportunities where SPARC can make a difference.

**Strategic investment:** SPARC will target its investment at the provision of national services and in regional capacity building, rather than at the grass roots or local level.

**Prioritised investment:** SPARC will focus investment in priority areas to maximise the value of government investment.

**Long-term planning:** Investment decisions will be signalled well in advance to allow organisations the ability to plan and adapt. As part of this process, SPARC will agree to funding agreements covering more than one year for organisations that have sound governance systems and structures and clear long-term strategies.

**Strategic partnership:** SPARC will move away from being a provider of programmes to strategic investment and partnerships based on shared interest.

**Contestability:** SPARC favours contestability of delivery and will look to invest in a range of organisations and opportunities that deliver positive outcomes.

## NATIONAL PHYSICAL ACTIVITY CAMPAIGN

Increasing the activity levels of New Zealanders is a major priority for SPARC. The Couch Potato Index (measurement of the number of people who are physically active for 2.5 hours per week) indicates that 30 percent of New Zealanders are not active for the recommended 2.5 hours per week and the rates of physical activity are declining in some population groups; in particular among children, young people, Maori and Pacific peoples. However, the Push Play campaign has contributed to increased awareness of the need for physical activity. To further these gains over the next year SPARC will:

- Extend and promote the Push Play campaign to ensure more New Zealanders are aware of the need to remain active
- Investigate two further psycho behavioural segment groups identified in the major research undertaken in 2002/03 (with the Cancer Society), the research will identify the triggers that will motivate people to be physically active
- Develop and implement the "Active Schools" framework including an additional \$7M over three years in secondary school sport and physical activity coordinators to provide a range of sport and recreation opportunities to young people
- Invest \$10M over three years to promote active communities in conjunction with territorial authorities

- Continue to build and leverage relationships with the health and education sectors
- Review physical activity in early childhood with the aim of developing guidelines and running a pilot (in conjunction with Plunket) to ensure young New Zealanders are getting the start they need in life.

## DEVELOPMENT AND LEADERSHIP

Sport and recreation organisations in New Zealand face a huge variety of challenges in their day-to-day business. The goal is to support national sport and recreation organisations so they are capable of providing leadership in the current social and economic climate. In this regard, SPARC will:

- Develop a national policy for sport and recreation
- Contribute to the revitalisation of key sport and recreation organisations
- Provide the sector with information on participation trends, barriers to physical activity and best practice
- Develop a web portal that will host internet sites for sport and recreation organisations
- Provide sport and recreation organisations with support on governance and management issues
- Provide additional support to rural communities
- Support the Sport Dispute Tribunal to be a successful dispute resolution vehicle for sport.

## HIGH PERFORMANCE

New Zealanders' love sport and love to win, however, the international high performance environment is getting tougher. To ensure that New Zealand continues to win key events, SPARC will invest in a high performance programme and provide services such as sports medicine and sports science to athletes. Key strategies will be:

- Fund and support national sport organisations' high-performance programmes to \$42M over three years, based on the ability to win medals for New Zealand
- Support regional delivery of New Zealand Academy of Sport (NZAS) services to \$12M over three years
- Administer the Prime Minister's Sport Scholarships and the Prime Minister's Coach Professional Development Scholarships
- Support athletes and teams with the potential to achieve in Athens 2004 through funding and support, and continue to work in partnership with the New Zealand Olympic Committee
- Implement a talent identification strategy.

## COACHING

Coaching is central to participation and performance in sport. Having coaches at all levels throughout New Zealand is essential not only to ensure success at sport, but also for successful community participation. Coaching is currently marked by inconsistent standards, a lack of recognition and a lack of status. To address these issues SPARC will:

- Establish an integrated national coach education system and deliver it systematically throughout New Zealand
- Lead the creation and implementation of a regional "coachforce" coach funding and delivery system

- Invest an additional \$1M per annum in the development and implementation of the national coaching strategy through national sports organisations
- Implement the high performance coach development programme that supports our elite coaches by providing Prime Minister's Coach Professional Development Scholarships.

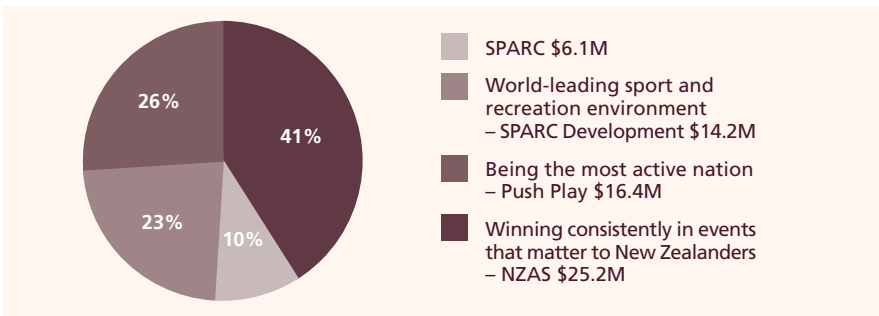
### REGIONAL DELIVERY

Delivering meaningful sport and recreation programmes depends on recognising and responding to the preferences of people and offering them attractive and rewarding opportunities that add value to their lives. SPARC proposes to work with regional organisations, in particular territorial authorities and regional sports trusts to target people and communities in need, and work to ensure resources are channelled into the most successful activities. In this regard, SPARC will:

- Increase investment in regional delivery by \$2M a year from 30 June 2004
- Implement strategies to coordinate the physical activity needs of communities
- Support territorial authorities to develop, implement and review physical activity plans
- Work with regional sports trusts to develop a new funding system for introduction from 30 June 2004.

Figure 3 sets out the SPARC's investment profile in sport and recreation for the 2003/04 financial year.

**FIGURE 3: Resourcing Profile**





# Risk

## SECTOR FUNDING

Any negative impacts on sponsorship, community and gaming revenues for sport and recreation activities will cause contraction in activity and place pressure on SPARC to deliver.

## LOTTERIES FUNDING

Falling Lotteries Commission profits puts SPARC's ongoing programmes at risk.

## STAKEHOLDER EXPECTATIONS

SPARC needs to ensure stakeholders have realistic expectations that SPARC is able to meet. Failure to communicate effectively and meet stakeholder expectations will reduce goodwill and limit SPARC's ability to operate proactively.

## GOVERNMENT LEVERAGE

SPARC's mission and mandate is very broad. Its ability to be effective and successful depends upon its ability to influence and leverage other key government agencies, particularly in the education and health sectors. Failure to be effective in this regard will place pressure on all other aspects of SPARC's activities.

# Outcomes, Objectives, Performance Measures

<p><b>OUTPUT CLASS 1: Being the Most Active Nation</b></p>	<p><b>Increase awareness of the need for and benefits of regular physical activity</b></p>
<p><b>OUTCOMES</b> SPARC's goal is to ensure that most New Zealanders are physically active for more than 2.5 hours a week. In achieving this New Zealand is likely to be among the most active nations in the world. However, the rates of physical activity appear to be declining in some population groups, in particular among children, young people, Maori and Pacific peoples. Considerable work is required over the next 3 years to lift the levels of activity of all New Zealanders.</p> <p><b>2003/04</b></p> <ul style="list-style-type: none"> <li>• Establish the International Physical Activity Questionnaire (IPAQ) baseline</li> </ul> <p><b>2004/05</b></p> <ul style="list-style-type: none"> <li>• Over 70% of adult New Zealanders physically active as determined by the <i>New Zealand Health Survey</i></li> </ul> <p><b>2005/06</b></p> <ul style="list-style-type: none"> <li>• Over 72% of adult New Zealanders active as determined by the <i>New Zealand Sport and Physical Activity Survey</i> (compared to 68%)</li> <li>• Over 43% of adult New Zealanders physically active for 30 minutes at least 5 days per week</li> <li>• New Zealand is the most active nation as measured by the International Physical Activity Questionnaire (IPAQ)</li> </ul>	<p>To deliver a nationwide Push Play campaign</p> <p><b>PERFORMANCE MEASURES 2003/04</b></p> <ul style="list-style-type: none"> <li>• 65% awareness of the need for physical activity (up from 60%)</li> <li>• 11% of people thinking about being more active (up from 8%)</li> <li>• 65% of Maori aware of the need for physical activity (up from 61%)</li> <li>• 50% of other cultures aware of the need for physical activity (up from 44%)</li> <li>• 60% of inactive adults aware of the need for physical activity (up from 51%)</li> <li>• Push Play campaign with widespread appeal (as determined by an independent evaluation) is delivered on time and within budget</li> <li>• Produce public discussion paper identifying strategies to address physical activity issues</li> </ul> <p><b>2004/05</b></p> <ul style="list-style-type: none"> <li>• 68% awareness of the need for physical activity</li> </ul> <p><b>2005/06</b></p> <ul style="list-style-type: none"> <li>• 70% awareness of the need for physical activity</li> </ul>
<p>To develop strategic partnerships aimed at improving participation and participation opportunities at a community and regional level</p>	<p><b>Increase physical activity opportunities</b></p> <p><b>PERFORMANCE MEASURES 2003/04</b></p> <ul style="list-style-type: none"> <li>• Develop Push Play partnerships and implement programmes with at least 5 organisations representing over 1M New Zealanders (for example, territorial authorities and District Health Boards) to communicate the Push Play message</li> <li>• Invest and implement agreed programmes, with at least 8 territorial authorities, which increase participation and participation opportunities</li> <li>• 90% of regional sports trusts achieve agreed participation outcomes</li> </ul>

Output Class 1 continued:

<ul style="list-style-type: none"> <li>60% of schools implementing expanded range of physical activity outcomes in 2004</li> </ul> <p><b>2004/05 (ONGOING)</b></p> <ul style="list-style-type: none"> <li>Invest and implement programmes with territorial authorities, District Health Boards and regional sports trusts</li> </ul>		
<b>Increase physical activity amongst particular groups</b>		
<p><b>PERFORMANCE MEASURES 2003/04</b></p> <ul style="list-style-type: none"> <li>Minimum of 48% of Green Prescription (GRx) patients more active 6–8 months after receiving a GRx</li> <li>Secure long-term funding for GRx from Pharmac or other sources</li> <li>Successful expansion of Physical Activity Coordinators (PAC) in rural high schools and low decile high schools</li> <li>Successful implementation of young people strategy</li> </ul> <p><b>2004/05</b></p> <ul style="list-style-type: none"> <li>1% increase in physical activity levels across young people</li> <li>3% increase in the physical activity rates by Maori, Pacific peoples and 'other' ethnic groups</li> </ul> <p><b>2005/06</b></p> <ul style="list-style-type: none"> <li>1% increase in physical activity levels across target population groups</li> </ul>	<p>To increase participation within groups that have lower levels of physical activity</p>	

<p><b>OUTPUT CLASS 2: Winning consistently in events that matter to New Zealanders</b></p>	<p><b>OUTCOMES</b></p> <p>SPARC'S goal is to have athletes and teams winning events that are important to New Zealanders.</p> <p>To enable this to happen SPARC seeks to create a world-leading high-performance environment. Some sports will be able to achieve notable improvements in the short term, however, the expectation is that the 'performance sports' will deliver improved world rankings, and consistently win key events or tournaments after 2006.</p> <p><b>2004/05</b></p> <ul style="list-style-type: none"> <li>• 3–8 medals at the 2004 Athens Olympic Games</li> <li>• 18–24 medals at the 2004 Paralympics</li> </ul> <p><b>2005/06</b></p> <ul style="list-style-type: none"> <li>• 40 or more medals at the Melbourne Commonwealth Games</li> <li>• 10 'performance sports' achieve higher rankings at key international events in comparison to 2002</li> </ul>	<p><b>Increased support to National Sporting Organisations Outcomes</b></p> <p><b>PERFORMANCE MEASURES 2003/04</b></p> <ul style="list-style-type: none"> <li>• 4 'performance sports' with multiple medal potential in Melbourne provided with targeted support and 3-year funding</li> <li>• 85% satisfaction with the value provided by New Zealand Academy of Sport (NZAS) performance directors as determined by the annual survey of sporting organisations</li> <li>• 'performance sports' improve the quality of their high-performance programmes by 20% as measured by the NZAS evaluation tool</li> </ul> <p><b>2004/05</b></p> <ul style="list-style-type: none"> <li>• 85% of targeted Olympic sports report high levels of satisfaction with the support provided by the NZAS in Athens for the 2004 Olympic Games</li> <li>• 90% satisfaction with the value provided by NZAS performance directors as determined by the annual survey of sporting organisations</li> <li>• 10 'performance sports' improve the quality of their high-performance programmes by 20% above baseline as measured by the NZAS evaluation tool</li> </ul> <p><b>2005/06</b></p> <ul style="list-style-type: none"> <li>• 95% satisfaction with the value provided by NZAS performance directors</li> <li>• 15 'performance sports' improve the quality of their high-performance programmes by 25% as measured by the NZAS evaluation tool</li> </ul>
<p>To support sports with the greatest potential to succeed in international events important to New Zealanders</p>	<p><b>Invest in training and services for coaches</b></p> <p>To develop world class coaches</p>	<p><b>PERFORMANCE MEASURES 2003/04</b></p> <ul style="list-style-type: none"> <li>• 40 or more Prime Minister's (PM) Scholarships for professional development awarded and achieve specified development objectives</li> <li>• 75% of carded coaches report services accessed have positively impacted on their coaching performance as determined by the annual national coaching survey</li> </ul>

*Output Class 2 continued:*

<p><b>2004/05</b></p> <ul style="list-style-type: none"> <li>• 80% of carded coaches report services accessed have positively impacted on their coaching performance as determined by the annual national coaching survey</li> </ul> <p><b>2005/06</b></p> <ul style="list-style-type: none"> <li>• 85% of carded coaches report services accessed have positively impacted on their coaching performance as determined by the annual national coaching survey</li> </ul>		
<p><b>Invest in training and services for athletes</b></p>		
<p><b>PERFORMANCE MEASURES 2003/04</b></p> <ul style="list-style-type: none"> <li>• 85% of performance sports report satisfaction with the services provided by the NZAS as determined by the annual national survey</li> <li>• Comprehensive review of PM Scholarship programme completed</li> <li>• Up to 400 PM Scholarships for professional development awarded</li> <li>• 75% of carded athletes receive annual medical assessment</li> <li>• 75% of carded athletes report overall regional service provision has impacted positively on their training environment and sporting performances</li> <li>• Talent Identification pilots evaluated</li> </ul> <p><b>2004/05</b></p> <ul style="list-style-type: none"> <li>• 85% of carded athletes report satisfaction with the services provided by NZAS regional network as determined by the annual national athletes survey</li> </ul> <p><b>2005/06</b></p> <ul style="list-style-type: none"> <li>• 200 carded athletes demonstrate a reduced differential with world best results as determined by the performance tracking system</li> </ul>	<p>To develop world class athletes</p>	

<p><b>OUTPUT CLASS 3: World-leading sport and recreation environment</b></p> <p><b>OUTCOMES</b>          SPARC'S goal is to develop a world-leading sport and recreation environment. This entails developing effective national sporting organisations, national recreation organisations and regional sports trusts. As an outcome measure SPARC is looking for these organisations to achieve a 'triple bottom line' that demonstrates sound governance, organisational systems, and productive working relationships.</p> <p><b>2003/04</b></p> <ul style="list-style-type: none"> <li>• 11 national organisations achieve a 20% improvement against baseline</li> <li>• 5 regional sports trusts achieve a 20% increase against baseline</li> </ul> <p><b>2004/05</b></p> <ul style="list-style-type: none"> <li>• 9 national organisations achieve a 20% improvement against baseline</li> <li>• 7 regional sports trusts achieve a 20% increase against baseline</li> </ul> <p><b>2005/06</b></p> <ul style="list-style-type: none"> <li>• 10 national organisations achieve a 20% improvement against baseline</li> <li>• 5 regional sports trusts achieve a 20% increase against baseline</li> </ul>	<p><b>Increase support to national sporting and recreation organisations</b></p> <p>To support the development of effective national organisations</p> <p><b>PERFORMANCE MEASURES 2003/04 (ONGOING)</b></p> <ul style="list-style-type: none"> <li>• 100% of contracts agreed and signed with national sporting and recreation organisations</li> <li>• Develop a 'capability tool' to measure organisational performance</li> <li>• Establish capability baselines: SPARC organisational assessment framework for each national sport and recreation organisation</li> <li>• Deliver services to improve national organisations including reviews of 8 national sport and recreation organisations</li> <li>• 20% improvement against baseline for 7 targeted national sport organisations</li> <li>• 20% improvement against baseline for 3 'revitalisation' sports</li> <li>• 20% improvement against baseline for 1 national recreational organisation</li> <li>• All disputes forwarded to the Sport Dispute Tribunal resolved, ensuring quality and consistent decision-making for sports people in New Zealand</li> <li>• 80% satisfaction with the value provided by the business consultancy services as determined by an annual survey of targeted national organisations</li> </ul>
<p><b>Improve effectiveness of regional delivery</b></p> <p>To support the development of effective regional delivery environments</p> <p><b>PERFORMANCE MEASURES 2003/04 (ONGOING)</b></p> <ul style="list-style-type: none"> <li>• 100% of investment agreements signed with regional sports trusts</li> <li>• 5 regional physical activity plans developed and implemented in partnership with regional sports trusts</li> <li>• Develop a 'capability tool' to measure organisational performance</li> <li>• Establish sector baselines for all regional sports trusts</li> <li>• Deliver services to improve regional delivery including reviews of 7 regional sports trusts and development of community recreation plans with 10 territorial authorities</li> <li>• 75% of organisations report satisfaction with the business consultancy services provided as determined by an annual survey</li> </ul>	



OUTPUT CLASS 4: World-leading sport and recreation organisation	Provide high quality service and advice
<p><b>OUTCOMES</b></p> <p>SPARC's goal is to demonstrate excellence in all aspects of its work. As a Crown Agent this entails being accountable for public investment, modelling best practice, and displaying innovation. As an outcome measure SPARC is looking to achieve a 'triple bottom line' that demonstrates process excellence, sound financial management systems, and client satisfaction.</p> <p><b>2003/04</b></p> <ul style="list-style-type: none"> <li>• 4 'excellent' and 1 'good' rating by Audit New Zealand</li> <li>• 3.0 (weighted average) client satisfaction of overall performance (up from 2.7)</li> <li>• 90% compliance with internal process (tendering, evaluation, project planning)</li> </ul> <p><b>2004/05</b></p> <ul style="list-style-type: none"> <li>• 5 'excellent' ratings by Audit New Zealand</li> <li>• 3.3 (weighted average) client satisfaction of overall performance</li> <li>• 95% compliance with internal process (tendering, evaluation, project planning)</li> </ul> <p><b>2005/06</b></p> <ul style="list-style-type: none"> <li>• Maintain 'excellent' ratings by Audit New Zealand</li> <li>• Maintain 3.3 (weighted average) client satisfaction of overall performance</li> <li>• 100% compliance with internal process (tendering, evaluation, project planning)</li> </ul>	<p><b>PERFORMANCE MEASURES 2003/04</b></p> <ul style="list-style-type: none"> <li>• National policy framework endorsed by majority of national sporting organisations and government agencies, in particular the Ministries of Health and Education</li> <li>• National research strategy endorsed by the Ministry of Health, Sports Science New Zealand, Health Research Council and the Foundation for Research, Science and Technology</li> </ul> <p><b>PERFORMANCE MEASURES 2003/04 (ONGOING)</b></p> <ul style="list-style-type: none"> <li>• 95% of all official correspondence (for example, Ministerial, Parliamentary Questions and Official Information Act requests) within agreed timeframes and error-free</li> <li>• High quality policy advice as certified annually by the Minister</li> <li>• Annual Report tabled in Parliament in accordance with agreed timeframe and to agreed standard</li> </ul> <p><b>PERFORMANCE MEASURES 2003/04 (ONGOING)</b></p> <ul style="list-style-type: none"> <li>• More than 60,000 page views on the website</li> <li>• 95% of all information requests from the website answered within 3 working days</li> <li>• Client satisfaction survey indicates (based on weighted average): <ul style="list-style-type: none"> <li>– 3.0 overall performance</li> <li>– 3.5 quality of information</li> <li>– 3.5 accessibility</li> </ul> </li> <li>• 25% increase in the number of people who register to receive the weekly publications update</li> </ul>

*Output Class 4 continued:*

	<p>To deliver excellent corporate practices and services to the sector</p>	<p><b>PERFORMANCE MEASURES 2003/04 (ONGOING)</b></p> <ul style="list-style-type: none"> <li>• 100% of all contracts for services evaluated and documented</li> <li>• 100% of contracts over \$15,000 put out for tender</li> <li>• 90% of key projects conform with the project planning template and are delivered on time and within budget</li> <li>• Maintain compliance with obligations under the Treaty of Waitangi</li> <li>• Maintain a risk management system</li> <li>• Promote an environment that encourages innovation as demonstrated by an internal staff survey</li> </ul>
<p><b>Develop high quality productive relationships</b></p>		
	<p>To ensure effective relationships exist between SPARC and the sector</p>	<p><b>PERFORMANCE MEASURES 2003/04 (ONGOING)</b></p> <ul style="list-style-type: none"> <li>• Stakeholder survey indicates (based on weighted average):             <ul style="list-style-type: none"> <li>– 3.0 overall performance</li> <li>– 3.5 quality of relationship</li> <li>– 3.5 quality of communications</li> </ul> </li> <li>• Memoranda of Understanding with at least 5 government agencies</li> </ul>
<p><b>Communicate effectively</b></p>		
	<p>To increase public awareness of SPARC's role and functions</p>	<p><b>PERFORMANCE MEASURES 2003/04</b></p> <ul style="list-style-type: none"> <li>• 15% unprompted awareness of the SPARC brand</li> <li>• 30% prompted awareness of SPARC brand</li> </ul>

*Output Class 4 continued:*

Provide an effective and supportive working environment	
To support the people who work for SPARC	<p><b>PERFORMANCE MEASURES 2003/04 (ONGOING)</b></p> <ul style="list-style-type: none"> <li>• 100% of staff have performance agreements in place, performance appraisals, and contribute to professional development plans</li> <li>• Provide ongoing workplace training based on training needs analysis</li> <li>• Operate a sound performance and remuneration strategy</li> </ul>
To provide a healthy and safe working environment	<p><b>PERFORMANCE MEASURES 2003/04</b></p> <ul style="list-style-type: none"> <li>• Provide an environment to grow and excel as based on an internal staff survey</li> <li>• Acceptance in ACC partnership programme</li> <li>• 100% compliance with all OSH reporting requirements</li> <li>• 100% of staff trained in OSH requirements, and SPARC health and safety management</li> </ul>
To provide leadership across the organisation	<p><b>PERFORMANCE MEASURES 2003/04 (ONGOING)</b></p> <ul style="list-style-type: none"> <li>• Develop a healthy organisational culture as indicated by an internal staff survey</li> <li>• Senior managers undertake annual 360-degree performance evaluations</li> </ul>
Develop sound financial management and accountability practices	
To be accountable for public investment	<p><b>PERFORMANCE MEASURES 2003/04 (ONGOING)</b></p> <ul style="list-style-type: none"> <li>• Maintain or improve rating by Audit New Zealand</li> <li>• Maintain legislative compliance</li> <li>• 90% satisfaction rating of preferred suppliers</li> <li>• Audit/review 10 organisations that receive funding</li> <li>• Reduce operational expenditure as a proportion of total expenditure (down from 16.5%)</li> </ul>

# Statement of Accounting Policies

These are the consolidated forecast financial statements of SPARC, a Crown Agency in terms of the Public Finance Act 1989.

The consolidated forecast financial statements are prepared in accordance with the Sport and Recreation New Zealand Act 2002 and section 41 of the Public Finance Act 1989.

## Measurement base

The measurement base adopted is that of historical cost.

## Consolidation

The consolidated forecast financial statements include those of SPARC and the New Zealand High Performance Sports Centres Trust. The Trust is a controlled entity as defined by Financial Reporting Standard 37 – Consolidating Investments in Subsidiaries, and accordingly has been consolidated as from 1 January 2003.

## Change in accounting policy

The financial effect of the above change is that accumulated funds, represented by short-term investments, will be increased by funds of the Trust as at 30 June 2003, forecast at \$4.8M.

## Accounting policies

The financial statements will be prepared in accordance with New Zealand's generally accepted accounting practice. The following accounting policies, which materially affect the measurement of income and expenditure and the financial position, are set out below.

### Goods and services tax

The financial statements are prepared on a GST exclusive basis, with the exception of 'accounts payable' and 'accounts receivable', which include GST invoiced. The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, will be included in 'accounts payable' or 'accounts receivable'.

### Taxation

The Agency and the New Zealand High Performance Sports Centre Trust are Public Authorities in terms of the Income Tax Act 1994 and consequently is exempt from income tax.

## REVENUE

### Goods and services

Revenue comprises the amounts received and receivable for goods and services supplied to customers in the ordinary course of business.

### Grants received

Grants received from the Crown and its agents will be accounted for as income in the Statement of Financial Performance. Any grants for which the requirements under the grant agreement have not been completed will be carried as liabilities in the Statement of Financial Position.

### Investment income

Interest income will be accounted for as earned.

## EXPENDITURE

### Grant funding expenditure

Grants will be treated as expenditure relative to the financial year against which the grant has been approved in accordance with the Agency's delegated authorities.

### Cost of service statements

The costs of outputs as reported in the statement of objectives and service performance, will report the costs of inputs and services purchased externally or provided internally, as necessary to produce the outputs.

### Cost allocation

The Agency derives the costs of outputs using the following cost allocation system.

**Cost allocation policy** – Direct costs are charged directly to significant activities.

Indirect costs are charged to significant core activities based on cost drivers and related activity/usage information.

**Indirect costs** are the costs of providing internal corporate and support services.

**Cost drivers** – The Agency allocates overheads (being the provision of corporate and support services) on the basis of cost drivers that appropriately link indirect costs to the outputs. The cost drivers may include floor space, number of staff and transactions processed. These are consistent with those used in the previous period.

## FIXED ASSETS

### Initial recording

All fixed assets costing more than \$2,000 will be capitalised and recorded at historical cost, which is the value of consideration given to acquire or create the asset and any direct attributable costs of bringing the asset to working condition for its intended use.

### Depreciation

Depreciation will be provided on a straight-line basis at rates that will allocate the costs of the assets over their estimated useful lives. The useful lives have been estimated as follows:

Audio-visual equipment	3 years
Furniture and fittings	5 years
Office equipment	5 years
Leasehold improvements	over the remaining term of the lease
Computer equipment	3 years

### **Leased assets as lessee**

The Agency leases office premises and office equipment. These leases are classified as operating leases. The lease payments are representative of the pattern of benefits derived from the leased assets and accordingly charged to the Statement of Financial Performance in the period in which they are incurred.

### **Accounts receivable**

Accounts receivable will be stated at their expected realisable value after providing for doubtful and uncollectable debts.

### **Investments**

Investments will be stated at the lower of cost and net realisable value.

### **Employee entitlements**

Liabilities for annual leave will be recognised as they accrue to employees on an entitlement basis and will be calculated at current rates.

### **Financial instruments**

The Agency is party to financial instrument arrangements as part of its everyday operations. Revenues and expenses in relation to all financial instruments will be recognised in the Statement of Financial Performance. All financial instruments will be recognised in the Statement of Financial Position at fair value, when a contractual obligation has been established. No off-balance sheet instruments are expected to be entered into. Specific methods and assumptions are disclosed in the individual policy statements associated with each item.

## **STATEMENT OF CASH FLOWS**

**Cash** means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Agency invests as part of its day-to-day cash management.

**Operating activities** include cash received from all income sources of the Agency and records the cash payments made for the supply of goods and services.

**Investing activities** are those activities relating to the acquisition and disposal of non-current assets.

## **CHANGES IN ACCOUNTING POLICIES**

There has been a change in the accounting policy adopted for consolidation, in particular, the treatment of the High Performance Sport Centre Trust. No other changes are expected in accounting policies since the date of the last audited financial statements.



# Consolidated Statement of Financial Performance

For 2002/03 and for the next three years ending 30 June 2006

	Forecast 2002/03 \$'000	Budget 2003/04 \$'000	Forecast 2004/05 \$'000	Forecast 2005/06 \$'000
<b>REVENUE</b>				
NZLGB	28,217	28,217	28,217	28,217
Vote Funding – Sport & Recreation	14,894	29,872	38,761	43,205
Vote Funding – Education	1,937	2,911	3,800	5,333
Vote Funding – Health	425	425	425	425
Other Revenue	570	700	740	750
HPSC Trust	4,000	4,000		
<b>Total Operating Revenue</b>	<b>\$50,044</b>	<b>\$66,125</b>	<b>\$71,942</b>	<b>\$77,931</b>
 Cost of Services	 (44,052)	 (57,803)	 (66,264)	 (72,306)
 Special Purpose Funds – Transfers to PM Scholarships	 (5,000)	 (5,000)	 (5,000)	 (5,000)
Special Purpose Funds – Transfer out to High Performance				
HPSC Trust		(4,000)		
<b>Net Surplus/ (deficit) for the year.</b>	<b>\$992</b>	<b>(\$678)</b>	<b>\$678</b>	<b>\$625</b>

# Notes to the Forecast Financial Statements

- 1 SPARC assumes that revenue forecast for the NZLGB grant will remain constant at the 2003/04 level for out years, it is assumed that the forecast NZLGB annual shortfall of \$2.672M will be included in Vote – Sport & Recreation.
- 2 HPSC Trust – Funding for the Regional Academies of Sport, represents the annual tranche able to be drawn down as income from the original \$16M in accordance with the Trust deed.
- 3 **Cost of Services is spread over the following categories.**

	2003	2004	2005	2006
	\$000	\$000	\$000	\$000
National Bodies	16,240	23,482	26,390	28,246
Regional Infrastructures & services	13,053	15,188	21,315	24,952
NZAS	4,030	4,065	4,100	4,100
National Services	2,485	6,819	5,691	6,092
SPARC Operations	8,244	8,249	8,768	8,916
	<b>\$44,052</b>	<b>\$57,803</b>	<b>\$66,264</b>	<b>\$72,306</b>

- 4 PM Scholarship Fund administered and distributed on behalf of the Crown.
- 5 The revenue in 2003/04 includes \$4M ring-fenced for the HPSC Trust (see note 2 above). This sum can only be expended in out years.

# Consolidated Statement of Financial Position

As at 30 June 2003 and for next three years ending 30 June 2006

	Forecast as at 30 June 2003 Note	Budget as at 30 June 2004	Forecast as at 30 June 2005	Forecast as at 30 June 2006
<b>CURRENT ASSETS</b>				
Cash on hand and at Bank	63	62	70	70
Short Term Investments	11,230	10,066	10,600	11,020
Accounts Receivable	495	859	1,563	1,995
<b>Total Current Assets</b>	<b>11,788</b>	<b>10,987</b>	<b>12,233</b>	<b>13,085</b>
<b>LESS CURRENT LIABILITIES</b>				
Bank Overdraft				
Accounts Payable	2,661	2,658	3,584	3,741
Funds Held on Behalf of Crown – PM Scholarship Fund	1,604	1,428	1,000	1,000
<b>Total Current Liabilities</b>	<b>4,265</b>	<b>4,086</b>	<b>4,584</b>	<b>4,741</b>
<b>Working Capital Surplus</b>	<b>7,523</b>	<b>6,901</b>	<b>7,649</b>	<b>8,344</b>
<b>NON-CURRENT ASSETS</b>				
Fixed Assets	445	389	319	249
<b>Total Non-Current Assets</b>	<b>445</b>	<b>389</b>	<b>319</b>	<b>249</b>
<b>Net Assets</b>	<b>7,968</b>	<b>7,290</b>	<b>7,968</b>	<b>8,593</b>
Represented by:				
Accumulated Funds	8,976	7,968	7,290	7,968
Draw Down of Trust Funds	1 (2,000)			
Net Surplus (Deficit) for the year to date	992	(678)	678	625
<b>Total Accumulated Funds</b>	<b>7,968</b>	<b>7,290</b>	<b>7,968</b>	<b>8,593</b>

**Note 1** – HPSC Trust- Represents 6 months of the annual tranche able to be drawn down as income from the original \$16M, in accordance with the Trust Deed.

# Consolidated Statement of Cash Flows

For 2002/03 and three years ending 30 June 2006

	Forecast 2002/03 \$000	Budget 2003/04 \$000	Forecast 2004/05 \$000	Forecast 2005/06 \$000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<i>Cash Inflow</i>				
NZLGB	28,217	28,217	28,217	28,217
Crown Revenue	12,297	28,208	37,096	43,520
Funds received – administered on behalf of Crown	5,000	5,000	5,000	5,000
HPSC Trust Funding	2,215			
Interest Received	563	650	736	746
Other	550	450	500	600
Net GST received / (paid out)	(376)	(522)	257	(625)
	<b>48,466</b>	<b>62,003</b>	<b>71,806</b>	<b>77,458</b>
<i>Cash Outflow</i>				
Cash Disbursements to :				
Grants – Direct	28,094	39,459		
Grants – Regional Academy of Sport Funding	4,026	4,065		
Grants – On behalf of Crown	4,136	5,176		
Personnel	4,698	5,306		
Suppliers – Awareness campaign – National & Targeted	480	2,370		
Suppliers – Research	450	983		
Suppliers – Web portal/database development & hosting	550	650		
Suppliers – Other services and support costs	5,174	5,039		
	<b>47,608</b>	<b>63,048</b>	<b>71,214</b>	<b>76,988</b>
Net Cash Inflow/(Outflow) from Operating Activities	<b>858</b>	<b>(1,045)</b>	<b>592</b>	<b>470</b>
Cashflows from Investing Activities				
<i>Cash inflows</i>				
Proceeds from sale of Assets	17			
<i>Cash outflows</i>				
Purchase of Assets	100	120	50	50
<b>NET CASHFLOW FROM INVESTING ACTIVITIES</b>	<b>(83)</b>	<b>(120)</b>	<b>(50)</b>	<b>(50)</b>
Net Increase (Decrease) in Cash Held.	775	(1,165)	542	420
Opening Cash Balance as at 1 July.	10,518	11,293	10,128	10,670
Closing Cash Balance as at 30 June	<b>\$11,293</b>	<b>\$10,128</b>	<b>\$10,670</b>	<b>\$11,090</b>
<b>MADE UP OF</b>				
Cash on Hand and at Bank	63	62	70	70
Short Term Investments	11,230	10,066	10,600	11,020
	<b>\$11,293</b>	<b>\$10,128</b>	<b>\$10,670</b>	<b>\$11,090</b>

# References

- Bauman A. (1997). *Potential Health Benefits of Physical Activity in New Zealand*. A report prepared for the Hillary Commission. Wellington: Hillary Commission.
- Business and Economic Research Limited. (1993). *The Business of Sport and Leisure. The Economic and Social Impact of Sport and Leisure in New Zealand*. A report prepared for the Hillary Commission. Wellington: Hillary Commission.
- Business and Economic Research Limited. (2000). *The Growing Business of Sport and Leisure. The Impact of the Physical Leisure Industry in New Zealand. An Update to the 1998 Report*. A report prepared for the Hillary Commission. Wellington: BERL.
- CM Research. (2000). *Awareness and Attitudes Update Research Report*. Prepared for the New Zealand Sports Foundation. Wellington: CM Research.
- Gratton C. and Taylor P. (1985). *Sport and Recreation: An Economic Analysis*. London: E. and F.N. Spon.
- Ministerial Taskforce on Sport, Fitness and Leisure. (2001). *Getting Set for an Active Nation*. Wellington: Ministerial Taskforce on Sport, Fitness and Leisure.
- Ministry of Health. (2001). *DHB Toolkit: Physical Activity*. Edition 1. Wellington: Ministry of Health.
- Ministry of Health. (2003). *Healthy Eating – Healthy Action / Oranga Kai – Oranga Pumau*. Wellington: Ministry of Health.
- New Zealand Institute of Economic Research. (2000). *The Government's Role in Sport, Fitness and Leisure: Report to the Ministerial Taskforce on Sport, Fitness and Leisure*. Wellington: NZIER.
- Sport and Recreation New Zealand. (2003). *SPARC Facts: Results of the New Zealand Sport and Physical Activity Surveys (1997–2001)*. Wellington: SPARC.
- Sullivan. (1998). *The Growing Business of Sport and Leisure*. Wellington: Business Research Centre.
- US Department of Health and Human Services. (1996). *The Surgeon General's Call to Action to Prevent and Decrease Overweight and Obesity*. Rockville, Maryland: USDHHS, Office of the Surgeon General.

