

Statement of Intent

2006–09



Vision

Our mission is to be recognised as world leading in our approach to sport and physical recreation measured by:

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

Kia hiwa rā, kia hiwa rā.
Kia hiwa rā ki tenei tuku.
Kia hiwa rā ki tērā tuku.
Kia tū, kia toa, kia mataara!

Tihei mauri ora.

He mihi atu tēnei ki ngā maunga tapu me ngā marae maha o te motu o Aotearoa-whānui.

Tēnā koutou katoa.

Kei te poroporoaki ki ngā tini aituā kua whetūrangitia, kua haere atu ki te pō, moe mai, moe mai, moe mai i tē moenga roa.

Kei te mihi atu ki a tātou ngā kanohi ora e noho mai nei ki runga i tēnei whenua ātaahua. Nō reira, e ngā mana, e ngā reo, rau rangatira mā, tēnā koutou, tēnā koutou, tēnā tātou katoa.



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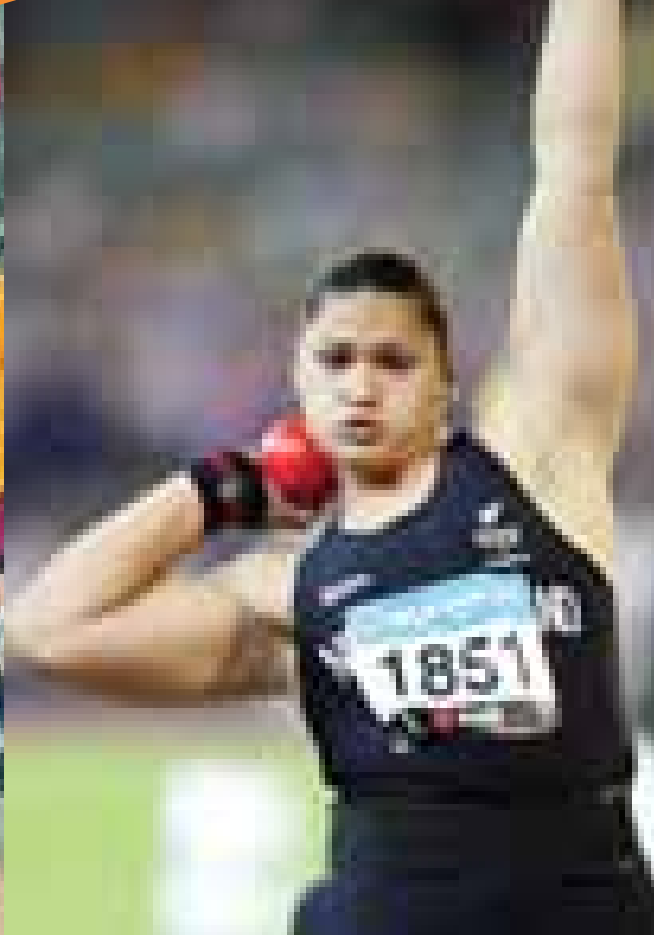
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SPORT PHOTO OF THE YEAR
SIR TERRY MCLEAN SPORTS
JOURNALISM AWARDS 2005.
ANDREW GORNAGA
– PHOTOSPORT

James Marshall (foreground)
and Hamish Marshall batting
during day one of the third
cricket test at Eden Park,
Auckland, on Saturday
26 March, 2005.

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



Foreword

Sport and physical recreation play a vital role in the social, cultural and economic wellbeing of New Zealand. Sport and recreation organisations around New Zealand are part of our social fabric. They provide great opportunities for all New Zealanders to take part in physical activity and stay healthy. With support from the New Zealand Academy of Sport, our champion sports men and women help to put New Zealand on the world map and provide us with a source of pride in our identity as New Zealanders. Sport and recreation is big business and generates valuable economic opportunities such as hosting major sports events or developing innovative sports and recreation technology.

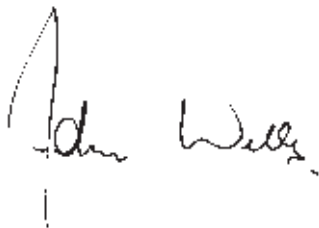
As Sport & Recreation New Zealand (SPARC) enters its fourth year of operations, the importance of sport and physical recreation to the wellbeing of New Zealand is becoming more widely recognised. In particular, there is growing recognition that physical activity is an important tool in the fight against lifestyle diseases such as obesity and Type 2 diabetes.

Over the past three years, SPARC has been designing and putting in place systems to encourage and sustain greater participation in sport and physical recreation by New Zealanders. We have reached the end of our establishment phase and, as we look to the future, we have restructured our organisation to make us more nimble, focused and efficient, so that we can contribute to better outcomes for New Zealand. We have come a long way, but there is still a lot to achieve:

- While there is good evidence that our investment in encouraging physical activity is successful, a significant proportion of New Zealanders are still not doing enough physical activity to maintain their basic health.
- Although more of our elite athletes are competitive on the world stage, New Zealanders expect our investment in high performance sports to produce better results at the Beijing Olympics and beyond.
- Our investments in the sport and recreation sector have increased its strength and capability, but many organisations still do not have the skills and vitality to keep pace with changes in society.

In 2006/07 we will be developing a five-year strategic plan to address these challenges. SPARC's intention over the next five years is to develop a widely shared understanding of how all New Zealanders can be provided with opportunities to explore, learn, participate, perform and excel.

The coming years promise to be an exciting period for SPARC and we look forward to working with the sport and recreation sector, the wider community and other government agencies to achieve our vision.



John Wells
Chairperson
Sport & Recreation New Zealand



Elizabeth Coutts
Board Member

Background and vision

Background to establishment of SPARC

SPARC was established under the Sport and Recreation New Zealand Act 2002. Prior to this, New Zealand's sport and recreation sector was led by several agencies, including the Hillary Commission (responsible for promoting sport, fitness and leisure), the Sports Foundation (responsible for funding high performance sport), and the Office for Sport and Tourism (responsible for policy).

Towards the end of the 1990s there was a growing concern that New Zealand was fast losing its way as a physically active and successful sporting nation. It was recognised that sport and physical recreation play a critical role in New Zealand's economic, social, environmental and cultural development. However, there was mounting evidence that we were losing the many benefits that being active and being successful at sport bring to the country, its communities and its citizens.

These issues and challenges are not unique to New Zealand but are shared by most western democracies. Governments are increasingly recognising that our modern lifestyle is resulting in a number of long-term physical and social costs, and that these costs can be addressed well through a vibrant sport and physical recreation sector.

In New Zealand, there was an additional concern that there were too many agencies responsible for managing the Government's interest in the sport and recreation sector, and this was inhibiting the development of coherent policies.

The establishment of SPARC in January 2003 followed the recommendation of a Ministerial Taskforce on Sport, Fitness and Leisure that a new entity be established that would be capable of providing clear direction in shaping sport and recreation policy, providing increased levels of funding and leading change in sport and physical recreation.

Vision

SPARC's vision for New Zealand

SPARC's vision for New Zealand is:

- to be the most active nation;
- to be winning consistently in events that matter to New Zealand;
- by having the most effective sport and physical recreation systems.

This Statement of Intent sets out how we will work with the sport and physical recreation sector and with the rest of Government to realise this vision.

SPARC would like to see all sport and physical recreation organisations operating effectively, individually and collectively, as part of a sport and physical recreation system that achieves outcomes that matter to New Zealanders.

To achieve this vision the sector will need:

- a high level of integration – regional and national coordination of policy, programmes, investment, administration, talent development and facilities; and
- a shared understanding of the role of sport and physical recreation organisations in providing New Zealanders with opportunities to explore, learn, participate, perform and excel.

SPARC's role in Government

SPARC works with other government departments and agencies to ensure they understand the potential that sport and physical recreation offer as a means to achieve their objectives and outcomes. SPARC also assists them to engage with the sport and physical recreation sector to achieve their objectives and outcomes.

SPARC provides leadership in research and the development and implementation of evidence-based policies that recognise the importance of sport and physical recreation to New Zealand.

SPARC's functions, governance and management

Statutory functions

SPARC plays a leading role in the development of the sport and physical recreation sector in New Zealand as well as promoting, encouraging and supporting sport and physical activity for New Zealanders. SPARC is mandated to lead policy development in areas of sport and physical recreation and to work with other government agencies to increase participation and strengthen the physical recreation sector.

SPARC's functions are set out in section 8 of the Sport and Recreation New Zealand Act 2002. In a general sense SPARC has been charged with improving the wellbeing of New Zealanders through sport and physical recreation – this includes the physical, mental, social, cultural, environmental and economic benefits offered by participation in sport and physical recreation.

SPARC's functions under the Act can be grouped as follows:

- Policy
 - Develop and implement national policies and strategies for physical recreation and sport.
 - Provide advice to the Minister on issues relating to physical recreation and sport.
 - Work with health, education and other agencies to promote greater participation in physical recreation and sport through policy development, advocacy and support, in line with the objectives of the New Zealand Health Strategy.
 - Represent the Government's policy interests in physical recreation and sport internationally.
- Research and public education
 - Promote and disseminate research relevant to physical recreation and sport.
 - Promote and advocate the importance of participation in physical recreation by all New Zealanders for their health and wellbeing.
- Targeting population groups
 - Promote and support the development and implementation of physical recreation and sport in a way that is culturally appropriate to Māori.
 - Encourage participation in physical recreation and sport by Pacific peoples, women, older New Zealanders, and people with disabilities.
 - Recognise the role of physical recreation and sport in the rehabilitation of people with disabilities.
- Funding and infrastructure delivery
 - Allocate funds to organisations and regional bodies in line with its policies and strategies.

- Work with schools, regional, central and local government, and physical recreation and sports organisations to ensure the maintenance and development of the physical and organisational infrastructure for physical recreation and sport.
- Provide advice and support for organisations working in physical recreation and sport at national, regional and local levels.
- Facilitate coordination among national, regional and local physical recreation and sport organisations.
- Dispute resolution
 - Facilitate the resolution of disputes between persons or organisations involved in physical recreation and sport.

Board of SPARC

SPARC is a Crown agent established by the Sport and Recreation New Zealand Act 2002. The Board of SPARC is appointed by the Minister for Sport and Recreation, and is responsible for the strategic direction of SPARC and providing governance and leadership for the agency. At 1 June 2006, the Board of SPARC comprised:

Board member	Residence	Appointed	Term ends
John Wells (Chair)	Auckland	May 2001	30 June 2007
Elizabeth Coutts	Auckland	May 2001	30 June 2007
Graham Condon	Christchurch	May 2001	30 June 2006
Dr Jenny Ross	Christchurch	May 2001	30 June 2007
Christopher Doig	Christchurch	1 July 2003	30 June 2009
Dr Sarah Sandley	Auckland	1 July 2003	30 June 2009
Tina Karaitiana	Gisborne	1 July 2004	30 June 2007
Rob Fisher	Auckland	1 July 2005	30 June 2008
Peter Miskimmin	Wellington	1 May 2006	30 April 2009

Ministerial directions

As a Crown agent, SPARC is required to give effect to directions from the responsible Minister on government policy that relates to SPARC's functions and objectives. However, section 10 of the Sport and Recreation New Zealand Act 2002 prohibits ministerial directions that relate to the allocation of funds to, or for the benefit of, any persons. This section also prohibits ministerial directions that relate to a policy, practice, procedure or decision, of SPARC regarding the allocation of funds to, or for the benefit of, any person.

Reporting to the Minister

The Board of SPARC will provide the Minister for Sport and Recreation with annual and six-monthly reports on SPARC's operations and its progress towards meeting agreed performance targets.

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

Operating environment

Broad scope of our work

SPARC's statutory functions lead us to operate in several different sectors, including high performance sport; the education and health sectors; local government; and the community and voluntary sectors. Our goal of becoming the most active nation means that our work touches the lives of most, if not all, New Zealanders. As the lead agency for sport and recreation, we also have a close relationship with the rest of Government and with New Zealand's national sport and physical recreation organisations.

There are four key features of our operating environment that will affect the character of our work over the next several years. These are:

- physical activity levels of New Zealanders;
- capability of the sport and physical recreation sector;
- high performance environment; and
- working within Government.

Physical activity levels of New Zealanders

SPARC has statutory functions of promoting, encouraging and supporting physical recreation and sport in New Zealand. We do this by helping sport and physical recreation organisations gain capability and effectiveness, and by promoting physical activity generally.

There is good evidence of a positive response to the Government's investment in encouraging physical activity. One of these investments is the Push Play campaign that is designed to increase New Zealanders' awareness of the importance of physical activity and, through this, to get New Zealanders to become more active. General awareness of the Push Play message has increased from 30% in 1999 to over 79% in 2006. Monitoring of this campaign indicates that this growth in awareness has been accompanied by a significant increase in physical activity levels. SPARC also invests in other programmes to increase physical activity levels, and in particular works with the education and health sectors and with territorial authorities.

While overall physical activity levels for adults have increased in recent years, and New Zealand physical activity levels appear high by international comparisons, a significant proportion of the population is not doing enough physical activity to maintain their basic health. Physical activity guidelines recommend that adults do 30 minutes of moderate intensity physical activity on five or more days per week. *The New Zealand Sport and Physical Activity Surveys 1997–2001* found that just 39% of adults were meeting the guidelines in their leisure time. *The New Zealand Health Survey 2002/03* (using a broader definition of physical activity that included both leisure and non-leisure activities, i.e. physical activity for transport, occupation and domestic chores) reported that 52% of adults met the physical activity guidelines. Therefore, these surveys suggest that at least half of the adult population is insufficiently active to protect health.

Physical activity levels among young people are particularly concerning, with indications that physical activity has been declining for some years along with a growth in the proportion of young people doing no activity (i.e. who are sedentary).

When physical activity data is broken down by ethnicity, it demonstrates that Māori and New Zealanders of European descent are generally more physically active than New Zealanders from Pacific and other ethnic communities. Data from the 1997 to 2001 *Sport and Physical Activity Surveys* showed that young Māori and Europeans and young people from other ethnic groups are more active (71%, 70% and 59% respectively) than Pacific young people (52% of Pacific young people are active). Activity levels are lower (63%) for Pacific adults when compared with Māori and European adults – over two-thirds of adults from these latter ethnic groups are active (67% and 69% respectively). Adults from other ethnic groups are the least active at 54%.

A major study commissioned by SPARC in 2003, *Obstacles to Action: A Study of New Zealanders' Physical Activity and Nutrition*, has provided valuable information about motivations for, and barriers to, people participating. It found different groups of people have quite different motivations for participating in physical activity, and different barriers to participation. These motivations and barriers are all further affected by the changing stages people go through in their lives, such as ageing, changing states of health, disability, and changes in career and family commitments. Thus a generic one-size-fits-all approach is unlikely to be successful in motivating and encouraging all people to participate in physical activity. This information is invaluable to SPARC in developing effective and targeted strategies to get New Zealanders to overcome their obstacles to participating in physical activity. Data from the study is continuing to be analysed to further refine SPARC's targeting of initiatives to increase physical activity in the inactive population.

Over the next 12 months SPARC will invest in two major research projects to help us better understand New Zealanders' patterns of participation in sport and physical recreation. These are the *New Zealand Sport and Physical Activity Survey 2006/07* and the *Youth2007* survey.

Capability of the sport and recreation sector

New Zealanders have traditionally formed clubs and organisations at a local and national level to support our love of participating in sport and physical recreation. There are over 100 national organisations delivering sport and physical recreation opportunities to New Zealanders, with over 10,000 clubs and gyms at a local level. Sport and physical recreation organisations are essential to the promotion of physical activity in New Zealand as they provide many of the opportunities for people to engage in physical activity.

Research shows that a third of New Zealand adults (36%) who participate in sport or physical recreation do so as active members of a club or gym. However, levels of club membership for young adults (18–24 years of age) fell from 53% in 1997/98 to 42% in 2000/01. Despite this decline, young adults are still more likely to be members of clubs, participate in organised competitions and receive coaching than adults over 25 years of age.

SPARC estimates there are approximately 500,000 volunteers helping to provide sport and physical recreation opportunities to New Zealanders. However, traditional club structures are noting a decline in numbers of younger volunteers available to support their activities (from 31% in 1997/98 to 23% in 2000/01). SPARC is involved in projects to support and encourage people to keep volunteering, while recognising that sports or recreation clubs of the future may be different from the organisations we know today.

It appears that changing lifestyles are resulting in more people participating in informally organised sports and recreation activities, rather than joining traditional clubs. Technology such as group emails and text messages is allowing like-minded people to form “virtual clubs” without formal membership, rules, facilities or fees. More people are participating in informally organised activities such as group bike rides, hikes, ski trips, social netball, touch rugby or skateboarding. The growth of “virtual clubs” may place new expectations on territorial authorities, the Department of Conservation, and other providers of sport and recreation land and facilities. It will also require innovation and adaptation by traditional clubs if they are to remain relevant and continue to grow.

Sports organisations face leadership and management challenges to establish and cement their position and expertise in the competitive sport and physical recreation market. Members, participants and funding partners now demand more from sport and physical recreation services, and those services need to be professional, efficient and accountable. Research in Australia and New Zealand has shown that, in general, sports organisations have failed to shift away from their traditional focus and instincts.

The capability of the sport and physical recreation sector is key to delivering SPARC’s vision. The sport and physical recreation sector faces the following challenges:

- Fragmentation results from organisations not consistently collaborating with others across regions or across sporting and physical recreation codes, and in many cases seeing each other as competitors. This limits SPARC’s opportunity to influence at the “grass roots” level.
- Organisations often lack clear focus and professionalism. Many find it difficult to maintain their focus and instead allow funding opportunities and a passion for sport and physical recreation to drive their activity – often with short-term outcomes at the expense of long-term gains.
- The changing nature of New Zealand society is influencing involvement in sport and physical recreation services. Increasingly, people are more willing to pay for their activity rather than volunteer or join a club. Individual pursuits are becoming more attractive than structured participation as people increasingly feel “time-poor”.

It is clear that greater professionalism will be required over the next 10 years in many areas of the sector. Robust and adaptable governance structures are needed to manage change and provide strong working environments. Dynamic and innovative leadership is required to assist sport and physical recreation organisations to evolve and thrive.

High performance environment

New Zealanders believe winning in international events is important. It contributes to social, economic and health benefits; helps create a strong sense of national identity, pride and social cohesion; creates a healthy image for marketing New Zealand goods, services and experiences abroad; helps attract high profile sports events to New Zealand, with associated economic gains; and encourages New Zealanders to be active.

However, winning on the international stage is becoming increasingly more challenging for New Zealanders. Talent alone is no longer enough to win. International sport has developed rapidly over the last decade with more money involved, and higher standards and professionalism being the norm. Other countries are committing substantial and increasing amounts of money. Being a small country, we have a smaller pool of athletes, and access to less expertise and fewer resources than some of our much larger rivals.

It is evident that New Zealand cannot compete on the basis of size and funding as we are unable to equal the seemingly endless resources of the larger major sporting countries. While the level of investment is important, we do not have the resources to simply outspend our rivals, so we have to outsmart them, be wise, innovative and strategic in how we invest, and build upon our nimbleness and ability to adapt quickly to opportunities.

Over the next three years, SPARC will continue to work towards finding the most efficient way of supporting New Zealand's high performance sportspeople and coaches, but we will need to search continuously for efficiencies and innovations to allow New Zealanders to get the jump on their competitors.

Working within Government

SPARC's statutory mandate requires SPARC to act as the advisor to the Government on "issues relating to sport and physical recreation" and to work with other government agencies to utilise sport and physical recreation to further those agencies' goals.

Because sport and physical recreation contribute to health, social, economic and environmental outcomes, SPARC has an opportunity to play an influencing role in many aspects of Government business.

Some examples of how SPARC is already successfully collaborating with other government agencies to promote the value of sport and physical recreation include:

- a formal working arrangement between SPARC and the Ministries of Education and Health (known as the Tripartite Agreement) that focuses on improving the wellbeing of New Zealand's children by coordinating initiatives and resources aimed at student and school communities;
- a partnership between the Ministry of Health, Pharmac and SPARC to enable doctors to prescribe support services to increase an individual's physical activity;
- collaboration with the Ministry of Education to support sport and physical activity in schools;
- collaboration with the Ministry for the Environment to support the development of environments that encourage physical activity (e.g. activity-friendly urban design);
- support for territorial authorities to develop physical activity strategies for their communities; and
- membership of the Government's Inter-Agency Events Group.

Having more effective relationships with government agencies will mean that SPARC can influence the development of policy initiatives in order to better achieve shared outcomes. Significant opportunities currently lie in investigating areas of trade and tourism expansion.

Over the next three years, SPARC will need to meet the following challenges:

- building relationships with other agencies at appropriate levels in order to influence policy development; and
- strengthening the relationship between the sport and physical recreation sector and central and local government.

Managing for outcomes

SPARC contributes to broader outcomes

SPARC works with other government agencies to achieve broad government outcomes for New Zealanders. Participation in sport and physical recreation creates benefits that go well beyond the sport and recreation sector and contribute to New Zealand as a whole. Improving physical activity levels and participation in sport, developing effective sport and physical recreation systems, and having international sporting successes can all contribute to increased health, social and economic benefits for New Zealanders. SPARC's activities will contribute directly to the Government's priority areas of:

- **Families – young and old:** through our investments in health, education and environmental initiatives to increase participation in sports and physical recreation by people of all ages and become the most active nation;
- **National identity:** through our investments in high performance sport to win consistently in events that matter to New Zealand; and
- **Economic transformation:** through our support for innovative sport and recreation technology and the hosting of major events in New Zealand.

Our contributing impacts

SPARC's vision for New Zealand is:

- to be the most active nation;
- to be winning consistently in events that matter to New Zealand;
- by having the most effective sport and physical recreation systems.

Each part of the vision relates to an impact that SPARC's activities will have on New Zealand. These are described briefly below, and in more detail on pages 19 to 21.

Being the most active nation

In order to achieve the first of SPARC's impacts, being the most active nation, we are helping to develop a strong sport and physical recreation sector, investing in wide-reaching and sophisticated social marketing initiatives, and developing targeted health and education programmes.

Having athletes and teams winning consistently in events that matter to New Zealand

The second of SPARC's impacts, having athletes and teams winning consistently in events that matter to New Zealand, is achieved by having a strong sport and physical recreation sector and by investing in, and supporting, high performance sports through the New Zealand Academy of Sport and other initiatives.

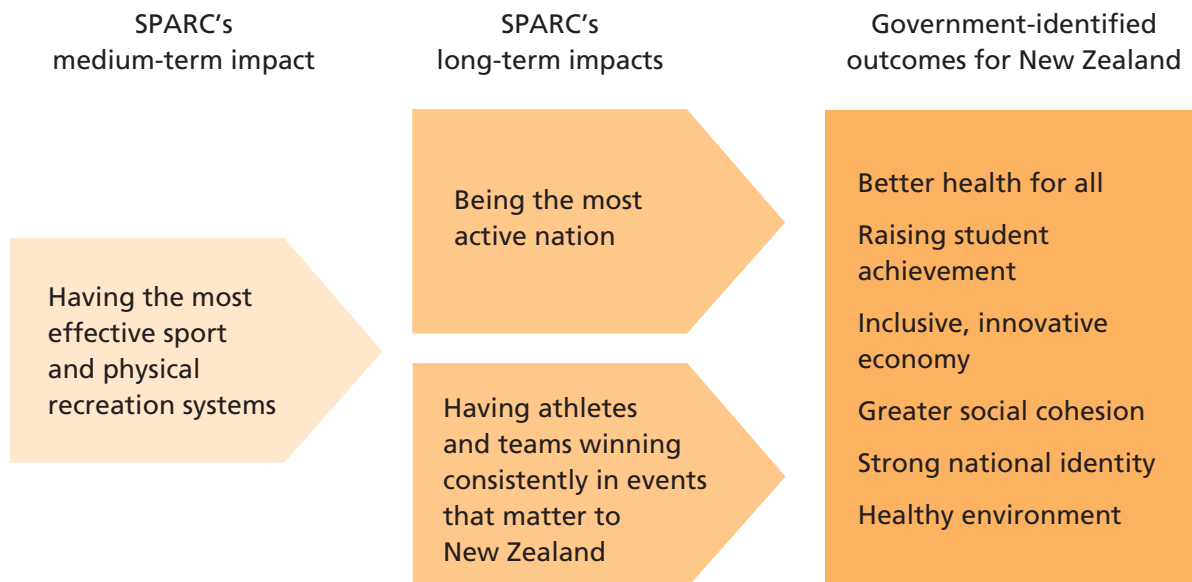
Having the most effective sport and physical recreation systems

SPARC will achieve the impact *having the most effective sport and physical recreation systems* by helping to develop New Zealand's sport and physical recreation infrastructure through capability development, investment, and sharing knowledge. In turn, effective sport and physical recreation systems support higher physical activity levels and success in high performance events.

Government outcomes we support

SPARC's impacts on the community are intended to support broader government outcomes to which other government departments and agencies also contribute. SPARC collaborates with other departments and agencies to achieve these broad outcomes for the wellbeing of New Zealand.

Specific government outcomes supported by SPARC are illustrated as follows:



Better health for all

SPARC contributes to this outcome through its long-term impact of being the most active nation. Physical activity has many direct and indirect health benefits, such as reducing the risk of developing serious diseases and medical conditions including cardiovascular disease, obesity, Type 2 diabetes, some forms of cancer, osteoporosis and osteoarthritis. Physical activity also offers considerable additional mental health benefits.

Physical inactivity has been ranked the fifth major mortality risk and has been estimated to account for over 2,600 deaths per year in New Zealand, which is more than four times the road toll. It has been estimated that 600 lives would be saved per year if New Zealanders increased their physical activity by a mere 10%.

An increase in physical activity levels across the New Zealand population would have immediate and long-term health benefits. While addressing the needs of all New Zealanders, specific targeting of some interventions to at-risk and inactive sections of the population will ensure significant improvements to quality of life for many New Zealanders in a highly cost-effective manner.

SPARC will develop initiatives that increase the levels of physical activity by all New Zealanders. A particular focus over the next 12 months will be to develop ways to use physical activity to address lifestyle issues of children and young people – these issues include high levels of obesity and Type 2 diabetes. We will continue to work closely with the Ministry of Health and the health sector to develop and promote physical activity initiatives that support the Government's outcome of *better health for all*.

Raising student achievement

SPARC contributes to this outcome through its impacts of *having the most effective sport and recreation systems* and *being the most active nation*. SPARC will continue to invest in programmes and resources that can be used in educational settings to deliver regular and quality physical activity. This contributes to the fuller development of children and young people with positive benefits for physical, social, mental and cognitive development. World-wide research provides evidence of the positive impact physical activity has on academic achievement, self-esteem, and accelerated psychomotor development.

SPARC works closely with the Ministry of Education and the education sector. Our initiatives support national curriculum outcomes, provide resources for enhancing quality teaching, and focus on strengthening family and community collaboration on physical activity. SPARC, the Ministry of Education and the Ministry of Health jointly implement initiatives to improve the quality, accessibility and level of participation in physical activity for all children and young people in New Zealand.

Also, through the administration of the Prime Minister's Sport Education Scholarships (also known as the Prime Minister's Athlete Scholarship Programme), SPARC assists talented and elite athletes to achieve tertiary and vocational qualifications while pursuing excellence in sport.

Inclusive, innovative economy

SPARC contributes to this outcome through all three of its impacts: *having the most effective sport and recreation systems*, *being the most active nation*, and *having athletes and teams winning consistently in events that matter to New Zealand*. A strong sport and physical recreation sector and high levels of participation will stimulate the economy in several ways. For example:

- higher levels of physical activity have health benefits that result in reduced health costs and decreased workplace absenteeism;
- a strong physical recreation sector is a significant contributor to the tourism industry;
- the hosting of international events provides foreign exchange earnings;
- development of sport and physical recreation technology opens up business opportunities; and
- sporting achievement on the international stage creates a healthy image for marketing New Zealand goods, services and experiences abroad.

Sport and physical recreation make a significant contribution to the New Zealand economy. In 1999, the real gross output of the sport and physical recreation sector was estimated at \$1.97 billion. The New Zealand sport and physical recreation sector has been estimated to directly employ some 41,000 people.

The America's Cup regatta in 2003 created 8,180 full-time equivalent jobs and injected an extra \$529 million into the national GDP between 30 June 2000 and 30 June 2003, of which \$450 million was generated in the Auckland economy.

The national GDP impact of the 2005 DHL Lions Tour was assessed at \$135 million (including indirect effects) and 2,715 full-time equivalent jobs were created. New Zealand's successful 2011 Rugby World Cup bid is forecast to contribute \$408 million to the GDP. This event is the third largest in the world (by television audience) with an estimated audience of 3.5 billion people.

Sport and physical recreation help to create a healthy image for marketing New Zealand goods, services and experiences abroad and enhance tourism opportunities. For example, over 45,000 international tourists who visited New Zealand in 2005 listed participation in sport or recreation as one of the purposes of their visit. In the same year, over 13,000 people visited as part of a publicised special event, including the 2005 Lions Tour, and over 2,000 professional sportspeople visited New Zealand. In addition, there is growing recognition of the value that New Zealand's expertise in sports and recreation technology can bring to the economy through, for example, the export of services in the sport and recreation sector, or the development and manufacture of hi-tech sport and recreation equipment.

A physically active workforce is potentially more productive than an inactive workforce. Studies prove that workplace health and wellness initiatives result in reduced absenteeism, higher performance and enhanced innovation. SPARC works with employers to increase physical activity amongst their employees and therefore enable them to gain from reduced absenteeism and health-related costs, and improved concentration levels.

In the next three years, SPARC will work to improve the attractiveness and capability of New Zealand for hosting major sport and physical recreation events. We will continue to cooperate closely with other agencies as part of the Government's coordinated approach to major events hosting, and we will work on a strategy for the sport and recreation sector in particular.

SPARC will also work with industry and sports organisations to encourage developments in technology and knowledge that have the potential to boost both sports performance and commercial activity.

Greater social cohesion

SPARC will contribute to this outcome by supporting the development of the sport and physical recreation sector and by building the sector's capacity to deliver quality sport and recreation experiences to more New Zealanders. SPARC's contributing impacts are *having the most effective sport and recreation systems and being the most active nation*.

Organised sport and physical recreation activities play an important role in furthering personal and social development for individuals and communities. They foster cooperation between individuals and help strengthen social ties and networks within communities.

Sport and physical recreation clubs lie at the heart of New Zealand communities, drawing individuals together, and providing facilities and access to community services. Approximately one-third of all New Zealanders participate in organised sport and physical recreation activities, and there are more than 10,000 sports clubs in New Zealand.

When New Zealanders are successful at sport on the international stage, we all take pride in that success and our shared experience helps develop our sense of community.

Over the next three years, SPARC will continue to encourage volunteering in sport and physical recreation – volunteering is one of the cornerstones of strong communities, and also helps to sustain a healthy sport and physical recreation sector.

SPARC will also continue its work with families, schools and communities to encourage greater coordination in delivering sport and physical recreation opportunities, thereby improving efficiencies and strengthening social bonds. We will continue implementation of the No Exceptions Strategy to reduce obstacles to participation in sport and physical recreation by people with disabilities.

We will also commence work towards a national facilities strategy to encourage communities to develop and utilise their sport and physical recreation resources more efficiently.

Strong national identity

SPARC will contribute to this outcome through its impacts of having *athletes and teams winning in events that matter to New Zealand* and *having the most effective sport and physical recreation systems*.

It is important for New Zealanders to have access to a strong national identity which nurtures and supports our unique culture and defines our place in the world. Success on the international stage has long been an important element of New Zealand's national identity. The fervour with which the New Zealand public celebrates the international sporting success of New Zealand competitors and teams, especially in high profile sports such as rugby, cricket and netball, will be readily apparent to most New Zealanders. New Zealanders are also proud of achievements in the world of adventure pursuits by our mountaineers, round-the-world sailors, Antarctic explorers and others.

Market research reinforces that winning or performing well at international sporting events is important to New Zealanders. In order to win at an international level, we must have an active population and a healthy sport and physical recreation sector. SPARC supports the identification and development of talented athletes and teams, from junior sport to elite competition. We also support New Zealand's sports and recreation organisations and coaches. Over the next three years, SPARC will be implementing the recommendations of the 2006 review of New Zealand's high performance sport.

Healthy environment

SPARC will contribute to this outcome through its impacts of *being the most active nation* and *having the most effective sport and recreation systems*.

Research has shown that the physical environment has a sizeable effect on people's levels of physical activity. An environment that encourages or facilitates physical activity, e.g. through enjoyable pedestrian spaces, cycle tracks or walking tracks, is

known as an “activity-friendly environment”. Activity-friendly environments not only encourage people to be more active, they also reduce reliance on private transport, contain more green space, and have other environmental benefits.

In order to support higher levels of physical activity, SPARC will invest in initiatives to encourage local and central government agencies to develop activity-friendly environments through good urban design.

In addition, SPARC will contribute to the development of the outdoor recreation sector. A strong outdoor recreation community will encourage more New Zealanders to participate in activities connected to the outdoors, which in turn will add to the value of our natural environment.

Operating intentions

Strengthening our ability to manage for outcomes

In the three years since SPARC was established, we have come a long way. But we know that we can perform at a higher level in delivering effective outputs that contribute to government outcomes.

We want to concentrate effort and resources on the things that will achieve our three impacts as efficiently as possible. Over the past few months we have been reviewing our progress since 2003 and developing a strategic plan for the next six years. This plan will be finalised in 2006/07 and will guide SPARC's activities in the medium to long term.

Operating principles

Policy

SPARC's approach to the development of sport and physical recreation policy is guided by the following principles:

1. SPARC will advocate for policy change based on strong research and evidence-based studies, undertaken both nationally and internationally, that are applicable to New Zealand.
2. SPARC will prioritise the development of services that are likely to have the biggest impact on our outcomes.
3. SPARC will monitor and evaluate the effectiveness of our interventions to ensure that the interventions are having a positive effect and New Zealanders are receiving value for money.
4. SPARC will adopt a whole-of-government approach that emphasises collaborative and coordinated strategies and partnerships across central and local government and non-government organisations through consultative policy development, advocacy and information sharing.
5. SPARC recognises the importance of involving all New Zealanders in sport and physical recreation and will work to ensure that all New Zealanders, without exception, have access to quality sport and physical recreation opportunities.
6. SPARC will ensure that the physical activity and sport sector has clear and objective leadership.

SPARC strives to ensure our policies and programmes are informed by sound evidence. Much of the data that informs our work will be updated during 2006/07 through the programmed *New Zealand Sport and Physical Activity Survey* (NZSPAS). This survey is periodically undertaken to provide a primary measure of New Zealanders' physical activity levels and their participation in sport, recreation and physical activities.

Investment

A central mechanism by which SPARC's mission will be achieved is through investing in organisations that are capable of making a positive impact on SPARC's mission. The bulk of SPARC's funding (71%) is invested directly in the sport and physical recreation

sector, and over the next three years, SPARC will directly invest a total of almost \$200 million. Decisions on how this investment will be made will be guided by the following principles:

- **Priorities** – Priorities will be set for SPARC investment. These priorities will be based on a clear justification for government investment. In particular, SPARC will direct its investment to activities that:
 - do not crowd out private and community funding;
 - assist in developing self-sufficiency; and
 - support the development of an integrated and effective sport and recreation infrastructure.
- **Return** – SPARC will focus on investing funds rather than supporting entitlements. Allocation decisions will be made on the likelihood of maximising a return on investment (measured by the impact on SPARC’s mission).
- **Certainty** – SPARC will endeavour to make its investment decisions following clear and well-understood processes. Changes in investment priorities will be signalled well in advance. Contracted targets will be clear, understood and agreed.
- **Capability** – The capability of an organisation seeking SPARC investment will affect the quantum, term and prescriptiveness of the investment arrangements.
- **Performance** – The performance of SPARC’s investments will matter. Better performance should be recognised, while poor performance will be addressed. Investments will be monitored and evaluated regularly.
- **“Fit-for-Purpose” Investment Terms** – Contracting terms will reflect the risk/return profile of the investment. For example, small investments will be structured more like grants, while large, long-term investments in key organisations will be managed on a partnership basis.
- **Recognition** – SPARC’s investments are funded by the taxpayer. People and organisations that benefit directly from this investment will be expected to give due recognition to SPARC and the taxpayer.

Services

SPARC’s principles for the development of services are:

- SPARC will promote innovation in the development of services. All proposals must be informed by evidence-based research and sound policy backing.
- All services will be evaluated and monitored to ensure that they make a difference and are delivered in an efficient and effective manner.
- SPARC will provide services where it is most appropriate for it to do so. SPARC will take account of the fact that there are many actual and potential service providers who can and will be better placed than SPARC to provide services.

Service Performance 2006–09: Being the most active nation

What we will do to achieve this impact	Why we will do it	How we will measure our progress
Encourage inactive New Zealanders to engage in physical activity.	An increase in the number of active New Zealanders will produce long-term health, social and economic benefits.	Continuous monitoring over the period 2006 to 2009 showing that inactive New Zealanders are becoming more physically active as a result of SPARC's initiatives.
Produce and distribute resources and provide facilitators to help schools provide regular, quality physical activity experiences.	For young people, participation in physical activity has many health, education and social benefits.	Implementation of SPARC's physical activity programme by a total of 250 schools by 2006/07. Implementation of the programme by a total of 450 by 2008/09.
Develop policies and initiatives that increase and build sustainable participation pathways for young people.	Ongoing participation in sport and recreation by young people will have long-term social, health and economic benefits for New Zealand.	Over the period 2006 to 2009, development and implementation of evidence-based initiatives that have the potential to increase participation in physical activity by 13 to 25 year olds.
Develop tools to help health agencies make reasoned decisions about investment in physical activity initiatives.	Increased physical activity has numerous health benefits and is a cost-effective alternative to some medical treatments.	Over the period 2006 to 2009, development and implementation of an evidence-based strategy to use physical activity to improve health outcomes for New Zealanders.
Work with local authorities to plan active-friendly communities and environments and to highlight how sport and physical recreation can be used by local authorities to meet community outcomes.	Active-friendly environments and communities facilitate higher rates of physical activity, ensure more efficient investment in sport and recreation resources, and contribute to environmental outcomes such as reduced reliance on private transport and increased amount of green space.	Steady growth over the period 2006 to 2009 in the number of local authorities adopting sport and physical recreation plans as part of their annual plans and Long Term Council Community Plans. Continued growth in the number of organisations and local authorities planning active-friendly environments.
Implement a strategy to reduce barriers to participation in sport and physical recreation activities by people with disabilities.	Increased opportunities for participation by people with disabilities will help to deliver the social, health and other benefits of physical activity to a wider range of New Zealanders.	A total of 30 national sport and recreation organisations with disability planning integrated into their strategic and operational plans by 2008/09. An increase in the number of territorial authorities that have completed access audits of sport and recreation facilities.

Service Performance 2006–09: Having athletes and teams winning consistently in events that matter to New Zealand

What we will do to achieve this impact	Why we will do it	How we will measure our progress
Implement the results of the review of SPARC's high performance system.	SPARC is seeking to improve the cost-effectiveness of its high performance investments by increasing the efficiency of New Zealand's high performance system and targeting investments to those areas that are most likely to produce the desired results.	A steady increase in the number of athletes and teams that are competitive at international events. High levels of satisfaction with the New Zealand Academy of Sport network as measured in surveys of sport organisations, athletes and coaches.
Provide a comprehensive support campaign in preparation for the 2008 Beijing Olympic Games during the period 2006 to 2008.	Coordinated support at a national level will give New Zealand athletes and teams a competitive advantage at the Beijing Olympics and reduce duplication of services among the National Sports Organisations involved.	Improved performance by the Olympic Games team as measured by the number of medals won and individual performances at the Beijing Olympics. A high level of satisfaction with the support campaign as measured in surveys of sport organisations and athletes.
Support elite athletes during their athletic careers and prepare them for working life after their athletic careers end.	The athlete employment programme, Prime Minister's Scholarships and Performance Enhancement Grants will encourage elite athletes to lengthen their sporting careers and devote more time to training.	Steady lengthening of the careers of elite athletes and an increase in the amount of time they devote to training. An increase in the number of sports actively involved in the athlete employment programme.
Implement a Talent Development Framework to provide a continuous path of development from childhood to elite athletes.	Strengthening of talent development pathways will increase the depth of talented athletes in New Zealand and expose more athletes to higher levels of competition and more opportunities for success.	An increase in the number of National Sports Organisations with long-term talent development strategies.
Work with industry to develop a range of technological innovations to support sporting success.	Technological innovations will give our athletes an added advantage in competition. They may also generate commercial and economic benefits.	Review of 2008 Beijing Olympics demonstrates that technological developments have contributed to improved performances.

Service Performance 2006–09: Having the most effective sport and recreation systems

What we will do to achieve this impact	Why we will do it	How we will measure our progress
Implement a research strategy that encourages greater coordination of, and investment in, research that supports SPARC's impacts.	Development of a coordinated research strategy will help build a robust evidence-base which is essential to build knowledge and to inform decision-making in sport and recreation to support government-wide social, environmental and economic goals.	A steady increase in the level of coordinated and collaborative research activity that addresses research priorities for the sport and recreation sector. An increase in research-based publications, forums and presentations directed at the sport and recreation sector in New Zealand.
Encourage improvements in the governance and management capability of sport and recreation organisations.	Over the next 10 years greater professionalism will be required by sport and recreation organisations to address many of the challenges that they confront. The more well equipped they are in responding to these challenges the better they will be able to help SPARC achieve its mission.	A steady increase in the number of sport and recreation organisations that have successfully implemented capability development plans.
Develop a strategy to encourage and support the holding of major events in New Zealand.	The holding of major events has numerous economic benefits for New Zealand and provides more New Zealand athletes with the opportunity to compete against quality international competition.	Finalisation in 2006/07 of a major events strategy, with the support of the sport and recreation sector and relevant government agencies.
Facilitate improvements in the professional development and education of coaches.	Quality coaching contributes to SPARC's other impacts – it helps to retain participants in sports and recreation activities, and it increases performance levels of elite athletes.	An increase in the number of full-time employed coaches at the sub-national level during 2007 to 2009.
Work closely with Drug Free Sport NZ to implement of the World Anti-Doping Code.	Implementation of the World Anti-Doping Code provides a level playing field for athletes and reduces the health risk from performance-enhancing drugs.	Completion in 2006/07 of the development of new anti-doping legislation and rules. Adoption of anti-doping policies that are compliant with the WADA Code by all National Sports Organisations by December 2007.
Develop and implement a strategy to encourage and support volunteering in sport and recreation.	The sport and recreation sector needs a sufficient pool of volunteers to provide ongoing opportunities for New Zealanders to participate in sport and recreation activities.	An increase in the numbers people volunteering in sport and recreation. A higher standard of volunteer management and support within the sector.

Output plan: 2006/07

This table describes the key outputs purchased from SPARC by the Government for the 2006/07 year. It also lists significant performance targets against which SPARC will be reporting during this period.

Organisational division	Outputs purchased in 2006/07	Performance targets for 2006/07
Active Youth	<ul style="list-style-type: none"> Develop a three-year implementation plan for 13 to 18 year olds based on best practice research. Review performance of Regional Sports Trusts in delivering Active Movement.¹ Evaluate effectiveness of Active Schools² facilitators. 	<ul style="list-style-type: none"> Effective delivery of Active Movement by Regional Sports Trusts. Active Schools achieving its objectives as agreed with participating schools.
Active Living	<ul style="list-style-type: none"> Support 20,000 patients through GRx.³ Expand GRx to target (amongst others) Māori, Pacific and young people. Assist eight territorial authorities to develop customised plans for increasing physical activity in their area. 	<ul style="list-style-type: none"> 65% of GRx patients reporting health gains after six months. 75% of GPs satisfied with services provided by GRx Area Manager.
New Zealand Academy of Sport	<ul style="list-style-type: none"> Implement the recommendations of the High Performance Review. Finalise a support strategy for the Beijing Olympic Games and communicate it to National Sports Organisations. Develop a monitoring instrument to measure the effectiveness of athlete support programmes. 	<ul style="list-style-type: none"> Increased medal or top-eight performances by New Zealand athletes in targeted sports. 75% of carded athletes reporting that services provided by the NZ Academy of Sport Network have had a positive impact on their training environment and sporting performances.
Capability and Sport Development	<ul style="list-style-type: none"> Hold a national sport and recreation sector conference by June 2007. Evaluate SPARC's Business Improvement Strategy 2003–2006. Provide assistance to National Sports Organisations to develop Disability Action Plans and Policies. Pilot and evaluate a leadership training programme for the sport and recreation sector. Develop a strategy to encourage and support the holding of major events in New Zealand. 	<ul style="list-style-type: none"> At least six targeted organisations showing an average 20% minimum gain in organisational capability. 10 National Sports Organisations having Disability Action Plans and Policies in place.

¹ Active Movement is a programme that aims to get more young children in the 0 to 5 years age group active. The programme was developed for early childhood educators and parents/caregivers.

² Active Schools is a programme designed to deliver on recent education policy changes that see physical activity being given greater priority in primary schools.

³ The Green Prescription programme provides general practitioners and practice nurses with the option of prescribing physical activity where it may be beneficial in long-term health care. The patient is eligible for support and advice from their Regional Sports Trust for up to four months.

Organisational division	Outputs purchased in 2006/07	Performance targets for 2006/07
Coaching	<ul style="list-style-type: none"> Invest in six National Sports Organisations and 10 Regional Sports Trusts to deliver CoachForce⁴ programmes. 	<ul style="list-style-type: none"> Retention of 70% of carded coaches.⁵ Endorsement and implementation of SPARC's coach education framework by all targeted sport and recreation organisations during 2006/07.
Stakeholder Relationships	<ul style="list-style-type: none"> Develop customised investment and relationship plans ("game plans") for 40 key sport and recreation organisations. 	<ul style="list-style-type: none"> 95% of game plans implemented to the standard agreed with the partner organisation.
Policy and Research	<ul style="list-style-type: none"> Completion of ministerial briefings, correspondence, and Cabinet papers as required. Undertake a national sport and physical activity survey. Review and build upon monitoring and evaluation programmes for SPARC's investments. 	<ul style="list-style-type: none"> 100% of ministerials completed on time and to the satisfaction of the Minister. Monitoring and evaluation plans in place for all SPARC investments.
Marketing and Communications	<ul style="list-style-type: none"> Conduct a national social marketing campaign to motivate parents to get their children to become more active. Conduct a month-long marketing campaign prior to Push Play Day to motivate New Zealanders to become more active. 	<ul style="list-style-type: none"> Increase, from 66% to 70%, in the proportion of New Zealanders who are sufficiently active to maintain good health.
Corporate Services	<ul style="list-style-type: none"> Develop SPARC's strategic plan for 2007 to 2012. Develop a Human Resources Strategic Plan. Implement a stakeholder management information system. 	

⁴ CoachForce aims to enable as many people as possible to have access to coaching services through the best local channels.

⁵ Carded coaches are those coaches who are part of their sport's high performance coaching succession plan and who are able to access personalised services provided through the New Zealand Academy of Sport that assist their development.

SPARC's

organisational health and capability

Refocusing and reorganising

As an organisation with a high performance focus, we continually look for opportunities to improve our organisation. We have recently completed a major organisational review aimed at streamlining our business processes and improving operational efficiencies, and we will be implementing the organisational review over 2006/07.

The new organisational structure will allow SPARC to make the most of its finite human and financial resources to achieve its vision. The objectives of the changes to our organisational structure are to:

- create stronger and more focused relationships between SPARC and its stakeholders within the sector;
- help ensure that operational and investment decisions are made within an informed strategic and policy context;
- better prioritise our investment decisions;
- enhance SPARC's role in the government policy process;
- align our organisational structure with our new Contracts and Investment process;
- facilitate the use of a more project-oriented, cross-functional approach to initiatives in order that skills from all relevant areas of SPARC are utilised; and
- reduce duplication of effort and resource.

In order to support the new organisational structure, we will develop a Human Resources Strategic Plan in 2006/07.

As part of our new way of working, we will recruit and invest in staff training in order to:

- build greater capacity for research and evaluation;
- build greater capacity to lead policy development and engagement; and
- refine project-management techniques to enable SPARC to achieve and demonstrate results more effectively.

As a first step in implementing the organisational review, SPARC has adopted the following management structure:



Strengthening infrastructure

Over the next three years, SPARC will finalise and implement an Information Systems Strategic Plan, which will lead to increased efficiencies in SPARC's current activities, and also allow us to use innovative technologies to deliver greater benefits to New Zealand.

A new stakeholder management system will provide us with a single view of all stakeholder information and activities so that we are able to engage with stakeholders consistently and efficiently.

We will implement an extranet to facilitate the sharing of best-practice knowledge and create online Communities of Practice among stakeholders in the sport and physical recreation sector. We will be able to connect directly with end users via TXT.

A large part of SPARC's business involves the management of contracts and investments with the sport and physical recreation sector. Over the next 12 months, we will begin to see the benefits of our new integrated Contracts and Investment system, which provides a single view of all our contracts and investment arrangements, including a single picture of all future financial commitments. The system captures and tracks contractual information and outcomes of key decisions, and manages and monitors the contracts against performance measures.

Human resources values

SPARC's human resources values are summarised as follows:

People-focused

SPARC places considerable emphasis on supporting and valuing people. The goal of SPARC is to foster whanaungatanga (caring for, and support of, one another like a family) where individuals are valued and able to achieve their full potential and to develop successful relationships.

Strives for Excellence

SPARC strives for excellence in everything it does. This is characterised by the development of a nimble, innovative and dynamic organisation. In this regard, SPARC seeks to develop excellent internal processes so as to ensure the organisation's ongoing viability and success.

Demonstrates Leadership

As the lead agency in the sport and physical recreation sector, people and organisations look to SPARC to provide leadership and direction. SPARC's goal is to provide effective, focused and inspiring leadership.

Displays Integrity

SPARC wishes to demonstrate the integrity of its processes and of its people. This means ensuring that the organisation acts ethically and professionally in all aspects of its work.

Managing risk

SPARC must manage and mitigate risk areas in addition to the normal corporate risks of disaster recovery, succession, and security etc faced by all organisations in New Zealand. In particular, SPARC operates in a sector and environment where the expectations placed on the organisation by its stakeholders are not homogenous, in some cases are contradictory and in many cases are unachievable. Reputation risk management is important for SPARC as it seeks to match its capacity against the expectations of the sector.

SPARC also actively manages risks to its brands, in particular *SPARC*, *Push Play* and the *New Zealand Academy of Sport*. These brands form an important part of SPARC's delivery mechanism to achieve the outcomes described in this Statement of Intent.

SPARC operates a risk framework coordinated by the Board and Management that covers the following components:

- oversight by the Audit and Risk Committee of the Board;
- the financial control environment;
- physical and electronic security;
- disaster recovery planning;
- brand management;
- insurance and indemnity;
- project management methodologies;
- annual risk assessments; and
- a comprehensive internal audit function.

Forecast financial statements

for year 2006/07

Statement of forecast financial performance

For the year ended 30 June 2007

	Note	Budget 2005/06 \$000	Forecast 2005/06 \$000	Forecast 2006/07 \$000
REVENUE				
NZ Lottery Grants Board		28,217	28,220	28,220
Vote Funding – Sport & Recreation	2	44,244	44,244	51,088
Contract revenue		6,478	6,386	6,665
Other revenue		800	1,637	1,360
Total operating revenue		79,739	80,487	87,333
COST OF SERVICES				
Programme investment		59,803	61,003	64,455
Programme support		9,157	9,923	10,484
SPARC costs		14,898	13,722	14,498
Total operating expenditure	3	83,858	84,648	89,437
Net surplus/(deficit)		(4,119)	(4,161)	(2,104)

Statement of forecast movements in accumulated funds

For the year ended 30 June 2007

	Note	Budget 2005/06 \$000	Forecast 2005/06 \$000	Forecast 2006/07 \$000
Opening accumulated funds		7,345	9,525	5,364
Net surplus/(deficit)		(4,119)	(4,161)	(2,104)
Closing accumulated funds	4	3,226	5,364	3,260

These forecast financial statements are to be read in conjunction with the accounting policies and notes to the forecast financial statements on pages 32 to 35.

Forecast output class allocation

For the year ended 30 June 2007

	Budget 2005/06 \$000	Forecast 2005/06 \$000	Forecast 2006/07 \$000
OUTPUT CLASS 1 – BEING THE MOST ACTIVE NATION			
Total revenue	36,396	34,176	37,083
Less expenses			
- Programme investment	24,538	22,284	23,545
- Programme support	6,962	7,446	7,867
- SPARC costs	6,776	6,213	6,565
Total expenses	38,276	35,943	37,977
Net deficit – Output Class 1	(1,880)	(1,767)	(894)
OUTPUT CLASS 2 – WINNING CONSISTENTLY IN EVENTS THAT MATTER TO NEW ZEALAND			
Total revenue	28,874	29,919	32,464
Less expenses			
- Programme investment	24,720	26,706	28,217
- Programme support	1,137	746	788
- SPARC costs	4,509	4,014	4,241
Total expenses	30,366	31,466	33,246
Net deficit – Output Class 2	(1,492)	(1,547)	(782)
OUTPUT CLASS 3 – MOST EFFECTIVE SPORT AND RECREATION SYSTEMS			
Total revenue	14,469	16,392	17,786
Less expenses			
- Programme investment	10,545	12,013	12,693
- Programme support	1,058	1,731	1,829
- SPARC costs	3,613	3,495	3,692
Total expenses	15,216	17,239	18,214
Net deficit – Output Class 3	(747)	(847)	(428)
Total net deficit	(4,119)	(4,161)	(2,104)

This forecast financial statement is to be read in conjunction with the accounting policies and notes to the forecast financial statements on pages 32 to 35.

Statement of forecast financial position

As at 30 June 2007

	Budget as at 30 June 2006 \$000	Forecast as at 30 June 2006 \$000	Forecast as at 30 June 2007 \$000
CURRENT ASSETS			
Cash on hand and at bank	70	70	70
Short term investments	9,432	14,007	11,039
Accounts receivable	1,921	3,312	3,312
Total current assets	11,423	17,389	14,421
LESS CURRENT LIABILITIES			
Accounts payable	4,172	6,400	6,400
Employee entitlements			
Funds held on behalf of the Crown – Sport Education Scholarships	4,645	6,393	5,568
Total current liabilities	8,817	12,793	11,968
Working capital surplus	2,606	4,596	2,453
NON-CURRENT ASSETS			
Fixed assets	620	768	807
Total non-current assets	620	768	807
Net assets	3,226	5,364	3,260
Represented by:			
Opening accumulated funds	7,345	9,525	5,364
Net surplus/(deficit)	(4,119)	(4,161)	(2,104)
Total accumulated funds	3,226	5,364	3,260

This forecast financial statement is to be read in conjunction with the accounting policies and notes to the forecast financial statements on pages 32 to 35.

Statement of forecast cash flows

For the year ended 30 June 2007

	Budget 2005/06 \$000	Forecast 2005/06 \$000	Forecast 2006/07 \$000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash inflow			
New Zealand Lotteries Grants Board	28,217	28,220	28,220
Vote Sport and Recreation	44,244	44,244	51,088
Funds received – administered on behalf of Crown	5,000	5,000	5,000
Contract revenue	6,478	5,251	6,740
Other revenue	800	1,541	1,360
Total cash inflows	84,739	84,256	92,408
Cash outflow			
Cash disbursements to operations	83,910	83,872	89,151
Funds paid – administered on behalf of Crown	5,825	4,175	5,825
Total cash outflows	89,735	88,047	94,976
Net cash inflow /(Outflow) from operating activities	(4,996)	(3,791)	(2,568)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of assets	490	490	400
Net cash inflow /(outflow) from investing activities	(490)	(490)	(400)
<i>Net increase (decrease) in cash held.</i>	(5,486)	(4,281)	(2,968)
Opening cash balance as at 1 July	14,988	18,358	14,077
Closing cash balance as at 30 June	9,502	14,077	11,109
MADE UP OF			
Cash on hand and at bank	70	70	70
Short term investments	9,432	14,007	11,039
Total	9,502	14,077	11,109

This forecast financial statement is to be read in conjunction with the accounting policies and notes to the forecast financial statements on pages 32 to 35.

Reconciliation of surplus in the statement of forecast financial performance to the forecast net cash flow from operating activities

For the year ended 30 June 2007

	Budget 2005/06 \$000	Forecast 2005/06 \$000	Forecast 2006/07 \$000
Net surplus/(deficit) from operations	(4,119)	(4,161)	(2,104)
Add/(deduct) non-cash items			
Depreciation	300	305	361
	(3,819)	(3,856)	(1,743)
Add/deduct movements in other working capital items			
(Increase)/decrease in receivables (net)	-	389	-
Increase/(decrease) in payables and accruals	(1,177)	(324)	(825)
Net cash inflow/(outflow) from operating activities	(4,996)	(3,791)	(2,568)

Statement of forecast capital expenditure

For the year ended 30 June 2007

	Budget 2005/06 \$000	Forecast 2005/06 \$000	Forecast 2006/07 \$000
Computer equipment	430	490	230
Leasehold improvements	60	0	
Office equipment	-		150
Furniture and fittings	-		20
Total capital expenditure	490	490	400

These forecast financial statements are to be read in conjunction with the accounting policies and notes to the forecast financial statements on pages 32 to 35.

Statement of accounting policies

Reporting entity and statutory basis for reporting	<p>These are the forecast financial statements of Sport & Recreation New Zealand (SPARC), which was established by the Sport and Recreation New Zealand Act 2002. This Act defines SPARC as a Crown entity for the purposes of the Crown Entities Act 2004.</p> <p>The forecast financial statements have been prepared in accordance with section 141 of the Crown Entities Act 2004 and generally accepted accounting practice.</p> <p>In addition, SPARC has reported on funds held and administered on behalf of the Crown.</p>
Reporting period	<p>These forecast financial statements are for the year ended 30 June 2007.</p>
Measurement base	<p>The historical cost basis of measurement has been applied in the preparation of these forecast financial statements.</p>
Goods and services tax	<p>The financial statements are prepared on a GST-exclusive basis, with the exception of Accounts Payable and Accounts Receivable which include GST invoiced. Where GST is irrecoverable as an input tax, it is recognised as part of the related assets or expense.</p> <p>The amount of GST owing to or from the Inland Revenue Department at balance date, being the difference between Output GST and Input GST, is included in Accounts Payable or Accounts Receivable.</p>
Taxation	<p>SPARC is a Public Authority in terms of the Sport and Recreation New Zealand Act 2002 and is exempt from income tax under section CW31 of the Income Tax Act 1994.</p>
Revenue	<p>Goods and services Revenue comprises the amounts received and receivable for goods and services supplied to customers in the ordinary course of business and is recognised when earned.</p> <p>Grants received Grants received from the Crown and its agents have been accounted for as income in the Forecast Statement of Financial Performance. Any grants for which the requirements under the grant agreement have not been completed are carried as liabilities in the Statement of Financial Position.</p> <p>Investment income Interest income is recognised when earned and is reported in the financial period to which it relates.</p>
Grant funding expenditure	<p>Grants are expensed against the financial year for which the grant has been approved.</p>
Cost allocation	<p>The costs of outputs, as reported in the statement of objectives and service performance, report the costs of inputs and services purchased externally or provided internally, necessary to produce the outputs.</p> <p>SPARC derives the costs of outputs using the following cost allocation system:</p> <ul style="list-style-type: none"> • 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. <p>SPARC allocates overheads (being the provision of corporate and support services) on the basis of management judgement of cost drivers that appropriately link indirect costs to the outputs.</p>

Fixed assets	<p>Initial recording All assets costing more than \$2,000 are 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.</p> <p>Depreciation Depreciation is 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:</p> <table><tr><td>Audio-visual equipment</td><td>3 years</td></tr><tr><td>Furniture and fittings</td><td>10 years</td></tr><tr><td>Office equipment</td><td>10 years</td></tr><tr><td>Leasehold improvements</td><td>over the remaining term of the lease</td></tr><tr><td>Computer equipment</td><td>3 years</td></tr></table>	Audio-visual equipment	3 years	Furniture and fittings	10 years	Office equipment	10 years	Leasehold improvements	over the remaining term of the lease	Computer equipment	3 years
Audio-visual equipment	3 years										
Furniture and fittings	10 years										
Office equipment	10 years										
Leasehold improvements	over the remaining term of the lease										
Computer equipment	3 years										
Operating leases	<p>Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. SPARC leases office premises, office equipment and information technology hardware. 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 Forecast Statement of Financial Performance in the period in which they are incurred.</p>										
Accounts receivable	<p>Accounts receivable are stated at their expected realisable value after providing for doubtful and uncollectible debts.</p>										
Investments	<p>Investments are stated at the lower of cost and net realisable value.</p>										
Employee entitlements	<p>Provision has been made for SPARC's liability for annual leave. The annual leave provision has been calculated on an actual accumulated entitlement basis at current rates of pay. This equates to the cash amount necessary to settle the obligation as at balance date.</p>										
Financial instruments	<p>SPARC is party to financial instruments as part of its everyday operations. These financial instruments include bank accounts, short-term deposits, investments, debtors and creditors. Revenues and expenses in relation to all financial instruments are recognised in the Forecast Statement of Financial Performance. All financial instruments are recognised in the Forecast Statement of Financial Position at their estimated fair value, when a contractual obligation has been established. Specific methods and assumptions are disclosed in the individual policy statements associated with each item.</p>										
Changes in accounting policies	<p>There have been no changes in accounting policies from those contained in the forecast financial statements included in the 2005/06 Statement of Intent.</p>										

Notes to the forecast financial statements

1. Assumptions underlying the forecast financial statements

The forecast financial statements on pages 27 to 31 comply with the financial reporting requirements of Financial Reporting Standard 42: Prospective Financial Information, issued by the New Zealand Institute of Chartered Accountants. They have been compiled on the basis of assumptions as to future events that the Board reasonably expects to occur associated with the actions the Board reasonably expects to take as at 30 May 2006, the date on which the forecast financial statements have been authorised for issue by the Board. The Board is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the forecast financial statements and all other required disclosures.

The most significant of the assumptions underlying the forecast financial statements is that SPARC will continue to deliver the range of programmes and investments currently provided and will also be in a position to deliver new initiatives for which it has received additional Crown funding.

Actual results are likely to vary from the information presented, and the variations may be material. The forecast financial statements disclose forecast results for the 2005/06 year which are based on actual financial results as at 30 April 2006, and forecast results from 1 May to 30 June 2006. It is not intended to update the forecast financial statements subsequent to preparation.

The forecast 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 forecast financial statements to evaluate SPARC's financial prospects and to assess actual financial results prepared in future reporting periods against the forecast financial statements. The information in these forecast financial statements may not be appropriate for purposes other than those described.

2. Vote funding – Sport and Recreation

The \$9.511 million increase in Vote Sport and Recreation funding between 2005/06 and 2006/07 is the result of increases for the following:

Baseline	\$4.444 million
Healthy Eating/Healthy Action	\$1.778 million
Direct Athlete Support Scheme	\$1.778 million
Regional Sports Development	\$1.422 million
Support for Volunteering	\$0.089 million

3. Operating expenditure

	Budget 2005/06 \$000	Forecast 2005/06 \$000	Forecast 2006/07 \$000
Programme investments	59,803	61,003	64,274
Programme support	9,157	9,923	11,040
Personnel costs	7,861	7,439	7,987
Rental of premises	240	291	306
Rental of equipment	251	204	233
Depreciation			
- computer equipment	125	154	213
- office furniture and fittings	16	16	23
- audio-visual equipment	11	11	1
- leasehold improvements	148	124	124
Board members' remuneration	96	79	96
External audit fees – Audit NZ	40	38	40
Other operating expenditure	6,110	5,366	5,100
Total operating expenditure	83,858	84,648	89,437

4. Accumulated funds

SPARC has accumulated funds over the last three years through the generation of unbudgeted operating surpluses. SPARC's implementation of its work programme will result in the generation of operating deficits for the next three years and a decrease in total accumulated funds to a level of \$3 million by 30 June 2008.

5. Funds held and administered on behalf of the Crown

Sport Education Scholarships are administered and distributed by SPARC on behalf of the Crown.

	Budget 2005/06 \$000	Forecast 2005/06 \$000	Forecast 2006/07 \$000
SPORT EDUCATION SCHOLARSHIPS			
Funds brought forward	5,470	5,568	6,393
Funds received from Vote Sport and Recreation	5,000	5,000	5,000
Funds disbursed	(5,825)	(4,175)	(5,825)
Balance held on behalf of the Crown	4,645	6,393	5,568

Sport & Recreation New Zealand



Back row: Christopher Doig, Dr Sarah Sandley, Peter Miskimmin, Rob Fisher, Elizabeth Coutts
Front row: Dr Jenny Ross, John Wells (Chairperson), Nick Hill (Chief Executive), Tina Karaitiana



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