

# Annual Report

for the year ended 30 June 2008

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## Vision

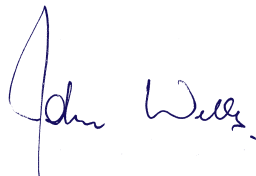
SPARC's vision for New Zealand is a nation inspired to be active, participate and win.

The vision is the pinnacle outcome that SPARC is working to achieve.

To realise this vision SPARC's mission is to foster an environment where:

- more New Zealanders will be physically active in sport and recreation;
- more New Zealanders will participate in supporting and delivering sport and recreation; and
- more New Zealanders will win on the world stage.

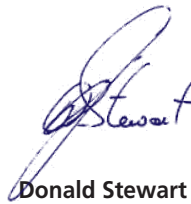
The Board of Sport and Recreation New Zealand has the pleasure in presenting to the House of Representatives and pursuant to the Crown Entities Act 2004 Sport and Recreation New Zealand's Annual Report for the year ended 30 June 2008.



**John Wells**

Chairperson

31 October 2008



**Donald Stewart**

SPARC Board Member

31 October 2008

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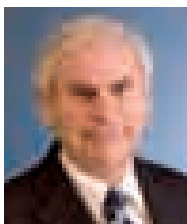
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# INTRODUCTION



## Chairperson's Report



As we reflect on 2007/08, it is evident the sport and recreation sector is changing and new challenges are emerging. Many of the issues highlighted in the Ministerial Taskforce 'Graham Report' in 2001 remain pertinent but the task for SPARC is to not only reflect the current environment but to identify, consider, and plan for the future.

Economic pressures on the sector have increased significantly in recent years and combined with a heightened expectation in all facets of performance outcomes requires considered and skilful intervention. SPARC has continued to be flexible and responsive to these challenges, providing leadership and support.

Fundamental to the health of sport and recreation organisations is management and governance capacity – areas where SPARC has continued to provide significant focus. This year has seen SPARC step up its efforts and engage with a number of sports where its investment was not meeting the agreed standards of financial management or governance.

SPARC has continued to increase its investment in the sector. Expenditure has grown by approximately 90 percent over the last five years as a result of increasing Crown investment in sport and recreation programmes. In 2007/08 approximately \$100 million was delivered to the sector via direct investment through national sport and recreational organisations, regional sport trusts, territorial local authorities, the New Zealand Academy of Sport, as well as through SPARC initiated programmes.

The Push Play campaign continues to play a vital role in raising awareness of the importance of being active. Into its 8th year, Push Play is now part of the national idiom with research showing awareness levels of Push Play messages at 90 percent.

As part of its role in the inter-agency (Department of Health, Education and Youth Affairs) Mission-On initiative, SPARC launched a website aimed at 5-12 year-olds to encourage healthy and active lifestyles. This was innovative work as there is no comparable site targeting New Zealand children. This is work in progress and demonstrates a commitment under Mission-On to not ignore 'new media' in conveying its message.

Seven years into the Graham Taskforce 25 year vision for sport and recreation in New Zealand, SPARC is delivering against the stated vision. However, no system is perfect and SPARC continues to evolve and adapt its delivery model, listening to the sector and reflecting the changing reality on the ground which is being developed into a strategic plan out to 2014.

I would like to thank the board of SPARC, all our partners in the sector, the previous CEO Nick Hill and his successor Peter Miskimmin, management and staff for their continued hard work and dedication to our vision.

A handwritten signature in blue ink that reads "John Wells". The signature is fluid and cursive, with the first name "John" being larger and more prominent than the last name "Wells".

**John Wells**  
Chairperson

## Chief Executive's Report



The past year has witnessed the continued evolution of the SPARC investment delivery model to the sport and recreation sector. It has also seen a growing maturity of the relationship between SPARC and the sector.

There has been increased understanding on both sides of the 'investment' approach by SPARC. While SPARC contributes approximately \$100 million, the entire sport and recreation sector funding pool (including Gaming Trust funding and territorial authority investment) is \$900 million. SPARC plays an important role in helping provide strategic direction in how best to utilise those resources.

SPARC, working with and acting on feedback from the sector, has continued to provide guidance and programme services to the sport and recreation sector. But it has also sought to be a more integrated partner in the sector.

This increased interaction with the sector has taken several forms. During 2007/08 SPARC established quarterly meetings with the Chairpeople of the five major Gaming Trusts in New Zealand. As a significant funder of New Zealand sport and recreation it is important the Gaming Trusts understand and work in harmony with the SPARC strategic plan.

The two business and sport conferences during 2007/08 facilitated by SPARC helped establish a momentum for more innovative partnerships between commerce and sport beyond the traditional sponsorship model.

The Sector Conference in June, facilitated by SPARC, reflected a far greater involvement and participation of stakeholders than at previous gatherings.

SPARC has provided the sector with expertise including high performance sport specialists, qualified coaches and personnel with extensive sport administration and commercial acumen. SPARC relationship managers and performance consultants spend around 80 percent of their time in the field as a valuable shared service to various national sport and recreation organisations. I am proud of the extensive work SPARC personnel have conducted out in the sector in the past year.

While the investment model is fundamentally sound and reflects the aims and vision of the Graham Report, it is important for SPARC to take stock and ensure it is meeting the demands and needs of the sector, including grass roots sport.

The field work for the Active New Zealand Survey was completed during 2007/08, with over 4,400 face-to-face interviews conducted over a 12 month period. The survey was extensively redesigned compared to the 2001 New Zealand Sport and Physical Survey to significantly improve the quality of the data collected. The analysis to be rolled out during 2008/09 will help SPARC and stakeholders fine-tune existing programmes and help address gap areas and deficiencies.

Detailed and extensive consultation with the wide array of groups and organisations in outdoor recreation saw the completion of a discussion document. Outdoor recreation offers significant benefits to New Zealanders but the document highlighted a need for improved coordination across the sector. SPARC will deliver a national Outdoor Recreation strategy in early 2009.

SPARC is working closely with Territorial Authorities and helping connect the sport and recreation sector to the Long Term Community Council Planning (LTCCP) process. SPARC is playing an important role in encouraging national sports organisations, regional sports trusts etc to be aware of and participate in this process. SPARC established a Territorial Authority working group which met twice during the year. The working group involved seven councils from Auckland, Wellington, Christchurch and Dunedin and this will be expanded to nine councils in the future.

Work has also begun on development of the community sport strategy. To be finalised in 2009, the strategy will provide an overview of the community sport sector and inform SPARC's future investment and leadership in this area. This will include examining current investment streams and how well they work, and dealing with issues and constraints on the delivery of community sport.

SPARC continued to provide extensive support and input in the area of high performance through targeted assistance to athletes and teams likely to achieve on the world stage. Comprehensive support strategies and practical assistance were provided to the New Zealand Olympic Committee and national sport organisations in the lead-up to Beijing covering planning and preparation and technical support.

But further work needs to be done on talent identification. SPARC's challenge is to get more performance out of New Zealand's limited resources by finding efficiencies. Work has commenced on youth talent identification programmes. New Zealand also requires cost effective ways to have its athletes competing more regularly on the international stage and SPARC is exploring the possibility of establishing a permanent high performance base in Europe ahead of the 2012 London Olympics.

It has been an exciting and challenging start to my tenure as CEO of SPARC. The organisation is now an integral part of the New Zealand sport and recreation landscape and working well with stakeholders. The challenge is to grow that partnership to ensure the sector is stronger, more sustainable and strategic to drive New Zealanders to be more active, to give them the opportunity to participate and for the nation to achieve on the world stage of elite sport.

I wish to thank my predecessor Nick Hill who held the position of Chief Executive since SPARC's inception more than six years ago. Nick's drive and managerial skills helped turn the vision of the 2001 Graham Report into reality. His contribution will be a lasting and positive one.

I wish to acknowledge and thank our sector partners – national sports organisations, national recreation organisations, regional sports trusts, territorial local authorities and iwi for their ongoing support and commitment to our collective goal of enriching the lives of kiwis through sport and recreation.



**Peter Miskimmin**

Chief Executive

# ABOUT SPARC





## SPARC's Purpose

### Who is SPARC?

SPARC is the Crown entity charged under the Sport and Recreation New Zealand Act 2002 with promoting, encouraging, and supporting physical recreation and sport in New Zealand. The staff are dedicated to getting New Zealanders active, involved and winning in sport and recreation. The functions of SPARC are set out in section 8 of the Act.

The purpose of this document is to report to Parliament on the performance of SPARC against its Statement of Intent for 2007-2010.

### SPARC's role in Government

SPARC works with other government agencies and the sport and recreation sector to deliver the wider objectives of the Government.

The Government invests in sport and recreation because it recognises the benefits these activities offer New Zealanders in terms of health, education, social development, economic and environmental values, and the contribution sport and recreation make to the national identity of New Zealand.

Participation in physical recreation and sport 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 recreation systems, and having international successes can all contribute to increased health, social and economic benefits for New Zealanders.

### SPARC's activities contribute directly to the Government's priority areas of:

- Families - young and old: through fostering an environment where more New Zealanders will be physically active in sport and recreation to benefit health, education and environmental outcomes.
- National identity: through our investments in high performance sport and recreation to foster an environment where more New Zealanders are winning on the world stage.
- Economic transformation: through our support for innovative sport and recreation technology and the hosting of major events in New Zealand.

## SPARC's Functions

SPARC was established as a Crown entity on 1 January 2003 under the Sport and Recreation New Zealand Act 2002 to “promote, encourage and support physical recreation and sport in New Zealand”.

SPARC's functions are set out in section 8 of the Sport and Recreation New Zealand Act 2002. These functions 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 between 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

## Governance of SPARC

SPARC is governed by a Board whose members and chairperson are appointed by the Minister for Sport and Recreation. The Board is responsible for setting the strategic direction of SPARC and for providing governance and leadership for the agency. At 30 June 2008 the SPARC Board comprised the following members:

<b>Board member</b>	<b>Appointed</b>	<b>Term ends</b>
John Wells (Chair)	May 2001	30 Jun 2009*
Christopher Doig	1 Jul 2003	30 Jun 2009
Dr Sarah Sandley	1 Jul 2003	30 Jun 2009
Tina Karaitiana	1 Jul 2004	30 Jun 2009
Rob Fisher	1 Jul 2005	30 Jun 2011*
Alan Isaac	1 Apr 2007	31 Mar 2010
Donald Stewart	1 Apr 2007	31 Mar 2010
Nicki Turner	31 Aug 2007	30 Aug 2010
Paul Allison	31 Aug 2007	30 Aug 2010

\*John Wells was reappointed as Board Chairperson for a further 12 months, and Rob Fisher was reappointed as Board Member for an additional three year term subsequent to 30 June 2008.

### Te Roopu Manaaki

Te Roopu Manaaki was established in 2002 to advise the Board of SPARC on Māori participation in sport and physical recreation in New Zealand. Members of Te Roopu Manaaki are appointed by the Board of SPARC. Membership of Te Roopu Manaaki is:

<b>Member</b>	<b>Role</b>
Chris Marjoribanks	Chair
Kevin Prime	Deputy Chair
Jack Thatcher	Member
Mynetta Erueti	Member
Jacqui Te Kani	Member
John Paki	Member
Jane Huria	Member

### Sports Tribunal of New Zealand

Previously established by SPARC under the Sport and Recreation New Zealand Act 2002, the Sports Tribunal of New Zealand (the Sports Tribunal) was given independent statutory standing under the Sports Anti-Doping Act 2006.

In accordance with a Memorandum of Understanding between the Minister for Sport and Recreation, the Sports Tribunal and SPARC, SPARC provides the Sports Tribunal with accommodation and administrative support, and provides the Minister with advice relating to the Sports Tribunal.

## Board standing committees

The Board has two standing committees. Other special project committees are formed as required.

### AUDIT, FINANCE AND RISK MANAGEMENT COMMITTEE

Members of the Audit, Finance and Risk Management Committee included:

Alan Isaac (Chairperson);  
John Wells;  
Dr Sarah Sandley;

The Audit, Finance and Risk Management Committee's role is to act on behalf of the Board and oversee all material aspects of SPARC reporting, control and audit functions - except those specifically related to the responsibilities of another standing committee of the Board. The Committee reviews, assesses and makes recommendations to the Board on:

- risk management;
- annual reports and other major reporting documents;
- internal controls and regulatory compliance;
- internal audit programmes and responsibilities;
- external audits; and
- financial reporting and controls.

The Committee oversees SPARC's annual internal audit programme. The areas of emphasis for each year's programme are based on a risk assessment carried out by the internal auditors. SPARC's internal auditor is Ernst and Young. SPARC's external auditor is the Auditor-General, as specified by the Public Audit Act 2001. The Committee meets annually with the auditors, without the presence of management, to discuss matters of internal control.

### REMUNERATION COMMITTEE

Members of the Remuneration Committee included:

John Wells (Chairperson); and  
Christopher Doig.

The Remuneration Committee's role is to:

- consider and make recommendations to the Board on remuneration policies and practice;
- consider a report from the Chairperson on the performance of the Chief Executive during the preceding 12 months;
- consider and confirm recommendations from the Chief Executive on remuneration packages and other entitlements of the Chief Executive's direct reports; and
- oversee and review any external reporting, remuneration practices or policies or benchmarking as required or requested by other Crown entities.

## Board attendance

The following table summarises Board attendance at Board meetings and committee meetings.

Board Member	Board		Audit, Finance and Risk Management Committee		Remuneration Committee	
	Number of meetings	Meetings attended	Number of meetings	Meetings attended	Number of meetings	Meetings attended
John Wells	10	10	3	3	4	4
Chris Doig	10	10	-	-	4	4
Sarah Sandley	10	6	3	2	-	-
Rob Fisher	10	8	-	-	-	-
Tina Karaitiana	10	8	-	-	-	-
Alan Isaac	10	9	3	3	-	-
Donald Stewart	10	9	-	-	-	-
Paul Allison*	8	7	-	-	-	-
Nick Turner*	8	8	-	-	-	-

\* Appointed to the Board 31 August 2007

## Special Projects Committees

### INFORMATION TECHNOLOGY REVIEW BOARD

The Information Technology Review Board (ITRB) was formed to advise the Board of SPARC on matters related to Information Technology (IT), IT strategy, and the implementation of major projects.

Members of this committee included:

Chief Executive (Chairman);  
 Alan Isaac;  
 SPARC Management (Ann Woolston - Information Services Manager); and  
 Industry Expert (Bryce Johnston - Quotable Value New Zealand).

The role of the ITRB is to:

- recommend an Information Systems Strategic Plan to the Board;
- review Business Plans for major IT projects including cost/benefit analysis;
- receive reports on post-implementation reviews of major projects;
- review IT Disaster Recovery and Risk Management Plans;
- investigate major IT incidents and breaches of IT, and IT security, policies and processes;
- review SPARC's IT policies and, in particular, IT security policies; and
- assist management with IT organisational issues as requested by the Chief Executive.

Meetings are arranged when there is a matter in the IT area that needs approval.

## Organisational Health and Capability

SPARC seeks to be a good employer (as defined in section 118 of the Crown Entities Act 2004) and actively promotes the principles of equal employment opportunities (EEO) in order to develop an organisational culture that values staff and challenges them to ensure they realise their full potential.

### People

As at 30 June 2008, SPARC had 91.4 full-time equivalent employees.

SPARC has a broad range of functions, working with and providing support for a diverse range of people within the sport and recreation sector – from volunteers to high performance coaches, from sport coordinators in schools to recreation industry training organisations. In order to provide high quality policy and support, SPARC staff require a diverse set of skills and knowledge.

For this reason, SPARC staff include high performance sport specialists, athletes and coaches, technical specialists from within the sport, government and commercial sectors, and internationally renowned researchers.

SPARC regularly monitors how well engaged SPARC's staff are in the work of the organisation through the use of a staff engagement survey. This survey also provides an indicator of discretionary effort and an intention to stay with the organisation. Employee engagement (as measured by this independent survey) was 80%, with an 80.5% response rate. While this is a good result, it is not as high as SPARC's employee engagement target of 82-85%, with an 85% response rate. Analysis of the survey results will lead to new initiatives in 2008/09 to enhance employee engagement further.

### RECRUITMENT, SELECTION AND INDUCTION

SPARC demonstrates EEO principles in its recruitment and selection practices. All individuals are employed on the basis of merit, according to skills, knowledge and relevant experience.

### LEARNING AND DEVELOPMENT

SPARC provides learning and development opportunities for staff, aimed at ensuring that both organisational and individual needs are met. Training needs analysis provides the basis for identifying and prioritising training and development requirements.

### REMUNERATION

SPARC uses job evaluation to set job bands and reviews salaries annually as part of its performance management process. A review of SPARC's remuneration strategy was undertaken during the 2007/2008 financial year.

### FLEXIBLE WORK ENVIRONMENT

SPARC recognises the role of flexible work arrangements, in line with the Employment Relations (Flexible Working Arrangements) Amendment Act 2007 coming into effect on 1 July 2008. Arrangements include offering part time work and providing for employees to work from home, as appropriate, which can assist in retaining key staff, including those returning from parental leave.

### STAFF WELLNESS

SPARC has a Health and Safety Committee. The Committee's role is to develop systems and processes to ensure SPARC is a safe and healthy place to work.

SPARC also has a culture, policies and procedures which actively encourage staff to participate in sport and physical recreation.

### Technology and other Physical Assets

The functioning of SPARC requires little customised technology. All information-and-technology-based projects are managed through a three-year rolling Information Systems Strategic Plan. Implementation of this plan is monitored by a special projects committee of the SPARC Board, the Information Technology Review Board.

Physical assets such as office accommodation and computers are leased.

New premises have been identified and planning progressed for an accommodation move coinciding with SPARC's current lease expiry in March 2009.

# PERFORMANCE FOR 2007/08



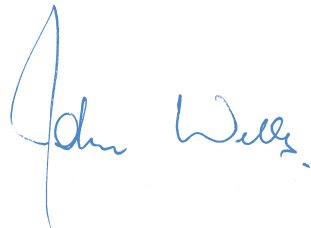


## Statement of Responsibility

The Board and management of Sport and Recreation New Zealand accept responsibility for the preparation of these financial statements and the judgements used herein.

The Board and management of Sport and Recreation New Zealand accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Board and management of Sport and Recreation New Zealand the financial statements and statement of service performance fairly reflect the financial position, operations and performance of Sport and Recreation New Zealand for the year ending 30 June 2008.



**John Wells**

Chairperson

31 October 2008



**Donald Stewart**

SPARC Board Member

31 October 2008

## Audit Report

### To the readers of Sport and Recreation New Zealand's Financial Statements and Statement of Service Performance for the year ended 30 June 2008

The Auditor-General is the auditor of Sport and Recreation New Zealand. The Auditor General has appointed me, Robert Manktelow, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of Sport and Recreation New Zealand for the year ended 30 June 2008.

### Unqualified Opinion

In our opinion:

- The financial statements of Sport and Recreation New Zealand on pages 44 to 88:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - Sport and Recreation New Zealand's financial position as at 30 June 2008; and
    - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of Sport and Recreation New Zealand on pages 19 to 34:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects for each class of outputs:
    - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
    - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 31 October 2008, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board and the Auditor, and explain our independence.

### Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Board;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

### **Responsibilities of the Board and the Auditor**

The Board is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of Sport and Recreation New Zealand as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, Sport and Recreation New Zealand's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Board's responsibilities arise from the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

### Independence

When carrying out the audit we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

In addition to the audit, we have carried out assignments during the reporting period in the areas of tender assurance and the Prime Minister's Sport Scholarships and since 30 June 2008 an assignment in the area of tender assurance. These assignments are compatible with those independence requirements.

Other than the audit and these assignments, we have no relationship with or interests in Sport and Recreation New Zealand.



**Robert Manktelow**

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

### Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of Sport for the year ended 30 June 2008 included on SPARC's web site. SPARC's Board is responsible for the maintenance and integrity of SPARC's web site. We have not been engaged to report on the integrity of SPARC's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 31 October 2008 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Statement of Service Performance

### Summary

SPARC contributes to government outcomes and priorities by creating and fostering an environment that will encourage New Zealanders to be physically active in sport and physical recreation and to excel in sport and recreation on the world stage.

To deliver on these outcomes SPARC has focused on four approaches to our business:

- Increasing New Zealanders' awareness of the value of sport and physical recreation, and motivating them to incorporate sport and recreation into their lives.
- Ensuring the opportunity to participate is of sufficient quality to sustain that participation and that all New Zealanders can access opportunities to participate in sport and physical recreation.
- Establishing and resourcing a high performance environment that will maximise the chances of New Zealanders winning on the world stage.
- Influencing government agencies, local authorities, national and regional sports and recreation organisations, commercial interests and sector funders to align their activities and resources, where practicable, to create the environment necessary to support and encourage sport and physical recreation.

SPARC continues to design its work programme around these business approaches and the following tables describe SPARC's key intentions for working towards its mission and vision during the period 2007 – 2010.

The following tables also describe the key outputs purchased from SPARC by the Government for the 2007/08 year (as set out in the Statement of Forecast Service Performance in SPARC's 2007-10 Statement of Intent) and progress made towards meeting performance targets for these outputs.

Further explanation of SPARC's programmes and initiatives referred to within the tables is provided within the glossary on pages 97 through 107.

## Sport and Recreation Programmes

### Goal: Kiwis make sport and recreation an integral part of their day

Objectives (Why)	Outcomes (What)	Outputs Purchased 2007/08	Performance against Outputs Purchased 2007/08
An increase in the number of active New Zealanders will produce long-term health, social and economic benefits.	<p>Children and young people have competence and confidence in sport and recreation activities</p> <p>Children and young people stay involved in sport and recreation through their transition into adulthood.</p> <p>Social marketing campaigns to motivate Kiwis.</p>	<p>Review how to maximise value from outdoor recreation sector.</p> <p>Outdoor recreation recommendations to Government by 30 June 2008.</p>	<p><b>Achieved</b></p> <p>A review has been completed and a document outlining the findings was delivered to Government in February 2008. High level findings and recommendations for future work were presented at the SPARC sector conference in June 2008 and a discussion document was subsequently released for targeted consultation across Government and with sector groups.</p> <p>Final recommendations on an outdoor recreation strategy based on this consultation will be forwarded to Government towards the end of 2008.</p>
		<p>Push Play social marketing campaign.</p> <p>5% increase in adult awareness of the Push Play 30 minutes a day message.</p>	<p><b>Not Achieved</b></p> <p>A campaign promoting both the 30 minutes a day message for adults and 60 minutes a day message for 5-18 year olds was run in March 2008. Awareness of the 30 minutes a day message for adults, while at very high levels, fell from 91% as at 30 June 2007 to 90% as at 30 June 2008.</p>

## Goal: Kiwis make sport and recreation an integral part of their day (Continued)

### Other Activities and Highlights 2007/08

#### Push Play

In mid-July 2007, during the lead-up to the six week-long Push Play Nation campaign, SPARC ran a week-long radio and internet/e-mail campaign that promoted easy ways to incorporate physical activity into people's daily lives to reduce stress. Push Play Nation 2007 was launched on 16 September 2007 and ran through to Push Play Day on 2 November 2007. The campaign saw 200,000 Push Play Activity diaries distributed through Countdown, Rebel Sport and Avanti dealers. A partnership with the Accident Compensation Corporation (ACC) saw [www.activesmart.co.nz](http://www.activesmart.co.nz) promoted by SPARC in the campaign. This allowed participants to develop their own personalised walking, running and cycling programmes.

The Push Play Parents campaign promoting the two physical activity guidelines, at least 30 minutes a day for adults and at least 60 minutes a day for 5-18 year olds commenced on 16 March 2008 and ran through to 27 April 2008 and again from 4 to 22 June 2008. As at 30 June 2008, awareness of the new 60 minutes a day message for 5-18 year olds sits at 67%.

#### Young People

A Fundamental Movement Skills resource was produced and distributed to primary schools, and training facilitated in 2007-08.

A Regional Sports Director Conference was held 24-26 September 2007, and focused on developing a monitoring and reporting framework specifically related to improvements in sporting and physical recreation experiences and opportunities for 13-18 year olds.

On 6 December 2007 SPARC, the Ministries of Health and Education, in consultation with the Ministry of Youth Development, announced new physical activity guidelines for children and young people aged between 5 – 18 years. The guidelines are additional to the current guidelines for adults (at least 30 minutes per day of moderate to vigorous physical activity at least five times a week). International evidence has consistently shown the need to develop specific physical activity guidelines for children and young people in order to gain health benefits as well as providing direction about what the minimum levels of physical activity should be. The guidelines recommend that throughout each day, children and young people need at least 60 minutes of moderate to vigorous physical activity to maintain good health.

Implementation of a Talent Development strategy is now underway with selected sports. SPARC's Talent Development strategy is a response to the findings of a Talent Identification Taskforce investigation into predicting future talent based on current performance.

## Goal: The NZ sport and recreation delivery network is efficient and effective

Objectives (Why)	Outcomes (What)	Outputs Purchased 2007/08	Performance against Outputs Purchased 2007/08
<p>SPARC builds partnerships with organisations that have the ability to impact on its outcomes and deliver investment efficiently and effectively.</p> <p>Improving sector capability and cooperation improves the efficacy and impact of SPARC's investment into sport and recreation.</p> <p>Active-friendly environments and communities help promote higher rates of physical activity, via the provision of green spaces, encouraging reduced reliance on private transport and ensuring more efficient investment in sport and recreation resources.</p> <p>SPARC's partnering with businesses and commercial organisations will provide further assistance to those programmes and investments being delivered to the sector.</p>	<p>Investigate ways to assist communities to provide quality sport and recreation outcomes.</p> <p>National governing bodies lead regeneration of regional and club delivery.</p>	<p>National road show to promote greater levels of understanding of SPARC's role and priorities completed by December 2007.</p>	<p><b>Achieved</b></p> <p>Five regional road shows were held in August 2007 in Auckland, Counties Manukau, Wellington, Christchurch and Dunedin.</p>
	<p>Ensure Long Term Council Community Plans (LTCCPs) incorporate sport and recreation outcomes.</p> <p>LTCCPs provide priority to local sport and recreation opportunities.</p>	<p>Seminar connecting business sector with sport and recreation sector.</p> <p>Business and sport seminar completed by 30 June 2008.</p>	<p><b>Achieved</b></p> <p>The first Business and Sport Summit was held on 16 May 2008 and the second during the SPARC Sector Conference on 24 June 2008.</p>
	<p>Work with the commercial sector to help it become a key partner in the sport and recreation sector</p> <p>Commercial organisations contribute to SPARC's mission.</p>	<p>Support for Local Government to provide for sport and recreation in their Long Term Council Community Plans (LTCCPs).</p> <p>Submissions made on LTCCPs that affect at least 75% of New Zealanders.</p>	<p><b>Achieved</b></p> <p>All seventeen Regional Sports Trusts have provided submissions to their local Councils' annual planning processes which inform LTCCPs.</p>
	<p>Assist the health sector to recognise the value physical activity offers public health and that sport and recreation is a large part of Kiwis being active.</p> <p>The health sector supports sport and recreation as a significant contributor to public health.</p>	<p>Improved SPARC programmes for 13-18 year olds.</p> <p>Contracts and investment arrangements agreed for improvements to 13-18 year olds' programmes.</p>	<p><b>Achieved</b></p> <p>Secondary school contracts have been updated to include more relevant outcomes and supported with training provided to Regional Sports Directors within Regional Sports Trusts. School Sports Coordinators have also received training via regional conferences. An evaluation of Sportfit investment in schools is currently underway.</p>



### Goal: The NZ sport and recreation delivery network is efficient and effective (Continued)

Objectives (Why)	Outcomes (What)	Outputs Purchased 2007/08	Performance against Outputs Purchased 2007/08
		<p>Review effectiveness of SPARC's preschool and primary school programmes.</p> <p>Review of preschool and primary programmes is completed by 30 June 2008.</p>	<p><b>Not Achieved</b></p> <p>Reviews of preschool and primary programmes were not completed by 30 June 2008. It was found upon scoping the review of the Active Schools programme there was insufficient data being reported by schools. Measures have since been implemented to rectify this. The scoping of Active Movement programmes was also completed in June 2008.</p>

#### Other Activities and Highlights 2007/08

##### Relationship Management

Following the national road shows, follow-up meetings were held in November 2007 with six Territorial Authority representatives – key agents in promoting and educating Regional Sports Trusts in the LTCCP submission process.

Momentum generated from the Business and Sport seminars and the willingness of sport and business to be involved, a further seminar is scheduled for 31 July 2008, at which time a partnering programme between business and sport will be launched.

SPARC has also supported the submissions for those Territorial Authorities where large population bases are impacted, ensuring sport and recreation is provided for in future LTCCPs, namely the following Councils: Whangarei, North Shore, Auckland, Waitakere, Manukau, Wellington, Christchurch & Dunedin.

Partner plans aimed at building broader partner relationships with national sport and recreation organisations have been agreed with 58 partners.

A SPARC partner confidence survey was undertaken in December 2007. Seventy two of SPARC's partners responded (56% response rate). 85% of respondents viewed their relationship with SPARC as good or excellent. 76% rated their overall confidence in SPARC to build effective relationships to deliver quality outcomes as good or excellent.

## Goal: The NZ sport and recreation delivery network is efficient and effective (Continued)

### Other Activities and Highlights 2007/08

#### Communities

A new allocation model for the Rural Travel Fund has been developed, based on a population density formula for Territorial Authorities having less than 10 people per square kilometre, including a per capita increase from 30 cents to 35 cents.

Two Active Communities funding rounds were completed, with the following projects being supported;

- Taitamariki Tuu Ora - Sport Northland
- Counties Manakau Active - Lead Agency - Manukau City Council
- Active and Well Community Recreation Programme - Sport Waikato
- Way2GO Community Pathway Project - Tasman District Council
- Neighbourhoods Move It - Sport Waitakere

#### Health

SPARC has continued to support the Ministry of Health's Healthy Eating Healthy Action (HEHA) programme. This work has included coordination of the HEHA network and taking a role (especially in relation to HEHA and physical activity) in the revision of HEHA by way of membership to the senior officials group advising Joint Ministers on the future of HEHA.

Continued support of the Green Prescriptions (GRx) programme, by way of;

- Providing area manager training sessions at conferences in October 2007 and April 2008.
- Ensuring GRx displays were provided at the following conferences:
  - Public Health Association (July 07)
  - GP conference (July 07)
  - Primary Health Nurses (August 07)
  - Practice Managers conference (September 07)
  - Goodfellow Symposium (April 08)
  - Independent Practitioners Association Council of New Zealand conference (April 08)

Relationships with key partners continue, including Healthwest, Sport Waitakere and SPARC's involvement in the Auckland Regional Sport and Physical Activity Strategy model for Auckland.

## Goal: The sector is making smart investments that meet the needs and aspirations of Kiwis

Objectives (Why)	Outcomes (What)	Outputs Purchased 2007/08	Performance against Outputs Purchased 2007/08
<p>SPARC seeks to develop a shared approach with other investors in the sport and recreation sector to align activities and resources, where practicable, to improve efficacy and alignment of investment into the sector.</p> <p>SPARC seeks to influence government agencies, local authorities, national and regional sport organisations, commercial interests and sector funders to align their activities and resources, where practicable, to create the environment necessary to support and encourage sport and recreation from grassroots beginnings through to high performance.</p> <p>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.</p>	<p>Shared approach developed with all investors in sport and recreation opportunities.</p> <p>Coordinated investment strategy agreed.</p> <p>Implement SPARC's High Performance Strategy.</p> <p>Increased medal and top-eight performances by NZ athletes and teams in SPARC's target sports.</p> <p>Gather knowledge and research to enable new and existing programmes to be better targeted.</p> <p>National Research Strategy Phase II Action Plan agreed with sector.</p> <p>Identify priorities for facility development.</p> <p>Local authorities adopt recommendations of the 2008 facilities audit.</p>	<p>Support Strategy for Beijing Olympic Games and Paralympic Games implemented.</p> <p>Increased medal and top-eight performances by NZ athletes and teams in SPARC's target sports.</p>	<p><b>Achieved</b></p> <p>Plans to maximise athlete performances at the Beijing Olympic Games have been developed and implemented, including:</p> <ul style="list-style-type: none"> <li>• Comprehensive support strategies put in place with the NZ Olympic Committee and Paralympics New Zealand, covering planning and preparation for Beijing and support strategies throughout the event (e.g. heat, pollution and acclimatisation).</li> <li>• Individual acclimatisation plans in place with all key NSOs.</li> </ul> <p>In the 2007 calendar year New Zealand achieved 27 top eight performances, including nine medallists, in pinnacle events of Olympic disciplines (across nine sports). This was an improvement on 2006, where 23 top eight performances and eight medallists were achieved.</p> <p>An expectation of six or more medals (one more than Athens) was agreed by the SPARC Board in November 2007.</p>

### Goal: The sector is making smart investments that meet the needs and aspirations of Kiwis (Continued)

Objectives (Why)	Outcomes (What)	Outputs Purchased 2007/08	Performance against Outputs Purchased 2007/08
<p>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.</p> <p>The National Facilities Review aims to collect sufficient data to enable stakeholders, in particular facility funders and local authorities, to make well informed decisions towards establishing an effective and efficient sport and recreation facility infrastructure in New Zealand, thus ensuring that current and future needs are met.</p>		<p>London 2012 Plan prepared.</p> <p>Talent identification and development plan developed with SPARC's target sports.</p>	<p><b>Partly Achieved</b></p> <p>The plan for London 2012 is in draft but will not be finalised until the Beijing debrief process has been completed.</p> <p>The Board approved SPARC's talent development approach (Talent Identification and Perform stage investment) in August 2007. SPARC continues to work with the targeted and key contestable national sporting organisations to establish talent development plans with six initiatives currently supported for 2010 (Vancouver Winter Olympics) and 2012 (London Summer Olympics).</p>
		<p>Active NZ Survey.</p> <p>Survey completed first quarter 2008 and topline results presented by 30 June 2008.</p>	<p><b>Achieved</b></p> <p>Survey data collection completed (March 2007 to March 2008) with a total of 4,443 interviews (a response rate of 61%). Survey datasets were received by SPARC in June 2008 and key topline findings were presented by the Chief Executive at the SPARC Sector Conference on 23 June 2008. A more detailed top line report for public dissemination will be published later in 2008.</p>

### Goal: The sector is making smart investments that meet the needs and aspirations of Kiwis (Continued)

Objectives (Why)	Outcomes (What)	Outputs Purchased 2007/08	Performance against Outputs Purchased 2007/08
		<p>Audit of the state of NZ's sport and recreation facilities.</p> <p>Facilities stock take completed.</p>	<p><b>Partly Achieved</b></p> <p>A National Facilities Review was scheduled for 2007/08, where data on national, regional, and local sport and recreation facilities (e.g. the type of facility, the nature of its users, the age and state of repair etc) would be captured. It was envisaged that this project would also collate existing research on facility design and planning and facility funding options.</p> <p>The objectives and scope of this project were modified and it was decided a pilot would be completed to inform decisions regarding extending the project nationally. The pilot (based in the Greater Wellington region) was successfully completed in June 2008 and recommendations were put to an External Advisory Group (comprising sector representatives) who in turn recommended that SPARC modify the objectives and scope of the project before implementing any audit at a national level.</p>

## Goal: The sector is making smart investments that meet the needs and aspirations of Kiwis (Continued)

### Other Activities and Highlights 2007/08

#### High Performance

Following a review of the 2006 contestable investment process a new contestable investment strategy was developed to ensure funds are directed towards those athletes and teams most likely to excel on the world stage. This new strategy was completed and published in July 2007. A review of SPARC's high performance programmes and investments, their contribution to and impact on results and value outcomes achieved, has been deferred until 2008/09, to capture the results from the Beijing Olympic Games. SPARC continues to work with nine targeted national sport organisations to develop plans for the 2012 Olympics in London.

In addition to the facilities pilot project, a high performance facilities audit was designed and implemented, with the findings of this audit to assist and influence high performance facilities planning for NSOs and local authorities. A final report for the audit was submitted in April 2008, however the project has been extended to allow key personnel in the targeted and key contestable sports to be interviewed.

#### Relationship Management

SPARC has developed an engagement strategy for building relationships with gaming and community trust funders. In the 2007/08 year:

- Three combined meetings have been held with five major gaming trusts to discuss investment efficacy. Agreement in principle was achieved for cooperation on targeted projects.
- One meeting has been held with Community Trust Chief Executives.

#### Communities

Active Communities investment criteria has been altered to be more inclusive of involvement by sport and recreation agencies, while maintaining a strong territorial authority emphasis, so improving the cross-sector alignment of community investment.

#### Health

Two key projects were pursued in 2007/08:

- A joint initiative with the Ministry of Health, the HEHA physical activity and sport and recreation research project, where a stock take and database was developed and completed in June 2008, with research results due for official launch in November 2008.
- A sport and recreation sector needs and barriers survey was scoped but implementation has been delayed.

The information and outcomes from the HEHA and Sport and Recreation Sector projects will be communicated to the sport and recreation sector in 2008/09, while also being used to inform the research component of SPARC's Strategic Plan.

## Goal: Great people leading, managing and supporting sport and recreation

Objectives (Why)	Outcomes (What)	Outputs Purchased 2007/08	Performance against Outputs Purchased 2007/08
<p>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.</p> <p>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.</p> <p>Quality coaching contributes to SPARC's other impacts - it helps to retain participants in sport and recreation activities, and it increases performance levels of elite athletes.</p>	<p>Challenge and support quality leadership, governance and management of NZ's key sport and recreation organisations.</p> <p>CEO Leadership Programme continues to be implemented and improved.</p> <p>Increase attractiveness of volunteering in sport and recreation.</p> <p>More volunteers and coaches with more time and better recognition.</p> <p>Implement the NZ Coaching Strategy.</p> <p>Continued development of a world class coaching environment identifying New Zealand's uniqueness which is supported by a coordinated and connected national structure.</p>	<p>SPARC's Chief Executive Leadership Development Programme delivered to sector.</p> <p>14 CEOs complete Leadership Development Programme and evaluation indicates knowledge gained is being applied within the sector.</p>	<p><b>Partly Achieved</b></p> <p>14 CEOs were recruited for SPARC's 2007 Chief Executive Leadership Development Programme.</p> <p>Subsequently 2 CEOs resigned from their roles. As a result only 12 CEOs completed the programme.</p>
		<p>Educational resources built to support implementation of the NZ Coaching Strategy.</p> <p>15 sports supported to utilise and adapt the educational resources to meet their needs.</p>	<p><b>Achieved</b></p> <p>Educational resources have been produced to support the implementation of the NZ Coaching Strategy, including templates for module development, activities for coach development and resources to support modules.</p> <p>20 national sporting organisations have now made significant progress by reviewing their athlete development pathways, writing coach development frameworks and using educational resources from the SPARC website to develop programmes specific to their sport.</p>
		<p>Volunteers' seminar programme developed.</p> <p>A series of five seminars delivered in key centres around the country and supported by online resources.</p>	<p><b>Achieved</b></p> <p>Seven volunteer seminars have been delivered in Auckland (2), Hamilton, Bay of Plenty, Wellington, Christchurch and Dunedin. The seminars showcased volunteer research and those online resources developed to support volunteers &amp; officials.</p>

## Goal: Great people leading, managing and supporting sport and recreation (Continued)

### Other Activities and Highlights 2007/08

#### Capability

The SPARC CEO Leadership Development Programme, comprising personal leadership assessment, tailored workshops and personal coaching was independently evaluated and indicated that knowledge gained is being applied within the sector.

A People Development Strategy aimed at growing the pool of talented people within high performance sport, has been developed and critiqued by key SPARC, NZ Academy of Sport and National Sporting Organisation (NSO) personnel. The plan's primary focus being on people development opportunities and recruitment gaps, with core competencies for key roles having been scoped.

#### Coaching

17 NSO coach development projects to develop NSO specific programmes, such as 'training the trainer' have been implemented.

15 private sector organisations and 77 coaches have signed up to CoachCorp, a programme aimed at building relationships between companies and community sport to get more people involved in coaching. An independent review of coaching in New Zealand has identified some further opportunities to increase the number of coaches signing on to the programme. SPARC has developed initiatives to address these opportunities, to be implemented in 2008/09.

An accelerated coach development programme aimed at high performance sports has also been scoped and will be implemented in 2008/09.

#### Volunteers

Officials learning and development modules were completed and made available online in December 2007, providing a tool for organisations to use which measures volunteers' knowledge of risks and legal issues.

Training and development modules for officials have also been developed (and available online) in consultation with NSOs while working toward alignment with the Sport, Fitness and Recreation Industry Training Organisation (SFRITO).

Online coaching resources have also been designed, in conjunction with NSOs, with modules designed for delivery through NSO and / or Regional Sports Trust websites. Additionally NSOs can make modules more sport specific and integrate assessments / compliance tests where appropriate, including a tool that can be used to accredit volunteer safety initiatives.

Promotion and recognition of volunteers and volunteering has been successful, including marketing of resources and research, Clubkit and promotion of volunteering in conjunction with National Volunteers Awareness Week and International Volunteers Day.



## Children and Young People's Lifestyles

### Goal: Mission-On

Objectives (Why)	Outcomes (What)	Outputs Purchased 2007/08	Performance against Outputs Purchased 2007/08
<p>Improved health, high educational achievements and a valued "Kiwi lifestyle"</p> <p>Mission-On is a package of initiatives aimed at improving the lifestyles of young New Zealanders by targeting improved nutrition and increased physical activity.</p>	<p>SPARC is responsible for leadership of the campaign, management of an inter-governmental Joint Officials Group, the overarching monitoring and evaluation programme and the delivery of seven of the 11 initiatives.</p> <p>Mission-On campaigns successfully implemented.</p> <p>Improved nutrition and increased physical activity levels amongst target groups (0-24 year olds, in high-risk, lower socio-economic communities, and Maori and Pacific peoples).</p>	<p>Mission-On implementation, including monitoring and evaluation.</p> <p>Mission-On programme targets met including monitoring and evaluation plan agreed by Joint Officials Group.</p>	<p><b>Partly Achieved</b></p> <p>Progress is on schedule for Lifestyle Ambassadors, TV and computer free time, use of TV and radio to encourage change, Stage Challenge sponsorship and Government 'Walking the Talk' initiatives.</p> <p>Two initiatives have not met all their targets - website development and the infrastructure required for expanded Green Prescriptions.</p> <p><b>Website development</b></p> <p>Originally three websites were scheduled to be running by July 2008. The first website, aimed at 5-12 year olds, went live in February 2008. Research conducted on older age groups indicates that using existing platforms or campaign-specific sites, that are able to be refreshed and changed quickly, was deemed to be a better option rather than developing further stand-alone sites.</p>

### Goal: Mission-On (Continued)

Objectives (Why)	Outcomes (What)	Outputs Purchased 2007/08	Performance against Outputs Purchased 2007/08
			<p><b>Green Prescriptions</b> While the number of Green Prescriptions clients is growing as estimated, the building of the business model and the data and accreditation systems is taking longer than originally anticipated.</p> <p><b>Evaluation</b> Evaluations have been completed for the Weird World of Sports and Radio campaigns.</p> <p>The monitoring and evaluation plan developed and agreed by the Joint Officials Group includes the following activities;</p> <ul style="list-style-type: none"> <li>• Pilot evaluation for Government Walking the Talk.</li> <li>• Outcome evaluation for Lifestyle Ambassadors.</li> <li>• Evaluation of Weird World of Sport &amp; Upball campaigns.</li> <li>• Pilot evaluation for Active Families (Green Prescriptions).</li> <li>• Evaluation of the effectiveness of youth focused radio campaigns.</li> </ul>

## Goal: Mission-On (Continued)

### Other Activities and Highlights 2007/08

#### Lifestyle Ambassadors

During the year, 17 additional high profile New Zealanders signed up to being the face of Mission-On, with a total of 26 lifestyle ambassadors as at 30 June 2008 providing support to a number of Mission-On initiatives including youth branded websites, television and computer-free time, using TV and radio to encourage change, Fuelled4School and Stage Challenge. As at 30 June 2008 161 schools will have experienced a visit from a lifestyle ambassador.

#### Youth Branded Websites

Usage for the 5-12 year olds website has steadily increased with 11,486 children registered as at 30 June 2008, comparing favourably with other children's websites in this age group.

#### Using TV & Radio to Encourage Change

Upball Campaign targeted at high users of television viewing aged 5-12 commenced on 2 April 2008 and ran through to 14 April 2008 and again from 1 to 21 June 2008. A 0800 telephone number fielded 1,115,928 calls from approximately 200,000 unique telephone numbers, with feedback suggesting around 75 per cent of calls were from primary age children. Evaluation of the Upball campaign will take place in August 2008.

Weird World of Sport Promotion ran between July and September 2007, inviting 18-24 year olds to invent a new sport and to post their video/photo and instructions of how to play the game on the website. Evaluation of the campaign found that 57% of 18-24 year olds were aware of the campaign and the most common changes in attitudes reported were that "sport / physical activity could be fun" and that there were "different ways to approach exercise".

TV Sponsorship - Studio 2, a 40 week Monday to Friday TV programme targeting 5-14 year olds, where the show continues to promote Mission-On and healthy lifestyle messages through a range of segments on nutrition and physical activity.

TV Sponsorship - Pukana, a 40 week TV show targeting Te Reo speakers aged eight to 14 and widely used as a teaching resource for all ages learning Te Reo. Pukana screens in Māori on Māori TV on Saturday mornings and on TV3 on Sunday mornings with English subtitles. The show features Mission-On's healthy lifestyle messages and also visits kura kaupapa promoting healthy lifestyle messages.

TV Sponsorship - Activate, a 15 episode cooking games show featuring nutrition and physical activity challenges. The show targets 10-17 year olds and has consistently rated highest with Māori and Pacific children five and older, marginally higher than the total viewership in the 5-14 age group.

#### Stage Challenge

Sponsorship contract for Stage Challenge was signed in March 2008, securing naming rights of the 2008 Stage Challenge and J Rock for Mission-On. Stage Challenge targets secondary school children, while J Rock targets primary and intermediate school children. Nationwide Stage Challenge and J Rock workshops were coordinated by SPARC to maximise leverage of Mission-On sponsorship, merchandise and Mission-On Lifestyle Ambassadors, finishing in Wellington on 1-2 July 2008.

#### Government Walk the Talk

Twenty government agencies have been approached to engage with the Government Walk the Talk initiative.

## Prime Minister's Sport Scholarships

### Goal: Prime Minister's Sport Scholarships

Objectives (Why)	Outcomes (What)	Outputs Purchased 2007/08	Performance against Outputs Purchased 2007/08
<p>To enable talented athletes to concurrently study at a tertiary institution while training towards high performance success.</p> <p>To provide scholarships for professional development to New Zealand's coaches, sports officials and other athlete support people.</p>	<p>SPARC will administer the Prime Minister's Sport Scholarship Programme on behalf of the Government in an efficient and cost-effective manner</p>	<p>Review Prime Minister's Sport Scholarships in order to improve efficiency and ensure alignment to SPARC's high performance strategies.</p> <p>Review all processes and payments for Prime Minister's Sport Scholarships by 31 December 2007.</p>	<p><b>Achieved</b></p> <p>The processes for Prime Minister's Sport Scholarships were reviewed to improve efficiency and ensure alignment to SPARC's high performance strategies.</p> <p>Following the review, scholarships moved from being awarded upon set eligibility criteria to being awarded via a contestable process</p> <p>The contestable process for Prime Minister's Sport Scholarships was audited by Audit NZ and approved by the Board.</p>



## Cost of Service by Output Class

### Output Class: Sport and Recreation Programmes

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>IMPACT 1</b>			
<b>More New Zealanders are active in sport and physical recreation</b>			
<b>TOTAL REVENUE</b>	<b>38,439</b>	<b>35,971</b>	<b>34,410</b>
Less expenses			
Programme investment	26,498	26,314	24,218
Programme support	7,540	6,785	7,327
SPARC costs	3,163	3,076	3,070
<b>Total Expenses</b>	<b>37,201</b>	<b>36,175</b>	<b>34,615</b>
<b>Net surplus / (deficit) – Impact 1</b>	<b>1,238</b>	<b>(204)</b>	<b>(205)</b>
<b>IMPACT 2</b>			
<b>An efficient and effective sport and physical recreation delivery network</b>			
<b>TOTAL REVENUE</b>	<b>20,854</b>	<b>21,363</b>	<b>19,365</b>
Less expenses			
Programme investment	13,374	12,345	12,857
Programme support	4,883	7,238	4,788
SPARC costs	1,925	1,900	2,002
<b>Total Expenses</b>	<b>20,182</b>	<b>21,483</b>	<b>19,647</b>
<b>Net surplus / (deficit) – Impact 2</b>	<b>672</b>	<b>(120)</b>	<b>(282)</b>
<b>IMPACT 3</b>			
<b>More New Zealand athletes and teams winning on the world stage</b>			
<b>TOTAL REVENUE</b>	<b>39,757</b>	<b>33,305</b>	<b>35,028</b>
Less expenses			
Programme investment	31,595	25,492	29,077
Programme support	5,136	6,305	4,599
SPARC costs	1,746	1,697	1,822
<b>Total Expenses</b>	<b>38,477</b>	<b>33,494</b>	<b>35,498</b>
<b>Net surplus / (deficit) – Impact 3</b>	<b>1,280</b>	<b>(189)</b>	<b>(470)</b>

**Output Class: Sport and Recreation Programmes (Continued)**

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Sport and recreation programme totals</b>			
<b>TOTAL REVENUE</b>	<b>99,050</b>	<b>90,639</b>	<b>88,803</b>
Less expenses			
Programme investment	71,467	64,151	66,152
Programme support	17,559	20,328	16,714
SPARC costs	6,834	6,673	6,894
<b>Total Expenses</b>	<b>95,860</b>	<b>91,152</b>	<b>89,760</b>
<b>Net surplus / (deficit)</b>			
<b>Sport and Recreation Programmes</b>	<b>3,190</b>	<b>(513)</b>	<b>(957)</b>

Note: This statement is to be read in conjunction with the accounting policies and notes to the financial statements.

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

**Revenue**

The \$10.247 million increase in revenue for sport and recreation programmes between 2006/07 and 2007/08 is a result of;

- A \$2.492 million increase in Crown funding for 2007/08 which is further described in note 3 to the financial statements.
- An increase of \$7.500 million in funding from the NZ Lottery Grants Board as a result of an additional funding allocation in 2007/08.
- An increase of \$0.256 million in other operating revenues, including interest received.

Explanation of significant variances between actual revenues for 2007/08 and those budgeted for 2007/08 are further explained in note 31 of the notes to the financial statements.

**Expenditure**

The above increases in revenue have led to increased activity in the delivery of programmes and of direct investment in the sport and recreation sector.

Programme investment has increased between 2006/07 and 2007/08, in even proportions across each of the three impact areas categorised by SPARC.

Programme support costs have also increased between years with increased activity within Impact 1: More New Zealanders are active in sport and physical recreation, as volunteering initiatives have come on stream, while programme support costs for leadership and capability development initiatives within Impact 2: An efficient and effective sport and physical recreation delivery network have been reduced.

Meanwhile SPARC costs have remained constant between years, with Impact 1: More New Zealanders are active in sport and physical recreation, bearing a larger share of an increase in SPARC's overheads and administrative costs.

Explanation of significant variances between actual expenditure for 2007/08 and that budgeted for 2007/08 are further explained in note 31 of the notes to the financial statements.

### Output class: Children and Young People's Lifestyles (Mission-On)

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Mission-On</b>			
<b>TOTAL REVENUE</b>	<b>3,142</b>	<b>17,368</b>	<b>9,557</b>
Less expenses			
Programme investment	302	3,100	25
Programme support	7,909	14,268	3,756
SPARC costs	0	0	78
<b>Total Expenses</b>	<b>8,211</b>	<b>17,368</b>	<b>3,859</b>
<b>Net surplus / (deficit)</b>			
<b>Children and Young People's Lifestyles</b>	<b>(5,069)</b>	<b>0</b>	<b>5,698</b>

Note: This statement is to be read in conjunction with the accounting policies and notes to the financial statements.

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

#### Revenue

The \$6.415 million decrease in Crown funding between 2006/07 and 2007/08 is largely the result of a transfer of unspent funds between years as further explained in notes 3 and 10 of the notes to the financial statements.

The 2007/08 operating deficit in the Mission-On output expense has been funded from accumulated funds carried over from the operating surplus generated in 2006/07.

In 2006/07, an operating surplus of \$5.698 million was generated when expenditure incurred did not reach the level of revenue received from the Crown. This situation resulted from a longer than anticipated timeframe to fully develop the seven different initiatives led by SPARC and an overall monitoring and evaluation framework.



In 2007/08 a deficit of \$5.069 million was generated largely because SPARC spent funds accumulated from the previous year's surplus rather than draw down its full appropriation from the Crown for 2007/08. Instead, SPARC transferred \$8.7 million of funds appropriated for 2007/08 to 2008/09.

Explanation of significant variances between actual revenues for 2007/08 and those budgeted for 2007/08 are further explained in note 31 of the notes to the financial statements.

## Expenditure

Expenditure for 2007/08 is \$4.352 million greater than that for 2006/07, being reflective of the increased activity in the delivery of Mission-On programme initiatives.

Explanation of significant variances between actual expenditure for 2007/08 and that budgeted for 2007/08 are further explained in note 31 of the notes to the financial statements.

## Output class: Prime Minister's Sport Scholarships

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Prime Minister's Sport Scholarships</b>			
<b>TOTAL REVENUE</b>	<b>3,107</b>	<b>3,800</b>	<b>5,400</b>
Less expenses			
Programme investment	3,940	3,800	5,400
Programme support	0	0	0
SPARC costs	0	0	0
<b>Total Expenses</b>	<b>3,940</b>	<b>3,800</b>	<b>5,400</b>
<b>Net surplus / (deficit)</b>			
<b>Prime Minister's Sport Scholarships</b>	<b>(833)</b>	<b>0</b>	<b>0</b>

Note: This statement is to be read in conjunction with the accounting policies and notes to the financial statements.

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

## Revenue

Prime Minister's Sport Scholarships are administered and distributed by SPARC on behalf of the Crown. Vote Sport and Recreation funding received for the Prime Minister's Sport Scholarships for the year ended 30 June 2008 was \$4.250 million (2007: \$4.250 million) as disclosed within note 10 of the notes to the financial statements.

Funding transferred to SPARC for the Prime Minister's Sport Scholarships has decreased \$2.293 million between 2006/07 and 2007/08, which is further explained in note 10 of the notes to the financial statements, being the net result of changes in appropriation levels and transfers in funds previously held on behalf of the Crown.

**Expenditure**

Scholarships sought and awarded in 2007/08 totalled \$3.940 million, a decrease of \$1.460 million from that awarded in 2006/07. This decrease is a combination of an over subscription of scholarships in 2006/07 and a review of the scholarship programme, with scholarships having moved from being awarded upon set eligibility criteria to now being awarded via a contestable process.

The resulting deficit of \$0.833 million is further explained in note 10 of the notes to the financial statements.

## Comparative Financial Overview

SPARC expenditure has grown by approximately 90 per cent over the last five years as a result of increasing Crown investment in SPARC's sport and recreation programmes.

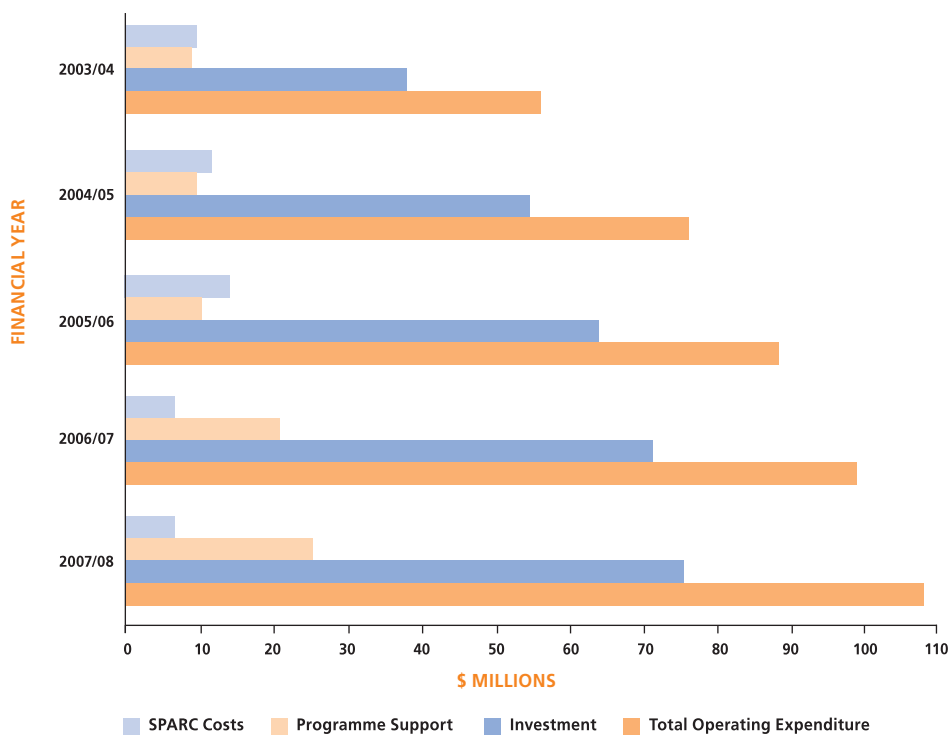
The following provides a high level breakdown of expenditure by year. For further detailed information for 2007/08 please refer to the financial statements that follow.

In 2007/08 approximately 70 per cent of this annual expenditure was direct investment in the sport and recreation sector (e.g. national governing bodies of sport and recreational organisations and regional sports trusts).

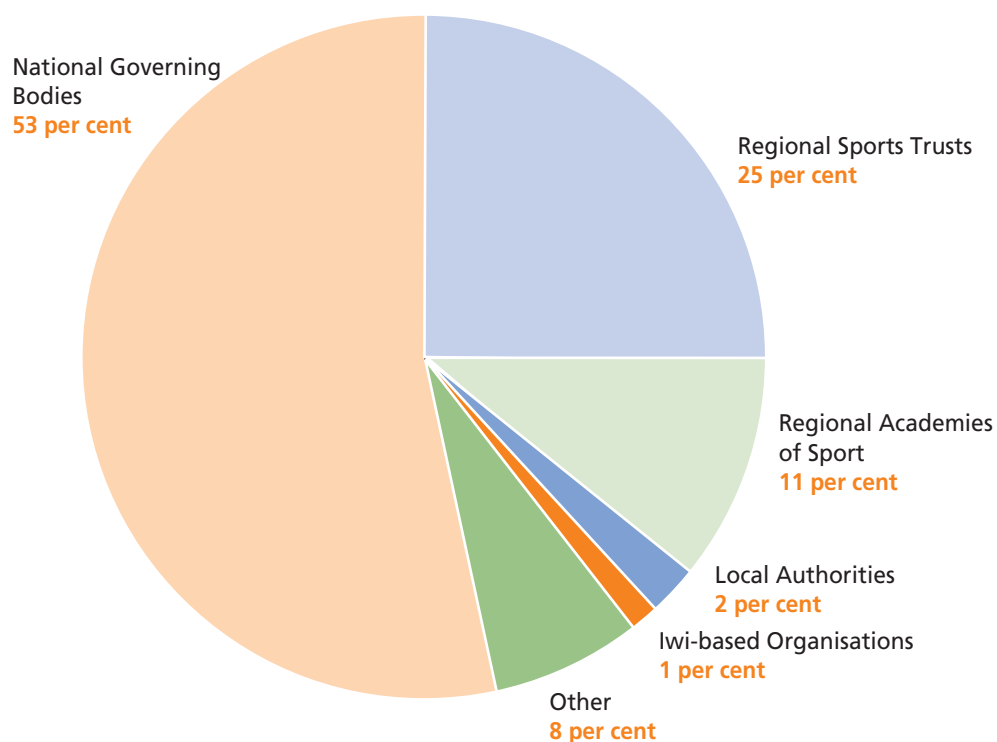
A further 24 per cent of annual expenditure for 2007/08 was for programme support, being those costs directly attributed with delivering SPARC's programmes encouraging New Zealanders to be active, involved and winning in sport and recreation. Programme support includes costs associated with the development of resources, training programmes and social marketing campaigns.

SPARC costs are those internal costs associated with running SPARC, accounting for 6 per cent of annual expenditure for 2007/08. SPARC costs are further defined within the Cost Allocation paragraph of the Significant Accounting Policies section of note 1 of the notes to the financial statements.

**Table One: Analysis of Operating Expenditure from 2003/04 to 2007/08**



Note that the accounting policy for the allocation of SPARC Costs changed in 2006/07 to better reflect the costs of Programme Support. Direct costs of supporting SPARC's programmes, including the salary costs of SPARC staff assisting in the delivery of programmes, have been reclassified as Programme Support rather than SPARC costs. The current accounting policy for the allocation of SPARC Costs is further explained within note 1 of the notes to the financial statements.

**Table Two: Analysis of SPARC's Investment for 2007/08**

SPARC's investment in the national governing bodies of sport and recreation organisations, regional academies of sport, iwi-based organisations, regional sport trusts and local authorities is summarised in Appendix 1.

## Financial Statements

### Statement of Financial Performance

FOR THE YEAR ENDED 30 JUNE 2008

	NOTE	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>REVENUE</b>				
Crown funding	2	58,537	73,456	64,753
New Zealand Lottery Grants Board		38,390	30,890	30,890
Contract revenue		6,426	6,211	6,679
Interest received		1,831	1,100	1,337
Sundry revenue		115	150	101
<b>Total Operating Revenue</b>	3	<b>105,299</b>	<b>111,807</b>	<b>103,760</b>
<b>COST OF SERVICES</b>				
Programme investment		75,709	71,051	71,577
Programme support		25,468	34,596	20,470
SPARC costs		6,834	6,673	6,972
<b>Total Operating Expenditure</b>	4	<b>108,011</b>	<b>112,320</b>	<b>99,019</b>
<b>Net surplus / (deficit)</b>		<b>(2,712)</b>	<b>(513)</b>	<b>4,741</b>

Note: This statement is to be read in conjunction with the accounting policies and notes to the financial statements.

## Statement of Financial Position

### FOR THE YEAR ENDED 30 JUNE 2008

	Note	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	7	11,478	2,231	10,808
Trade and other receivables	8	307	3,285	3,176
Prepayments		181	0	0
Inventories	9	444	0	255
Funds held on behalf of the Crown	10	0	797	1,143
<b>Total Current Assets</b>		<b>12,410</b>	<b>6,313</b>	<b>15,382</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	11	188	311	272
Intangible assets	12	513	495	599
<b>Total Non-Current Assets</b>		<b>701</b>	<b>806</b>	<b>871</b>
<b>Total Assets</b>		<b>13,111</b>	<b>7,119</b>	<b>16,253</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	13	4,373	3,520	4,842
Revenue received in advance	14	81	0	36
Employee benefits	15	909	600	841
Provisions	16	150	0	0
Loans and borrowings	17	0	0	74
<b>Total Current Liabilities</b>		<b>5,513</b>	<b>4,120</b>	<b>5,793</b>
<b>NON-CURRENT LIABILITIES</b>				
Provisions	16	0	0	150
<b>Total Non-Current Liabilities</b>		<b>0</b>	<b>0</b>	<b>150</b>
<b>Total Liabilities</b>		<b>5,513</b>	<b>4,120</b>	<b>5,943</b>
<b>Net Assets</b>		<b>7,598</b>	<b>2,999</b>	<b>10,310</b>
Represented by:				
Public equity		10,310	3,512	5,569
Net surplus / (deficit)		(2712)	(513)	4,741
<b>Total Public Equity</b>	6	<b>7,598</b>	<b>2,999</b>	<b>10,310</b>

Note: This statement is to be read in conjunction with the accounting policies and notes to the financial statements.

## Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2008

		ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
	Note			
Opening public equity		10,310	3,512	5,569
Net surplus / (deficit)		(2,712)	(513)	4,741
<b>Closing Public Equity</b>	<b>6</b>	<b>7,598</b>	<b>2,999</b>	<b>10,310</b>

Note: This statement is to be read in conjunction with the accounting policies and notes to the financial statements.

## Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2008

		ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
	Note			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Cash inflows</b>				
Receipts from Crown revenue				
Vote funding		55,430	62,609	53,584
Funds on behalf of Crown (Prime Minister's Sport Scholarships)		4,250	4,250	4,250
<b>Total Receipts from Crown Revenue</b>		<b>59,680</b>	<b>66,859</b>	<b>57,834</b>
Receipts from other revenue				
New Zealand Lotteries Grants Board		38,390	30,890	30,890
Contract revenue		9,036	6,211	6,867
Sundry revenue		398	150	198
Interest received		1,804	1,100	1,333
<b>Total Cash Inflows</b>		<b>109,308</b>	<b>105,210</b>	<b>97,122</b>

Note: This statement is to be read in conjunction with the accounting policies and notes to the financial statements.



## Statement of Cash Flows (Continued)

### FOR THE YEAR ENDED 30 JUNE 2008

		ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
	<b>Note</b>			
<b>Cash outflows</b>				
Payments to suppliers				
Programme investment				
- Sport and recreation investments		72,013	80,729	70,040
- Funds on behalf of Crown (Prime Minister's Sport Scholarships)		3,670	3,800	5,358
Other payments		23,776	18,520	18,499
<b>Total Payments to Suppliers</b>		<b>99,459</b>	<b>103,049</b>	<b>93,897</b>
Payment to employees		8,754	9,567	7,791
Interest paid		0	0	0
Goods and service tax (net)		118	557	983
<b>Total Cash Outflows</b>		<b>108,331</b>	<b>113,173</b>	<b>102,671</b>
<b>Net Cash Inflow/(Outflow) from Operating Activities</b>	21	<b>977</b>	<b>(7,963)</b>	<b>(5,549)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Purchase of property, plant and equipment	11	61	20	26
Purchase of intangible assets	12	246	260	319
<b>Net Cash Inflow/(Outflow) from Investing Activities</b>		<b>(307)</b>	<b>(280)</b>	<b>(345)</b>
<b>Net Increase/(Decrease) in Cash Held</b>		<b>670</b>	<b>(8,243)</b>	<b>(5,894)</b>
Opening cash balance as at 1 July		10,808	10,474	16,702
<b>Closing Cash Balance as at 30 June</b>		<b>11,478</b>	<b>2,231</b>	<b>10,808</b>
<b>MADE UP OF</b>				
Cash and cash equivalents	7	11,478	2,231	10,808
<b>Total Cash and Cash Equivalents</b>		<b>11,478</b>	<b>2,231</b>	<b>10,808</b>

Note: This statement is to be read in conjunction with the accounting policies and notes to the financial statements.

The GST (net) component of operating activities reflects the GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

## Notes to the Financial Statements

### 1. Statement of Accounting Policies for the year ended 30 June 2008

#### Reporting Entity

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

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

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

These financial statements for SPARC are for the year ending 30 June 2008 and were approved by the Board on 31 October 2008.

#### Basis of preparation

##### STATEMENT OF COMPLIANCE

The financial statements of SPARC have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with New Zealand generally accepted accounting practice ('NZ GAAP').

The financial statements comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

##### FIRST YEAR OF PREPARATION UNDER NZ IFRS

This is the first set of financial statements prepared using NZ IFRS, and comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Details of NZ IFRS adjustments for the year ended 30 June 2007 are detailed in note 32 of the notes to the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2006 for the purposes of the transition to NZ IFRS.

##### MEASUREMENT BASE

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

##### FUNCTIONAL AND PRESENTATION CURRENCY

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

## Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to SPARC include:

- NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with the Crown in its capacity as "owner". The revised standard gives SPARC the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). SPARC intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.
- NZ IAS 23 Borrowing Costs (revised 2007) replaces NZ IAS 23 Borrowing Costs (issued 2004) and is effective for reporting periods commencing on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. SPARC intends to adopt this standard for the year ending 30 June 2010 and has not yet determined the potential impact of the new standard.
- NZ specific amendment to NZ IAS 2 Inventories. In November 2007 the New Zealand Accounting Standards Review Board approved an amendment to NZ IAS 2 Inventories, which requires public benefit entities to measure inventory held for distribution at cost, adjusted when applicable for any loss of service potential. Prior to the amendment, public benefit entities were required to measure inventories held for distribution at the lower of cost and current replacement cost. Application of the amendment is mandatory for reporting periods beginning on or after 1 January 2008. SPARC will adopt the amended standard for the year ending 30 June 2009 and expects the impact of adopting the new standard to be minimal.

## Significant Accounting Policies

### Revenue

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

#### REVENUE FROM THE CROWN

SPARC is primarily funded through revenue received from the Crown, which is restricted in its use for the purpose of SPARC meeting its objectives as specified in the statement of service performance on pages 19 through 34.

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

#### OTHER GRANTS

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

#### INTEREST

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

#### SALE OF PUBLICATIONS

Sales of publications are recognised when the product is sold to the customer.

### Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

### Grant expenditure

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

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

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

### Leases

#### FINANCE LEASES

Leases that transfer to SPARC substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred, are classified as finance leases.

At the commencement of the lease term, SPARC recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charged is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether SPARC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

#### **OPERATING LEASES**

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

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

#### **Cash and cash equivalents**

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

#### **Debtors and other receivables**

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

Impairment of a receivable is established when there is objective evidence that SPARC will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the debtor is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due).

#### **Investments**

At each balance sheet date SPARC assesses whether there is any objective evidence that an investment is impaired.

#### **BANK DEPOSITS**

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

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

For bank deposits, impairment is established when there is objective evidence that SPARC will not be able to collect amounts due according to the original terms of the deposit. Significant financial difficulties of the bank, probability that the bank will enter into bankruptcy, and default in payments are considered indicators that the deposit is impaired.

#### **EQUITY INVESTMENTS**

SPARC has neither been exposed or intends to be exposed to any equity investment transactions during the periods covered by these financial statements.

#### **Inventories**

Inventories held for distribution, or consumption in the provision of services, that are not issued on a commercial basis are measured at the lower of cost (calculated using the weighted average cost method) and current replacement cost. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

The replacement cost of the economic benefits or service potential of inventory held for distribution reflects any obsolescence or any other impairment.

Inventories held for sale or use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the weighted average cost method.

The write-down from cost to current replacement cost or net realisable value is recognised in the statement of financial performance in the period when the write-down occurs.

As further explained in note 32 of the notes to the financial statements, these are the first set of financial statements prepared by SPARC using NZ IFRS, and as such the first time inventories have been accounted for.

#### **Accounting for derivative financial instruments, hedging activities and foreign currency transactions**

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

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

## Property, plant and equipment

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

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

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

### ADDITIONS

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

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

### DISPOSALS

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance.

### SUBSEQUENT COSTS

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to SPARC and the cost of the item can be measured reliably.

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

### DEPRECIATION

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The depreciation rates and useful lives associated of major classes of assets have been estimated as follows:

Audio visual equipment	3 to 5 years	(20-33%)
Furniture and fittings	5 to 10 years	(10-20%)
Office equipment	5 to 10 years	(10-20%)
Computer equipment	3 years	(33%)

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

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

## Intangible assets

### SOFTWARE ACQUISITION AND DEVELOPMENT

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

Costs that are directly associated with the development of software for internal use by SPARC, are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

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

Costs associated with the development and maintenance of SPARC's website are recognised as an expense when incurred.

### AMORTISATION

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

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

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

## Impairment of non-financial assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where SPARC would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of financial performance.



For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the statement of financial performance.

## Creditors and other payables

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

## Employee entitlements

### SHORT-TERM EMPLOYEE ENTITLEMENTS

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

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

SPARC recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent SPARC anticipates it will be used by staff to cover those future absences.

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

### LONG-TERM EMPLOYEE ENTITLEMENTS

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

## Superannuation schemes

### DEFINED CONTRIBUTION SCHEMES

SPARC's obligations and contributions to Kiwisaver are accounted for as a defined contribution superannuation scheme and are recognised as an expense in the statement of financial performance as incurred.

### DEFINED BENEFIT SCHEMES

SPARC does not have any obligations or contribute to any defined benefit schemes.

### Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as a finance cost.

### Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

### Goods and Service Tax (GST)

All items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

### Income Tax

SPARC is a public authority in terms of the Income Tax Act 2007 as provided for in the Sport and Recreation New Zealand Act 2002 and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

### Budget figures

The budget figures for the year ending 30 June 2008 are derived from the Statement of Intent as approved by the Board in May 2007.

The budget figures were prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by SPARC for the preparation of the financial statements.

Critical accounting estimates and assumptions pertaining to the financial statements are detailed further below within the significant accounting policies section of note 1 of the notes to the financial statements.

## Cost allocation

SPARC has determined the cost of outputs using the cost allocation system outlined below.

- Direct costs are those costs directly attributable to an output.
- Indirect costs are those costs that cannot be identified in an economically feasible manner, as being attributable to a specific output. Indirect costs therefore include items such as SPARC's personnel, premises, equipment, and administration costs.
- Indirect costs are allocated to outputs based on cost drivers appropriately linking indirect costs to the outputs based on management's judgement and related activity/usage information.

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

- Programme investment costs are direct costs.
- Programme support costs are a combination of a) direct costs and b) indirect costs allocated to an output based on cost drivers appropriately linking those indirect costs to an output.
- SPARC costs are therefore those indirect costs not otherwise allocated to an output as programme support costs, namely those costs for the provision of corporate administration and support services.

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

## Critical accounting estimates and assumptions

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

The 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 financial statements to assess SPARC's actual financial results against those previously forecast.

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

In preparing these financial statements SPARC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The basis and appropriateness of the estimates and assumptions used in preparing the financial statements are those which the Board reasonably expect to occur in respect of those actions the Board reasonably expects to take as at 31 October 2008, the date on which the financial statements have been authorised for issue by the Board.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below:

#### **CONTINUED DELIVERY OF PROGRAMMES**

The most significant of the assumptions underlying the 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.

#### **RENTAL OF PREMISES**

The lease for SPARC's office accommodation at 78 Victoria Street, Wellington expires in March 2009 and SPARC will vacate these premises in that month and move to new office accommodation within the recently refurbished offices at 86 Customhouse Quay, Wellington. Lease commitments for both premises and a provision for the estimated costs associated with 'making good' the 78 Victoria Street premises have been disclosed within these financial statements.

#### **OPERATING EXPENDITURE AND ACCUMULATED FUNDS**

SPARC has accumulated funds over the last three financial years through the generation of unbudgeted operating surpluses. SPARC will endeavour to reduce total accumulated funds to a level of \$3 million by 30 June 2009 and maintain this level of accumulated funds in future years. This reduction in total accumulated funds will be achieved by way of increased activity and levels of operating expenditure in the year ending 30 June 2009.

#### **PROPERTY, PLANT AND EQUIPMENT USEFUL LIVES AND RESIDUAL VALUE**

At each balance date SPARC reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires SPARC to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by SPARC, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the statement of financial performance, and carrying amount of the asset in the statement of financial position.

SPARC minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programmes;
- review of secondhand market prices for similar assets; and
- analysis of prior asset sales.

SPARC has not made significant changes to past assumptions concerning useful lives and residual values.

The carrying amounts of property, plant and equipment are disclosed in note 11 of the notes to the financial statements.

### Critical judgements in applying SPARC's accounting policies

Management has exercised the following critical judgements in applying SPARC's accounting policies for the period ending 30 June 2008:

#### LEASES CLASSIFICATION

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to SPARC.

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised.

SPARC has exercised its judgement on the appropriate classification of equipment leases and, has determined that computer lease arrangements, subsequently cancelled in July 2007 were finance leases. All other equipment leases have been determined as being operating leases.

#### NON-GOVERNMENT GRANTS

SPARC must exercise judgement when recognising grant income to determine if conditions of the grant contract have been satisfied. This judgement will be based on the facts and circumstances that are evident for each grant contract.

## 2. Crown Funding

SPARC was established as a Crown Entity by the Sport and Recreation New Zealand Act 2002 to promote, encourage and support physical recreation and sport in New Zealand. SPARC has been provided with funding from the Crown for these specific purposes and the scope of the relevant government appropriations from which funding is received. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding.

### 3. Operating Revenue

FOR THE YEAR ENDED 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
Crown funding			
Sport and Recreation Programmes	52,288	52,288	49,796
Sport and Recreation Programmes (transfer of funds held on behalf of the Crown - Prime Minister's Sport Scholarships)	3,107	3,800	5,400
Children and young people's lifestyles	3,142	10,878	3,788
Children and young people's lifestyles (transfer of funds held on behalf of the Crown - Prime Minister's Sport Scholarships)	0	6,490	5,769
<b>Total Crown Funding</b>	<b>58,537</b>	<b>73,456</b>	<b>64,753</b>
NZ Lottery Grants Board	38,390	30,890	30,890
Contract Revenue			
Ministry of Education	5,611	5,611	5,944
Pharmac	600	600	600
Ministry of Health	145	0	60
NZ Aid	70	0	75
<b>Total Contract Revenue</b>	<b>6,426</b>	<b>6,211</b>	<b>6,679</b>
Interest received	1,831	1,100	1,337
Sundry revenue	115	150	101
<b>Total Operating Revenue</b>	<b>105,299</b>	<b>111,807</b>	<b>103,760</b>

Major variations in the level of operating revenues between 2006/07 and 2007/08 are explained as follows:

#### Crown Funding

##### SPORT AND RECREATION PROGRAMMES

The \$2.492 million decrease in Crown funding between 2006/07 and 2007/08 is a combination of:

An increase of \$2.088 million in Crown funding for 2007/08 as signalled in prior year estimates, relating to:

- An increase of \$0.666 million for Direct Athlete Support Scheme.
- An increase of \$1.422 million for Regional Sports Development.
- A net increase of \$0.403 million increase resulting from transfers between years and between output classes.

### CHILDREN AND YOUNG PEOPLE'S LIFESTYLES

The \$6.415 million decrease in Crown funding between 2006/07 and 2007/08 is a combination of:

- An increase of \$0.823 million in 2007/08 baseline funding for Children and Young People's Lifestyles as signalled in prior year estimates.
- An increase of \$0.721 million in Crown funding for 2007/08 to cover the shortfall of GST payable on the 2006/07 reappropriation of Prime Minister's Sport Scholarships to Children and Young People's Lifestyles.
- A decrease of \$5.768 million in Crown funding for 2007/08 as a result of the reappropriation of Prime Minister's Sport Scholarships to Children and Young People's Lifestyles in 2006/07.
- A decrease of \$2.200 million in Crown funding for 2007/08 as a result of transfers between years, relating to:
  - An increase of \$6.500 million as unspent funds in 2006/07 were transferred to 2007/08.
  - A decrease of \$8.700 million as unspent funds in 2007/08 were transferred to 2008/09.

It should be noted that the level of unspent funds transferred from 2007/08 to 2008/09 has resulted in a deficit for Children and Young Peoples Lifestyles in 2007/08, however this deficit provides remedy to the surplus within Children and Young Peoples Lifestyles in 2006/07, following the transfer of the funds held on behalf of the Crown for Prime Minister's Sport Scholarships as also highlighted in note 10 of the notes to the financial statements.

### PRIME MINISTER'S SPORT SCHOLARSHIPS

As a result of changes in the accounting treatment of funding for Prime Minister's Sport Scholarships, this funding now forms part of SPARC's revenue. Revenues for 2006/07 have been reinstated to include appropriate comparatives.

The decrease of \$2.293 million in revenue between 2006/07 and 2007/08 is as further disclosed in note 10 of the notes to the financial statements, whereby the revenue attributed to SPARC for Prime Minister's Sport Scholarships for 2007/08 has extinguished the balance of funds held on behalf of the Crown.

### NZ Lottery Grants Board

In 2007/08 an additional "one-off" funding allocation of \$7.500 million was received from the NZ Lottery Grants Board.

### Interest Received

Following the receipt of additional funding from the NZ Lottery Grants Board, higher levels of cash and cash equivalents were held during 2007/08, resulting in an increase of \$0.494 million in interest received.

Explanation of significant variances between actual revenues for 2007/08 and those budgeted for 2007/08 are further explained in note 31 of the notes to the financial statements.

## 4. Operating Expenditure

FOR THE YEAR ENDED 30 JUNE 2008

	Note	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
Programme investments	33	75,709	71,051	71,577
Programme support <sup>1</sup>		16,681	22,256	15,139
Personnel costs	5	10,327	10,222	9,428
Rental of premises		379	345	317
Rental of equipment		190	216	268
Depreciation	11			
- Leasehold improvements		39	30	41
- Plant and equipment		2	1	0
- Computer hardware		6	0	1
- Furniture and fittings		24	24	23
Amortisation	12			
- Computer software		332	296	254
Total Depreciation and Amortisation		403	351	319
Board members remuneration	24	154	176	122
Audit fees - Audit NZ				
- for financial statement audit		65	49	49
- for IFRS transition		11	0	0
- for other assurance services		5	0	0
Total Audit Fees		81	49	49
Website development <sup>2</sup>		2,797	6,536	522
Other operating expenditure		1,209	1,118	1,278
<b>Total Operating Expenditure</b>		<b>108,011</b>	<b>112,320</b>	<b>99,019</b>



**<sup>1</sup> Programme support as reported in the Statement of Financial Performance and Output Class Allocation is made up as follows:**

Programme support as above	16,681	22,256	15,139
Personnel costs directly attributed to programmes	5,990	5,804	4,809
Website development costs directly attributed to programmes	2,797	6,536	522
<b>Total Programme Support</b>	<b>25,468</b>	<b>34,596</b>	<b>20,470</b>

**<sup>2</sup> Website Development is made up as follows:**

Sport and Recreation Programmes	102	38	6
Children and Young People's Lifestyles	2,695	6,498	516
<b>Total Website Development</b>	<b>2,797</b>	<b>6,536</b>	<b>522</b>

Please also refer to the significant accounting policies section of note 1 of the notes to the financial statements, where:

- further explanation is given to cost allocation methodology, including definition of programme support costs and SPARC costs.
- further explanation is given to critical accounting estimates and assumptions relating to the operating expenditures disclosed above.

As a result of changes in the accounting treatments of the following expenditures, amounts for 2007 have been reinstated to include appropriate comparatives to those amounts disclosed for 2008:

- Prime Minister's Sport Scholarships (included within programme investments), now forming part of SPARC's total expenditure, as further explained in note 10 of the notes to the financial statements.
- IFRS transition adjustment for inventories (included within programme support costs), as further disclosed in notes 9 and 32 of the notes to the financial statements.
- IFRS transition adjustment for provisions (included within other operating expenditure), as further disclosed in notes 16 and 32 of the notes to the financial statements.
- Additional disclosure of website development (previously disclosed within other operating expenditure).

Total operating expenditure for 2007/08 is \$8.992 million greater than that for 2006/07, primarily related to increases in revenue for 2007/08 in turn leading to increased activity in the delivery of programmes and of direct investment in the sport and recreation sector.

The increase in expenditure has been proportionate across most lines of expenditure, with direct investment taking a slightly greater share of the increase as compared to the increases in programme support and other operating costs.

As further explained in note 6 of the notes to the financial statements, the level of expenditure in 2007/08 has been funded from both SPARC's annual operating revenues and accumulated funds from prior years.

Explanation of significant variances between actual expenditure for 2007/08 and that budgeted for 2007/08 are further explained in note 31 of the notes to the financial statements.

## 5. Personnel Costs

FOR THE YEAR ENDED 30 JUNE 2008

		ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
	Note			
Salaries and wages		9,490	9,404	7,571
Other personnel costs		769	1,059	1,388
Employer contributions to defined contribution schemes		0	0	0
Increase/decrease in employee entitlements	15	68	(241)	469
<b>Total Personnel Costs</b>		<b>10,327</b>	<b>10,222</b>	<b>9,428</b>

Salaries and wages are those costs associated with salaries and wages paid to SPARC's permanent employees.

Employer contributions to defined contribution plans include contributions to Kiwisaver. SPARC's net employer contributions to Kiwisaver are nil due to reimbursements received from the State Services Commission. For the year ended 30 June 2008 SPARC's gross employer contributions to Kiwisaver were \$508.00 (2007:\$nil)

Other personnel costs include payments made to temporary and contract staff, and recruitment and professional development costs.

The increase of \$1.919 million in salaries and wages between 2006/07 and 2007/08 is a combination of the following:

- SPARC's staff numbers have increased from 70.7 full-time employees as at 30 June 2006 to 88.2 full time employees as at 30 June 2007 and 91.4 full-time employees as at 30 June 2008. The increase in staff numbers during this time is directly attributable to the delivery of additional programmes, including Mission-On.
- SPARC's annual salary review process resulted in an average increase in the salary and wage costs for those staff eligible of 4.2%.
- increases in the market rates for remuneration have resulted in additional salary and wage costs for additional and replacement staff. SPARC's staff turnover was 12% for the year ending 30 June 2008.

## 6. Accumulated Funds

SPARC has accumulated funds over the last three years through the generation of unbudgeted operating surpluses. As mentioned in note 4 of the notes to the financial statements, SPARC's increased activity and levels of operating expenditure in 2007/08 and also budgeted for in 2008/09 will result in the generation of operating deficits and it is anticipated to reduce total accumulated funds to a level of \$3.000 million by 30 June 2009.

## 7. Cash and Cash Equivalents

AS AT 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
Bank balances and cash held	3,378	231	308
Short term investments (call deposits)			
- ANZ National Bank	1,000	0	0
- ASB Bank	1,000	500	1,200
- Bank of New Zealand	1,000	0	4,000
- Hong Kong & Shanghai Bank	1,000	500	0
- Kiwibank	1,000	500	4,000
- Rabobank NZ	1,000	0	0
- Westpac	2,100	500	1,300
<b>Total Short Term Investments</b>	<b>8,100</b>	<b>2,000</b>	<b>10,500</b>
<b>Total Cash and Cash Equivalents</b>	<b>11,478</b>	<b>2,231</b>	<b>10,808</b>

As at 30 June 2008 the weighted average interest rate on short-term investments was 8.46 percent (2007: 8.08 percent).

As at 30 June 2008 the above short-term investments had an average maturity date of 34 days (2007: 26 days).

All of SPARC's call deposits are invested with maturity dates of 90 days or less and at fixed interest rates.

These call deposits are therefore disclosed in the statement of financial position as short-term investments. Being fixed interest rate investments, there is no impact on the measurement of amortised cost and the carrying value of short-term investments therefore approximates their fair value.

SPARC's treasury management policy permits funds to be invested in equal portions with those financial institutions having been approved by the Board.

Financial instrument risks are further explained in note 28 of the notes to the financial statements.

## 8. Trade and other Receivables

AS AT 30 JUNE 2008

	Note	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
Trade receivables due from Crown related entities		220	3,250	3,105
Other trade receivables		87	35	71
<b>Total Trade and Other Receivables</b>		<b>307</b>	<b>3,285</b>	<b>3,176</b>

The carrying value of receivables approximates their fair value, as per the table below disclosing the ageing of receivables:

	2008			2007		
	GROSS \$000	IMPAIRMENT \$000	NET \$000	GROSS \$000	IMPAIRMENT \$000	NET \$000
Not past due	307	0	307	3,106	0	3,106
Past due 1-30 days	0	0	0	0	0	0
Past due 31-60 days	0	0	0	59	0	59
Past due 61-90 days	0	0	0	0	0	0
Past due >91 days	0	0	0	11	0	11
<b>Total Trade and Other Receivables</b>	<b>307</b>	<b>0</b>	<b>307</b>	<b>3,176</b>	<b>0</b>	<b>3,176</b>

There has not been, nor is it anticipated that there will be, a requirement for any provision for the impairment of receivables.

## 9. Inventories

AS AT 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
Inventory held for the use in provision of goods and services	250	0	146
Inventory held for sale	194	0	109
<b>Total Trade and Other Payables</b>	<b>444</b>	<b>0</b>	<b>255</b>

As a result of these being the first set of financial statements prepared by SPARC using NZ IFRS, this is the first time inventories have been accounted for. Comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly.

The carrying amount of inventories held for distribution which are measured at current replacement cost as at 30 June 2008 amounted to \$250,000 (2007 \$146,000).

The write-down of inventories held for distribution amounted to \$nil (2007 \$nil). There have been no reversals of write-downs.

The write-down of commercial inventories amounted to \$nil (2007 \$nil). There have been no reversals of write-downs.

No inventories are pledged as security for liabilities; however some inventories are subject to retention of title clauses.

## 10. Funds held on behalf of the Crown

AS AT 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Prime Minister's Sport Scholarships</b>			
Funds brought forward	(1,143)	(1,247)	6,497
Funds received Vote Sport and Recreation	4,250	4,250	4,250
Funds transferred to SPARC - Vote Sport and Recreation	(3,107)	(3,800)	(5,400)
Funds transferred to SPARC - Vote Children and Young People's Lifestyles	0	0	(6,490)
<b>Total Funds Held on Behalf of the Crown</b>	<b>0</b>	<b>(797)</b>	<b>(1,143)</b>

Prime Minister's Sport Scholarships are administered and distributed by SPARC on behalf of the Crown. For a number of years the funding received from the Crown had exceeded the cost of scholarships sought and awarded. As a result, \$6.5 million was being held on behalf of the Crown as at 30 June 2006.

In September 2006 Cabinet made a decision to apply the unspent accumulated Prime Minister's Sport Scholarship funds to Vote Sport and Recreation for Mission-On (a campaign aimed at improving the lifestyles of young New Zealanders by targeting improved nutrition and increased physical activity). This transfer was executed as at 30 June 2007, as is also disclosed in note 3 of the notes to the financial statements.

In addition to the above transfer, scholarships sought and awarded in 2006/07 exceeded the level of Crown funding provided. For this reason there was a deficit in the level of Prime Minister's Sport Scholarship funds at 30 June 2007.

In April 2008 there was a change in the classification of Prime Minister's Sport Scholarships. Where previously treated as a benefit or other unrequited expense appropriation (treated as funds held on behalf of Crown), it will from 1 July 2008 be a non departmental output expense appropriation.

As disclosed in the Cost of Service by Output Class on page 39, scholarships sought and awarded in 2007/08 exceeded the available balance of Crown funds by \$0.833 million. The resulting deficit has been funded from SPARC's accumulated funds.

## 11. Property, Plant and Equipment

FOR THE YEAR ENDED 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Leasehold improvements</b>			
Opening cost	474	474	474
Additions	26	0	0
Revaluation	0	0	0
Disposals	0	0	0
<b>Closing Cost</b>	<b>500</b>	<b>474</b>	<b>474</b>
Opening depreciation	444	444	403
Depreciation for current year	39	30	41
Impairment	0	0	0
Disposals	0	0	0
<b>Closing Depreciation</b>	<b>483</b>	<b>474</b>	<b>444</b>
Opening carrying value	30	30	71
<b>Closing Carrying Value</b>	<b>17</b>	<b>0</b>	<b>30</b>
<b>Plant and Equipment</b>			
Opening cost	36	36	36
Additions	7	0	0
Revaluation	0	0	0
Disposals	0	0	0
<b>Closing Cost</b>	<b>43</b>	<b>36</b>	<b>36</b>
Opening depreciation	35	35	35
Depreciation for current year	2	1	0
Impairment	0	0	0
Disposals	0	0	0
<b>Closing Depreciation</b>	<b>37</b>	<b>36</b>	<b>35</b>
Opening carrying value	1	1	1
<b>Closing Carrying Value</b>	<b>6</b>	<b>0</b>	<b>1</b>

## 11. Property, Plant and Equipment (Continued)

FOR THE YEAR ENDED 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Computer Hardware</b>			
Opening cost	153	224	250
Additions	3	0	18
Revaluation	0	0	0
Disposals	(74)	0	(115)
<b>Closing Cost</b>	<b>82</b>	<b>224</b>	<b>153</b>
Opening depreciation	62	61	87
Depreciation for current year	6	0	1
Impairment	0	0	0
Disposals	0	0	(26)
<b>Closing Depreciation</b>	<b>68</b>	<b>61</b>	<b>62</b>
Opening carrying value	91	163	163
<b>Closing Carrying Value</b>	<b>14</b>	<b>163</b>	<b>91</b>
<b>Furniture and Fittings</b>			
Opening cost	233	235	225
Additions	25	20	8
Revaluation	0	0	0
Disposals	0	0	0
<b>Closing Cost</b>	<b>258</b>	<b>255</b>	<b>233</b>
Opening depreciation	83	83	60
Depreciation for current year	24	24	23
Impairment	0	0	0
Disposals	0	0	0
<b>Closing Depreciation</b>	<b>107</b>	<b>107</b>	<b>83</b>
Opening carrying value	150	152	165
<b>Closing Carrying Value</b>	<b>151</b>	<b>148</b>	<b>150</b>
<b>Total Property, Plant and Equipment</b>	<b>188</b>	<b>311</b>	<b>272</b>



## 12. Intangible Assets

FOR THE YEAR ENDED 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Computer Software</b>			
Opening cost	1,014	945	695
Additions	246	260	319
Revaluation	0	0	0
Disposals	0	0	0
<b>Closing Cost</b>	<b>1,260</b>	<b>1,205</b>	<b>1,014</b>
Opening amortisation	415	414	161
Amortisation for current year	332	296	254
Impairment	0	0	0
Disposals	0	0	0
<b>Closing Amortisation</b>	<b>747</b>	<b>710</b>	<b>415</b>
Opening carrying value	599	531	534
<b>Closing Carrying Value</b>	<b>513</b>	<b>495</b>	<b>599</b>
<b>Total Intangible Assets</b>	<b>513</b>	<b>495</b>	<b>599</b>

There are no restrictions over the title of SPARC's intangible assets, nor are any intangible assets pledged as security for liabilities.

## 13. Trade and Other Payables

AS AT 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
Trade payables due to Crown related entities	130	100	187
Other trade payables	3,047	1,500	1,187
<b>Total Trade Payables</b>	<b>3,177</b>	<b>1,600</b>	<b>1,374</b>
Goods and services tax	(274)	250	266
Accrued expenses	1,470	1,670	3,202
<b>Total Trade and Other Payables</b>	<b>4,373</b>	<b>3,520</b>	<b>4,842</b>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of creditors and other payables approximates their fair value.

## 14. Revenue Received in Advance

AS AT 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
Contract Revenue - NZ Aid	81	0	36
Sundry Revenue	0	0	0
<b>Total Revenue Received in Advance</b>	<b>81</b>	<b>0</b>	<b>36</b>

## 15. Employee Benefits

AS AT 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
Salaries and wages accrued	413	285	414
Annual leave provision	480	310	424
Sick leave provision	16	5	3
<b>Total Employee Benefits</b>	<b>909</b>	<b>600</b>	<b>841</b>

## 16. Provisions

AS AT 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
Current provisions			
Lease make good	150	0	0
<b>Total Current Provisions</b>	<b>150</b>	<b>0</b>	<b>0</b>
Non-current provisions			
Lease make good	0	0	150
<b>Total Non Current Provisions</b>	<b>0</b>	<b>0</b>	<b>150</b>
<b>Total Provisions</b>	<b>150</b>	<b>0</b>	<b>150</b>

As a result of these being the first set of financial statements prepared by SPARC using NZ IFRS, this is the first time Provisions have been accounted for. Comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly.

### Lease make-good

In respect of its leased premises, SPARC is required at the expiry of the lease term to make good any damage caused to the premises from installed fixtures and fittings and to remove any fixtures or fittings installed by SPARC. The cash-flows associated with the lease make-good provision are expected to occur in March 2009. SPARC's leasing arrangements are further disclosed in note 20 of the notes to the financial statements.

## 17. Loans and Borrowings

AS AT 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
Finance lease liabilities			
Non current liabilities	0	0	0
Current liabilities	0	0	74
<b>Total Loans and Borrowings</b>	<b>0</b>	<b>0</b>	<b>74</b>

As at 30 June 2007 SPARC leased computer equipment, where some of those leases were determined to be finance leases.

The net carrying amount of this leased computer equipment is shown within the computer hardware class of note 11 of the notes to the financial statements.

In July 2007, SPARC cancelled all of those leases for computer equipment which were classified as finance leases, and subsequently entered into rental agreements, where the terms and conditions of those rental agreements meet the determination of an operating lease.

All other equipment leases are also determined as being operating leases.

For further clarification of leases, please refer to the 'leases classification' sub section within the significant accounting policies section of note 1 of the notes to the financial statements.

All finance lease commitments have been disclosed within note 20 of the notes to the financial statements.

## 18. Contingencies

### Contingent liabilities

SPARC did not have any contingent liabilities as at 30 June 2008.

### Contingent assets

SPARC did not have any contingent assets as at 30 June 2008.

## 19. Capital Expenditure Commitments

SPARC did not have any contracted commitments for the acquisition or development of property, plant and equipment or intangible assets as at 30 June 2008.

However, the following table provides details of amounts both incurred for the acquisition or development of property, plant and equipment and intangible assets.

### FOR THE YEAR ENDED 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
Leasehold improvements	26	0	0
Plant and equipment	7	0	0
Computer hardware	3	0	18
Furniture and fittings	25	20	8
Computer software	246	260	319
<b>Total Capital Expenditure</b>	<b>307</b>	<b>280</b>	<b>345</b>

## 20. Capital and Lease Commitments

AS AT 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
Capital (funding) commitments approved and contracted			
Less than one year	19,582	17,500	17,554
One to two years	32,112	5,000	4,960
Three to five years	1,714	1,000	3
Over five years	0	0	0
<b>Total Capital (Funding) Commitments Approved and Contracted</b>	<b>53,408</b>	<b>23,500</b>	<b>22,517</b>
Non-cancellable operating lease commitments			
Less than one year	697	450	354
One to two years	1,602	300	257
Three to five years	1,873	150	15
Over five years	2,809	0	0
<b>Total Non-Cancellable Operating Lease Commit</b>	<b>6,981</b>	<b>900</b>	<b>626</b>
Non-cancellable finance lease commitments			
- Less than one year	0	0	74
- One to two years	0	0	0
- Three to five years	0	0	0
- Over five years	0	0	0
<b>Total Non-Cancellable Finance Lease Commitments</b>	<b>0</b>	<b>0</b>	<b>74</b>
<b>Total Commitments</b>	<b>60,389</b>	<b>24,400</b>	<b>23,217</b>

Capital (funding) commitments are those programme investments having been approved and contracted to sport and recreation organisations, where the due date for payment of those investments falls past 30 June 2008.

Non cancellable operating lease commitments includes;

- lease of premises, \$6,373,081 (2007: \$547,680)
- lease of computer and office equipment, \$558,502 (2007: \$21,262)
- lease of vehicles, \$48,573 (2007: \$57,227)

Please also refer to the critical accounting estimates and assumptions section within the significant accounting policies section of note 1 of the notes to the financial statements, where further explanation is given in relation to the operating lease commitments for the rental of premises.

Non cancellable finance lease commitments were for the now cancelled finance lease of computer equipment.

## 21. Reconciliation of Net Surplus/(Deficit) to Net Cash Flows from Operating Activities

FOR THE YEAR ENDED 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Net surplus/(deficit) from operations</b>	<b>(2,712)</b>	<b>(513)</b>	<b>4,741</b>
Add/deduct non-cash items			
Depreciation and amortisation	403	351	319
Programme support <sup>1</sup>	(189)	0	(255)
Other operating expenditure <sup>2</sup>	0	0	(150)
<b>Total Non-Cash Items</b>	<b>214</b>	<b>351</b>	<b>(86)</b>
Add/(deduct) movements in working capital items			
Trade and other receivables	2,869	(1,207)	(782)
Inventories	(189)	0	(255)
Funds held on behalf of the Crown	1,143	(6,597)	(7,640)
Trade and other payables	(416)	3	(2,145)
Provisions	0	0	150
Employee benefits	68	0	468
<b>Net Movement in other Working Capital Items</b>	<b>3,475</b>	<b>(7,801)</b>	<b>(10,204)</b>
<b>Net Cash Inflows/(Outflows) from Operating Activities</b>	<b>977</b>	<b>(7,963)</b>	<b>(5,549)</b>

<sup>1</sup> Adjustments related to the value of inventories held at year end, contained within programme support costs, are non-cash items needing to be deducted to reconcile the net surplus / (deficit) to cash flows from operating activities.

<sup>2</sup> Adjustments related to the value of lease make-good provisions held at year end, contained within other operating expenditure, is a non-cash item needing to be deducted to reconcile the net surplus / (deficit) to cash flows from operating activities.

## 22. Related Party Transactions

SPARC is a wholly owned entity of the Crown. The Government significantly influences the role of SPARC in addition to being its major source of revenue. Being another major source of SPARC's revenue, the New Zealand Lottery Grants Board also has some influence on the role of SPARC.

SPARC enters into transactions with government departments, state-owned enterprises and other Crown entities. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect SPARC would have adopted if dealing with that entity at arm's length in the same circumstances have not been disclosed as related party transactions.

SPARC maintains an 'interests' register for both Board members and SPARC staff, to record any interests they may have in any governing body which are funded by SPARC or are contracted to SPARC for services.

The following interests were disclosed in the interests register:

Members of the Board of SPARC who are also members of governing bodies which are funded by SPARC or are contracted by SPARC for services are noted as follows:

Board Member	Organisation	Position	Value of Transactions
John Wells	New Zealand Sports Foundation Charitable Trust	Chairman	\$0 (2007: \$0)
	Rugby NZ 2011 Ltd	Director	\$0 (2007: \$0)
	Karapiro 2010 Ltd	Director	\$0 (2007: \$0)
	Sheffield Ltd	Chairman	\$86,545 (2007: \$11,437)
Christopher Doig	Halberg Trust	Trustee	\$617,000 (2007: \$693,252)
	New Zealand Sports Foundation Charitable Trust	Trustee	\$0 (2007: \$0)
	New Zealand Cricket	Consultant	\$1,945,456 (2007: \$1,553,745)
	Rowing NZ	Consultant	\$3,927,045 (2007: \$4,057,574)
	Winter Games	Director	\$0 (2007: \$0)
	Sheffield Ltd	Director	\$86,545 (2007: \$11,437)

Board Member	Organisation	Position	Value of Transactions
Alan Isaac	NZ Cricket	Director	\$1,945,456 (2007: \$1,553,745)
	New Zealand Sports Foundation Charitable Trust	Trustee	\$0 (2007: \$0)
	Rugby NZ 2011 Ltd	Director	\$0 (2007: \$0)
Paul Allison	Halberg Trust	Trustee	\$617,000 (2007: \$693,252)

It should be noted that all transactions entered into with the above listed organisations have been on terms and conditions no more or less favourable than those which it is reasonable to expect SPARC would have adopted if dealing with that entity at arm's length basis.

Investments made to the above listed organisations are also disclosed within Appendix 1, however in some instances investment does not account for all of the transactions entered into with these organisations.

No provision has been required, nor any expense recognised within any period of these financial statements for impairment of receivables from the above listed organisations.

SPARC staff are also required to disclose any interests they may have in any governing body which are funded by SPARC or are contracted to SPARC for services. The following interests have been disclosed in the employee interests register:

SPARC Staff Member	Organisation	Position	Value of Transactions
Chris Bailey	Canterbury Tennis High Performance Support Group	Chairperson	\$0 (2007: \$0)
John Reid	NZ Sports Turf Institute	Board member	\$125,085 (2007: \$96,500)
Nicky Sheriff	Softball NZ	Board member	\$862,712 (2007: \$1,250,652)
Roger Wood	University Sport NZ	Board member	\$32,500 (2007: \$132,500)

It should be noted that all transactions entered into with the above listed organisations have been on terms and conditions no more or less favourable than those which it is reasonable to expect SPARC would have adopted if dealing with that entity at arm's length basis.

Investments made to the above listed organisations are also disclosed within Appendix 1, however in some instances investment does not account for all of the transactions entered into with these organisations.

No provision has been required, nor any expense recognised within any period of these financial statements for impairment of receivables from the above listed organisations.



## 23. Key Management Personnel Compensation

The total value of compensation paid to key management personnel for the year ended 30 June 2008 is as follows:

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
Salaries and other short-term employee benefits	1,325	1,598	1,264
Post-employment benefits	0	0	0
Other long-term benefits	0	0	0
Termination benefits	0	0	0
<b>Total Key Management Personnel Compensation</b>	<b>1,325</b>	<b>1,598</b>	<b>1,264</b>

Key management personnel includes all board members, the chief executive, and four general managers (2007: five general managers).

## 24. Board Member Remuneration

The total value of remuneration paid to board members for the year ended 30 June 2008 is as follows:

	<b>ACTUAL 2008 \$000</b>	<b>BUDGET 2008 \$000</b>	<b>ACTUAL 2007 \$000</b>
John Wells (Chairperson)	32	32	31
Dr Sarah Sandley	16	16	14
Tina Karaitiana	16	16	13
Chris Doig	16	16	13
Rob Fisher (appointed July 2005)	16	16	11
Alan Isaac (appointed April 2007)	16	16	4
Donald Stewart (appointed April 2007)	16	16	4
Paul Allison (appointed September 2007)	13	0	0
Nicki Turner (appointed September 2007)	13	0	0
Liz Coutts (term expired June 2007)	0	0	15
Dr Jenny Ross (term expired June 2007)	0	0	14
Peter Miskimmin (appointed May 2006, resigned October 2006)	0	0	3
New Board Members (3)	0	48	0
<b>Total Board Members Remuneration</b>	<b>154</b>	<b>176</b>	<b>122</b>

New fee arrangements for Board Members were approved by the Minister for Sport and Recreation with effect from 1 January 2007, which has led to an increase in board fees paid in the year ending 30 June 2007 onwards.

There have not been any payments during the year ending 30 June 2008 to committee members appointed by the Board who are not Board members.

SPARC provides a deed of indemnity to members of the Board, Sports Tribunal and Te Roopu Manaaki for certain activities undertaken in the performance of SPARC's functions.

SPARC has provided Directors and Officers Liability and Professional Indemnity insurance cover for the year ending 30 June 2008 in respect of the liability or costs of Board members and employees.

## 25. Employee Remuneration

The number of employees who received or who were due to receive annual remuneration of \$100,000 or more during the year ended 30 June 2008, are provided within \$10,000 bands, in the table below.

	ACTUAL 2008 NUMBER OF EMPLOYEES <sup>1</sup>	BUDGET 2008 NUMBER OF EMPLOYEES	ACTUAL 2007 NUMBER OF EMPLOYEES
\$340,001 - \$350,000	0	1	0
\$320,001 - \$330,000	0	0	1
\$290,001 - \$300,000	0 (1)	0	0
\$240,001 - \$250,000	1	1	0
\$230,001 - \$240,000	0	1	0
\$200,001 - \$210,000	0	1	0
\$180,001 - \$190,000	1	1	0
\$170,001 - \$180,000	0	2	1
\$160,001 - \$170,000	4	2	1
\$150,001 - \$160,000	1	3	5
\$140,001 - \$150,000	0 (1)	1	1
\$130,001 - \$140,000	4	5	1
\$120,001 - \$130,000	6	6	4
\$110,001 - \$120,000	5	6	5
\$100,000 - \$110,000	10 (1)	8	5
	<b>32</b>	<b>38</b>	<b>24</b>

<sup>1</sup> Please note that the above table includes those employees who ceased employment during the periods reported. For the year ended 30 June 2008, three employees having ceased employment during the period had received annual remuneration of greater than \$100,000, as indicated in brackets (2007: nil).

The current chief executive's salary is within the band range \$240,001 to \$250,000, while the previous chief executive's salary was within the band range \$290,001 to \$300,000. (2006/07 - \$320,001 - \$330,000).

During the year ended 30 June 2008, one employee received compensation and other benefits in relation to cessation of employment totalling \$12,871 (2007: 6, \$158,273).

## 26. Events after Balance Date

There were no significant events after balance date, 30 June 2008.

## 27. Categories of Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities in each of the NZ IAS 39 categories are as follows:

### AS AT 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
Cash and trade equivalents	11,478	2,231	10,808
Trade and other receivables	307	3,285	3,176
<b>Total Loans Cash Receivables</b>	<b>11,785</b>	<b>5,516</b>	<b>13,984</b>
Creditors and other payables	4,373	3,520	4,841
Borrowings - secured loans	0	0	74
<b>Total Financial Liabilities measured at Amortised Cost</b>	<b>4,373</b>	<b>3,520</b>	<b>4,915</b>

All of SPARC's financial liabilities are creditors and other payables, where these are non-interest bearing and are normally settled on 30-day terms, thus the carrying value of creditors and other payables approximates their fair values and their contractual undiscounted cash flows.

## 28. Financial Instrument Risks

SPARC's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. SPARC has a series of policies to manage the risks associated with financial instruments and seeks to minimise exposure from financial instruments.

These policies do not allow any transactions that are speculative in nature to be entered into.

### Market risk - fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. SPARC's exposure to fair value interest rate risk is limited to its bank deposits which are held at fixed rates of interest.

### Market risk - cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments and borrowings issued at variable interest rates expose SPARC to cash flow interest rate risk.

SPARC's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements. SPARC currently has no variable interest rate investments.

### Market risk – currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

SPARC does not hold any foreign currency cash, cash equivalents or bank deposits.

When logistically necessary, SPARC purchases goods and services from overseas which require it to enter into transactions denominated in foreign currencies. These foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing at the dates of the transactions.

As a result of these activities, exposure to currency risk arises.

### Credit risk

Credit risk is the risk that a third party will default on its obligation to the SPARC, causing SPARC to incur a loss.

Due to the timing of its cash inflows and outflows, SPARC invests surplus cash with registered banks. SPARC's investment policy limits the amount of credit exposure to any one institution.

SPARC has processes in place to review the credit quality of customers prior to the granting of credit.

SPARC's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and net receivables, as detailed in notes 7 and 8 of the notes to the financial statements respectively. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

SPARC has no significant concentrations of credit risk, as it has a small number of credit customers and only invests funds with registered banks with specified Standard and Poor's credit ratings.

### Liquidity risk

Liquidity risk is the risk that SPARC will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. SPARC aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, SPARC maintains a target level of investments that must mature within specified timeframes.

### Derivatives

SPARC has neither been exposed or intends to be exposed to any derivative financial instruments during the periods covered by these financial statements.

## 29. Capital Management

SPARC's capital is its equity, which comprises accumulated funds and other reserves. Equity is represented by net assets.

SPARC is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives.

SPARC manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments, and general financial dealings to ensure SPARC effectively achieves its objectives and purpose, whilst remaining a going concern.

## 30. Insurance Cover - Associations Liability

SPARC holds Associations Liability insurance for its Board members, office holders and employees. The limits of liability are:

Directors liability, professional indemnity and public liability	\$5 million
Statutory and Employers Liability	\$1 million

The insurer will pay up to the limit of indemnity for damage and defence costs for claims alleging breach of duty and loss of documents.

The cost of this insurance in 2007/08 was \$13,800.

## 31. Explanation of Significant Variances against Budget

Explanations for significant variations from SPARC's actual results for the year ended 30 June 2008 and those budgeted figures in the 2007-10 statement of intent are as follows:

### Statement of Financial Performance

#### CROWN FUNDING

Crown funding was \$14.919 million less than budgeted largely due to Crown funding for Children and Young People's Lifestyles (Mission-On) which accounted for \$14.226 million of the total.

As further explained in notes 3 and ten of the notes to the financial statements, previously accumulated funds held on behalf of the Crown for Prime Minister's Sport Scholarship were transferred to Vote Sport and Recreation for Children and Young People's Lifestyles. This transfer occurred as at 30 June 2007, however was previously budgeted within the 2007/08 year. This timing variance accounts for \$5.768 million of the variance against budgeted Crown funding for 2007/08.

A further \$8.700 million of the variance is a result of a previously unbudgeted transfer of unspent funds from 2007/08 to 2008/09. This transfer was the result of delays in the implementation of Youth Website and Green Prescriptions Expansion initiatives.

### NZ LOTTERY GRANTS BOARD

In 2007/08 a previously unbudgeted 'one-off' funding allocation of \$7.500 million was received from the NZ Lottery Grants Board.

### INTEREST RECEIVED

Following the receipt of additional funding from the NZ Lottery Grants Board, higher levels of investments were held during 2007/08. As a result interest received was \$0.731 million higher than budgeted.

### PROGRAMME INVESTMENT

Programme investment was \$4.657 million greater than budgeted as the increases in revenues for 2007/08 have in turn led to increased activity in the delivery of programmes and of direct investment in the sport and recreation sector.

### PROGRAMME SUPPORT

Programme support was \$9.129 million lower than budgeted primarily due to delays in the implementation of 'Mission-On' initiatives. Particularly within:

- a) the expansion of Green Prescriptions, where delays in the scoping and resourcing of this project have prompted the transfer of funding to 2008/09; and
- b) Youth Websites, where as at 30 June 2008 parts of this initiative had been put on hold until further research was conducted. As apparent within note 4 of the notes to the financial statements, the delays in implementing 'Mission-On' initiatives have resulted in lower than budgeted programme support and website development costs.

## Statement of Financial Position

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 30 June 2008 were \$9.247 million higher than budgeted due to:

- The receipt of a trade receivable of \$3.000 million on 30 June 2008. This payment was received earlier than expected.
- The level of trade and other payables was \$0.853 million greater than budgeted, as explained in note 13 to the financial statements.
- Additional NZ Lottery Grants Board funding and delays in "Mission-On" expenditure have resulted in SPARC carrying higher than budgeted levels of cash equivalents. The balance of cash equivalents will reduce in 2008/09 with the budgeting of an operating deficit.

### TRADE AND OTHER RECEIVABLES

Trade and other receivables were \$2.978 million lower than budgeted, primarily as a result of the earlier than expected receipt of \$3.000 million, as explained within the cash and cash equivalents variance above.

**INVENTORIES**

As per notes 1 and 32 of the notes to the financial statements, these are SPARC's first financial statements to be prepared in accordance with NZ IFRS. The inclusion of inventories is one of the changes resulting from the transition from previous NZ GAAP to NZ IFRS and was not previously budgeted.

**FUNDS HELD ON BEHALF OF THE CROWN - PRIME MINISTER'S SPORT SCHOLARSHIPS**

Following a change during the year in the classification of Prime Minister's Sport Scholarships from a benefit or other unrequited expense to a non-departmental output expense (explained in note 10 to the financial statements), the current asset classification of funds held on behalf of the Crown is no longer appropriate. All remaining funds held on behalf of the Crown were spent prior to balance date.

**TRADE AND OTHER PAYABLES**

The level of trade and other payables is \$0.853 million greater than budgeted, primarily due to greater than budgeted levels of expenditure incurred and awaiting payment at 30 June 2008.

**PROVISIONS**

As per notes 1 and 32 of the notes to the financial statements, these are SPARC's first financial statements to be prepared in accordance with NZ IFRS. The inclusion of provisions is one of the changes resulting from the transition from previous NZ GAAP to NZ IFRS, and has not previously been budgeted.

**EMPLOYEE BENEFITS**

Employee benefits are \$0.309 million greater than budget, largely due to increases in the number of staff employed by SPARC and untaken leave attributed to staff. In addition to this, SPARC has a fortnightly payroll, for which there has been a greater number of days' salaries having been accrued at 30 June 2008.

**Statement of Changes in Equity****NET SURPLUS / (DEFICIT)**

The deficit for the year was greater than budgeted by \$2.199 million due to the budget variances explained in the statement of financial performance above. As also mentioned in note 6 of the notes to the financial statements, the generation of operating deficits is anticipated to reduce total accumulated funds to a level of \$3.000 million by 30 June 2009.

**Statement of Cash Flows**

Cash inflows were \$4.098 million higher than budgeted due to additional funding from the NZ Lotteries Grant Board and the earlier than expected receipt of a trade receivable, offset by lower levels of Crown funding received for the Mission-On output following the transfer of appropriations from 2007/08 to 2008/09.

Payments to suppliers were \$3.590 million less than budgeted. As a result of reduced levels of expenditure within Mission-On initiatives and the higher levels of trade and other payables as at 30 June 2008, cash outflows for payments to suppliers have been lower than budgeted.



## 32. Explanation of Transition to NZ IFRS

### Transition to NZ IFRS

As stated in note 1 of the notes to the financial statements, these are SPARC's first financial statements to be prepared in accordance with NZ IFRS.

SPARC's transition date is 1 July 2006 and the opening NZ IFRS balance sheet has been prepared as at that date. SPARC's NZ IFRS adoption date is 1 July 2007.

### Exemptions from full retrospective application elected by SPARC

In preparing these financial statements in accordance with NZ IFRS 1, SPARC has not applied any optional exemptions to full retrospective application of NZ IFRS.

The only mandatory exception from retrospective application that applies to SPARC is the requirement for estimates under NZ IFRS at 1 July 2006 and 30 June 2007 to be consistent with estimates made for the same date under previous NZ GAAP.

### Changes on transition - Equity

The following changes and adjustments in equity have resulted from the transition from previous NZ GAAP to NZ IFRS as at 1 July 2006 and 30 June 2007:

#### INTANGIBLE ASSETS

Computer software has been reclassified as an intangible asset. It was previously classified as property, plant and equipment. (\$nil adjustment to equity)

#### EMPLOYEE ENTITLEMENTS – SICK LEAVE

Sick leave was not recognised as a liability under previous NZ GAAP. NZ IAS 19 requires SPARC to recognise employees' unused sick leave entitlement that can be carried forward at balance date, to the extent SPARC anticipates it will be used by staff to cover future absences. (\$8,392 adjustment to equity as at 1 July 2006, \$3,300 liability as at 30 June 2007).

### Changes on transition - Net Operating Result

#### INVENTORIES

Inventories were not previously accounted for in the financial statements. SPARC has since reinstated amounts within the year ending 30 June 2007. (\$255,362 adjustment to net operating result)

#### PROVISIONS

Leased premises 'make good' provision was not previously accounted for in the financial statements. SPARC has since reinstated amounts within the year ending 30 June 2007. (\$150,000 adjustment to net operating result)

### Changes on transition - Cash Flows

#### CASH FLOWS

There have been no changes in the treatment or in the accounting for cash flows on the adoption of and transition to NZ IFRS.

### 33. Programme Investment

FOR THE YEAR ENDED 30 JUNE 2008

	ACTUAL 2008 \$000	BUDGET 2008 \$000	ACTUAL 2007 \$000
<b>Programme investment as reported in the Statement of Financial Performance is made up of investments in to the Output Classes;</b>			
<b>Output Class: Sport and Physical Recreation Programmes</b>			
Impact 1: More New Zealanders are active in sport and physical recreation	26,498	26,314	24,218
Impact 2: An efficient and effective sport and physical recreation delivery network	13,374	12,345	12,857
Impact 3: More New Zealand athletes and teams winning on the world stage	31,595	25,492	29,077
	<b>71,467</b>	<b>64,151</b>	<b>66,152</b>
<b>Output Class: Children and Young People's Lifestyles (Mission-On)</b>	302	3,100	25
<b>Output Class: Prime Minister's Sport Scholarships</b>	3,940	3,800	5,400
<b>Total Programme Investment</b>	<b>75,709</b>	<b>71,051</b>	<b>71,577</b>

**Programme investment as reported in the Statement of Financial Performance is made up of investments to the following organisations;<sup>1</sup>**

National Governing Bodies	39,455	35,000	36,793
Regional Sports Trusts	18,657	17,500	16,000
Regional Academies of Sport	9,470	10,000	10,316
Local Authorities	1,219	2,000	2,121
Iwi-Based Organisations	473	500	518
Other	6,435	6,051	5,829
<b>Total Programme Investment</b>	<b>75,709</b>	<b>71,051</b>	<b>71,577</b>

<sup>1</sup> Please note that a breakdown of investments made to individual organisations is contained in Appendix 1, however it should also be noted that neither the above table summarising investments made to organisations or the information contained within Appendix 1 has been audited and as such do not form part of these financial statements.



## Appendix 1:

### Allocation of Investment Funds

1 July 2007 – 30 June 2008

Comparative figures in Appendix 1 have been provided only where these were included in the 2006/07 Annual Report. Investment allocations are recorded on an accrual basis.

#### A. INVESTING IN NATIONAL GOVERNING BODIES

*Note: Investment totals for national governing bodies include all direct investment including Prime Minister's Sport Scholarships.*

TOTAL 2006 / 2007	ORGANISATION	TOTAL 2007 / 2008
\$3,054,574	Rowing New Zealand	\$3,836,746
\$2,995,826	BikeNZ	\$3,538,508
\$3,552,524	Yachting New Zealand	\$2,809,115
\$1,994,917	Swimming New Zealand	\$2,044,766
\$1,187,072	Netball NZ	\$1,932,409
\$1,123,745	NZ Cricket	\$1,914,322
\$1,663,125	Hockey NZ	\$1,772,600
\$1,148,300	NZ Rugby Union	\$1,482,700
\$1,146,464	Athletics New Zealand	\$1,461,511
\$1,324,524	Paralympics New Zealand	\$1,363,338
\$1,564,771	Basketball New Zealand	\$1,347,894
\$1,588,229	Triathlon New Zealand	\$1,328,910
\$533,000	New Zealand Football	\$1,153,610
\$1,312,333	Equestrian Sports New Zealand	\$1,060,713
\$629,783	New Zealand Canoeing Federation	\$1,026,274
\$443,027	GymSports New Zealand	\$808,500
\$250,000	NZ Olympic Committee	\$790,000
\$885,876	Softball New Zealand	\$776,880
\$746,957	Squash New Zealand	\$665,243
\$668,500	New Zealand Tennis	\$641,474
\$828,757	Bowls New Zealand	\$634,502
\$442,000	Surf Life Saving New Zealand	\$602,384
\$660,000	The Halberg Trust	\$562,000
\$200,000	Touch New Zealand	\$560,000
\$200,000	Special Olympics New Zealand	\$531,000
\$267,200	Snow Sports NZ Incorporated	\$410,245
\$505,440	Badminton NZ	\$375,800
\$962,250	NZ Golf Incorporated	\$353,690
\$247,353	New Zealand Water Polo Association	\$290,580

**A. INVESTING IN NATIONAL GOVERNING BODIES (CONTINUED)**

<b>TOTAL 2006 / 2007</b>	<b>ORGANISATION</b>	<b>TOTAL 2007 / 2008</b>
\$220,000	Sir Edmund Hillary Outdoor Pursuits Centre	\$280,000
\$150,000	Motorsport NZ (Inc)	\$174,000
\$188,000	NZ Recreation Association	\$152,682
\$218,775	Volleyball NZ Inc	\$144,660
\$261,307	NZ Federation of Roller Sports	\$138,545
\$102,000	Surfing New Zealand	\$137,500
\$130,000	Outdoors New Zealand Incorporated	\$130,000
\$96,500	NZ Sports Turf Institute	\$125,085
\$125,000	YMCA New Zealand	\$125,000
\$148,750	New Zealand Indoor Sports Incorporated	\$112,500
\$130,000	Motorcycling NZ	\$110,000
\$60,000	Olympic Weightlifting New Zealand	\$93,000
\$550,075	New Zealand Shooting Federation	\$86,463
\$80,000	Physical Education New Zealand	\$80,000
\$80,000	Scout Association of NZ	\$80,000
\$70,000	NZ Girl Guides Association	\$70,000
\$0	International Taekwon-Do Foundation (ITFNZ)	\$70,000
\$64,000	NZ Indoor Bowls Incorporated	\$64,000
\$81,741	NZ Judo Federation	\$58,000
\$55,000	NZ Outdoor Instructors Association	\$55,000
\$150,000	NZ Sports Hall of Fame	\$50,000
\$50,000	NZ Alpine Club	\$50,000
\$50,000	YWCA of Aotearoa-New Zealand	\$50,000
\$98,548	Karate New Zealand	\$48,750
\$147,414	Table Tennis New Zealand	\$46,000
\$35,000	NZ Croquet Council Inc	\$45,000
\$44,000	Spirit of Adventure Trust	\$44,000
\$59,564	Synchro Swim New Zealand	\$41,500
\$240,000	NZ Rugby League	\$38,362
\$37,000	NZ Riding for the Disabled	\$37,000
\$36,000	Kart Sport New Zealand	\$36,000
\$39,600	Boxing New Zealand Inc	\$33,600
\$110,000	University Sport New Zealand	\$32,500
\$0	Taekwondo New Zealand Incorporated	\$30,750
\$20,400	NZ Darts Council	\$30,600
\$20,000	NZ Orienteering Federation	\$30,000
\$29,000	NZ Mountain Guides Association	\$29,000

## A. INVESTING IN NATIONAL GOVERNING BODIES (CONTINUED)

TOTAL 2006 / 2007	ORGANISATION	TOTAL 2007 / 2008
\$20,700	Royal New Zealand Aero Club (Inc)	\$27,600
\$30,400	NZ Olympic Wrestling Union (Inc)	\$26,197
\$26,000	Girls Brigade NZ (Inc)	\$26,000
\$25,000	The Young New Zealanders' Challenge (Duke of Edinburgh)	\$25,000
\$93,427	NZ Water Ski Association	\$24,200
\$36,000	Blind Sport New Zealand	\$24,000
\$24,000	Federated Mountain Clubs of NZ	\$24,000
\$22,000	Boys' Brigade NZ	\$22,000
\$63,000	NZ Pony Clubs Association	\$21,000
\$0	Speedway New Zealand	\$20,000
\$18,000	Marching New Zealand	\$19,000
\$4,500	New Zealand Ice Skating Association	\$17,690
\$16,800	Gliding New Zealand	\$16,800
\$15,000	NZ Power Boat Association	\$16,250
\$2,500	NZ Hang Gliding and Para Gliding Association	\$15,000
\$15,000	Archery New Zealand Inc	\$15,000
\$17,075	Diving New Zealand	\$12,000
\$12,000	New Zealand AFL Inc	\$12,000
\$10,000	New Zealand Confederation of Billiard Sports Inc	\$10,000
\$10,500	NZ Ice Hockey Association	\$9,404
\$13,900	New Zealand Polocrosse Council	\$7,200
\$7,125	New Zealand Powerlifting Federation	\$6,750
\$7,000	New Zealand Petanque Association	\$6,000
\$1,000	Ice Speed Skating New Zealand	\$6,000
\$0	Deaf Sports Federation of New Zealand	\$6,000
\$9,600	NZ Curling Association	\$4,800
\$75,000	Sports & Exercise Science NZ	\$0
\$69,000	New Zealand Snow Sports Council	\$0
\$44,000	Sports Medicine NZ	\$0
<b>\$36,792,748</b>	<b>Total National Governing Body Investment</b>	<b>\$39,455,074</b>

**B. INVESTING IN REGIONAL ACADEMIES OF SPORT**

Note: Investment totals for national governing bodies include all direct investment including Prime Minister's Sport Scholarships.

<b>TOTAL 2006 / 2007</b>	<b>ORGANISATION</b>	<b>TOTAL 2007 / 2008</b>
\$5,338,596	NZ Academy of Sport - Nth Incorporated	\$5,609,517
\$3,229,485	NZ Academy of Sport - South Island Incorporated	\$4,059,986
\$1,747,935	NZ Academy of Sport - Central	-\$200,000
<b>\$10,316,017</b>	<b>Total Regional Academies of Sport Investment</b>	<b>\$9,469,503</b>

**C. INVESTING IN IWI-BASED ORGANISATIONS**

<b>TOTAL 2006 / 2007</b>	<b>ORGANISATION</b>	<b>TOTAL 2007 / 2008</b>
\$136,200	He Oranga Pounamu	\$145,000
\$102,400	Te Papa Takaro O Te Arawa	\$109,000
\$67,600	Te Runanga O Turanganui A Kiwa	\$73,000
\$68,600	Mataatua Sports Trust	\$72,000
\$34,800	Te Runanga o Te Whanau	\$37,000
\$33,800	Te Wharekura O Rakaumanga	\$37,000
\$75,000	Ngati Porou Hauora Inc	\$0
<b>\$518,400</b>	<b>Total Iwi-Based Organisation Investment</b>	<b>\$473,000</b>

**D. INVESTING IN REGIONAL SPORTS TRUSTS**

<b>TOTAL 2006 / 2007</b>	<b>ORGANISATION</b>	<b>TOTAL 2007 / 2008</b>
\$1,383,000	Sport Waikato	\$1,754,354
\$1,083,057	Sport Auckland	\$1,595,724
\$1,096,599	Sport Northland	\$1,555,846
\$1,221,241	Sport Canterbury West Coast	\$1,359,628
\$1,128,638	Sport Bay of Plenty	\$1,251,598
\$1,213,759	Sport Wellington Region	\$1,226,889
\$1,135,760	Harbour Sport	\$1,190,873
\$1,156,066	Counties Manukau Sport	\$1,172,133
\$709,034	Sport Waitakere	\$1,026,719
\$909,671	Sport Hawkes Bay	\$987,465
\$853,105	Sport Otago	\$940,352
\$744,834	Sport Manawatu	\$924,551
\$826,274	Sport Tasman	\$819,446
\$749,413	Sport Taranaki	\$819,039
\$568,045	Sport Wanganui	\$801,906
\$481,312	Sport Gisborne Tairāwhiti	\$620,917
\$490,186	Sport Southland	\$609,679
\$250,000	Auckland Regional Physical Activity and Sports Trust	\$0
<b>\$15,999,994</b>	<b>Total Regional Sports Trust Investment</b>	<b>\$18,657,118</b>

**E. INVESTING IN LOCAL AUTHORITIES**

<b>TOTAL 2006 / 2007</b>	<b>ORGANISATION</b>	<b>TOTAL 2007 / 2008</b>
\$0	Manukau City Council	\$500,000
\$120,000	Upper Hutt City Council	\$120,000
\$99,406	Tasman District Council	\$115,619
\$200,000	Wellington City Council	\$94,000
\$100,000	Rodney District Council	\$60,000
\$130,194	Selwyn District Council	\$51,783
\$23,867	Marlborough District Council	\$24,892
\$18,373	Far North District Council	\$19,546
\$24,000	Ruapehu District Council	\$19,000
\$18,400	Westland District Council	\$18,400
\$14,000	Clutha District Council	\$14,000
\$14,000	Waitaki District Council	\$14,000
\$15,000	Kaikoura District Council	\$13,912
\$11,844	Whakatane District Council	\$11,655



**E. INVESTING IN LOCAL AUTHORITIES (CONTINUED)**

<b>TOTAL 2006 / 2007</b>	<b>ORGANISATION</b>	<b>TOTAL 2007 / 2008</b>
\$11,463	Taupo District Council	\$11,346
\$10,615	Southland District Council	\$9,954
\$14,633	Ashburton District Council	\$9,580
\$10,261	South Taranaki District Council	\$9,269
\$99,000	Christchurch City Council	\$9,000
\$49,000	South Wairarapa District Council	\$9,000
\$14,000	Central Otago District Council	\$9,000
\$10,000	Gore District Council	\$9,000
\$9,000	Buller District Council	\$9,000
\$9,000	Carterton District Council	\$9,000
\$9,000	Central Hawkes Bay District Council	\$9,000
\$9,000	Chatham Islands Council	\$9,000
\$9,000	Grey District Council	\$9,000
\$9,000	Hurunui District Council	\$9,000
\$9,000	Kaipara District Council	\$9,000
\$9,000	Mackenzie District Council	\$9,000
\$9,000	Masterton District Council	\$9,000
\$9,000	Opotiki District Council	\$9,000
\$9,000	Otorohanga District Council	\$9,000
\$9,000	Queenstown Lakes District Council	\$9,000
\$9,000	Rangitikei District Council	\$9,000
\$9,000	Stratford District Council	\$9,000
\$9,000	Tararua District Council	\$9,000
\$9,000	Waimate District Council	\$9,000
\$9,000	Wairoa District Council	\$9,000
\$9,000	Waitomo District Council	\$9,000
\$15,000	Dunedin City Council	\$5,000
\$15,000	Horowhenua District Council	\$5,000
\$85,191	Gisborne District Council	-\$106,308
\$446,600	Auckland City Council	\$0
\$112,344	Tauranga City Council	\$0
\$100,000	Hastings District Council	\$0
\$90,000	Hauraki District Council	\$0
\$49,300	North Shore City Council	\$0
\$15,000	South Waikato District Council	\$0
\$13,500	Venture Southland	\$0
\$9,200	Kapiti Coast District Council	\$0
<b>\$2,121,191</b>	<b>Total Local Authority Investment</b>	<b>\$1,218,648</b>

**F. OTHER INVESTMENTS**

<b>TOTAL 2006 / 2007</b>	<b>ORGANISATION</b>	<b>TOTAL 2007 / 2008</b>
\$5,634,977	Sportfit investments in schools	\$5,590,456
\$193,707	Miscellaneous investments	\$844,681
<b>\$5,828,684</b>	<b>Total Other Investment</b>	<b>\$6,435,137</b>

## Appendix 2:

### Glossary of SPARC Programmes, Initiatives and Terminology

<b>Active Communities</b>	Active Communities is an umbrella term for a range of initiatives aimed at increasing participation in physical activity at a local and regional level by investing in territorial authorities, Iwi and regional sport and recreation agencies
<b>Activity Friendly Environment</b>	Activity Friendly Environments are spatial and social environments that allow people to take a physically active option first. In an Activity Friendly Environment, the infrastructure, settings and services allow and encourage people of all ages and abilities to lead physically active lifestyles.
<b>Active Movement</b>	<p>Active Movement is an initiative that aims to get more young children more active.</p> <p>Active Movement focuses on the 0-5 year age group and was developed for early childhood educators and parents/caregivers. It includes resources that recommend appropriate ways to incorporate quality physical activity into young children's lives. It also involves Advisors placed in Regional Sports Trusts to work with early childhood groups and the community.</p>
<b>Active NZ Survey (previously referred to as the New Zealand Sport and Physical Activity Survey)</b>	<p>Active NZ Survey (previously referred to as the New Zealand Sport and Physical Activity Survey)</p> <p>Active NZ Survey is the key measure of participation in sport, recreation and physical activity for New Zealand adults aged 16 years and over. The survey collects data from each participant on their participation in sport, recreation and physical activity over the previous 12 months, four weeks and last seven days. Previous surveys were undertaken in 1997/98, 1998/99 and 2000/01. The latest survey is well underway and final results will be released in mid to late 2008.</p>
<b>Active Schools</b>	<p>Active Schools is a programme aimed at improving physical activity opportunities and experiences in our primary schools by:</p> <ul style="list-style-type: none"><li>• providing schools with a quality teaching resource outlining physical activity opportunities for kids throughout the school day;</li><li>• working with teachers to help them get the most from the Active Schools teaching resource; and</li><li>• supporting collaborative physical activity planning between schools and community-wide physical activity planning.</li></ul>

## Glossary of SPARC Programmes, Initiatives and Terminology

### Anti-doping

The use of drugs to enhance performance in sport is called doping. The work to eliminate doping from sport is called 'anti-doping' and includes:

- the adoption of the World Anti-Doping Code by sports organisations;
- the commitment to anti-doping by governments through the International Convention of Doping in Sport; and
- national anti-doping agencies (including Drug Free Sport NZ) working to educate athletes and undertake testing at events.

The Sports Anti-Doping Act was passed in 2006. The Act:

- sets out the responsibilities of Drug Free Sport New Zealand and the Sports Tribunal in order to maintain a drug-free sport environment in New Zealand; and
- made provision for the drafting of new Sports Anti-Doping Rules for New Zealand. The Rules, which came into force on 1 July 2007, provide a simple and efficient way for New Zealand's sport organisations to comply with the World Anti-Doping Code.

### Capability assessment

SPARC works with sports and recreation organisations that SPARC invests in to improve their governance, management and leadership.

SPARC provides quality, relevant business solutions aimed at improving the capability of the target organisations. Capability assessments help SPARC target those organisations that are yet to fulfil their potential, and identify specific areas requiring improvement. Solutions can include advice and resources for effective financial management, human resource management, and strategic planning.

### Carded athlete/coach programme

The New Zealand Academy of Sport and National Sport Organisations work together to make sure that funding for elite sport is invested in the areas that will give the most return.

Athletes or coaches who are "carded" are eligible for an allocation of funding and services as determined by their National Sport Organisation.

The card gives an individual access to a personal entitlement of support services such as sports science, nutritionists, and physiotherapy. Athletes in each sport will have a different combination of services available to them, based on the needs of the individual and their sport.

### CoachCorp

- One of the NZ Coaching Strategy's initiatives, CoachCorp involves companies allowing for flexi time for their employees to coach, manage or officiate school or club sport. CoachCorp has been successfully piloted in Auckland, and is now being rolled out in Wellington and Christchurch. ASB, BNZ, Ministry of Education, EDS New Zealand Ltd and BECA are among current supporters of the programme.

## Glossary of SPARC Programmes, Initiatives and Terminology

### Coach Force

Another of the initiatives to come out of the NZ Coaching Strategy, CoachForce aims to enable as many people as possible to access coaching services through the best local channels.

The CoachForce programme aims to:

1. Deliver more and better coaches, contributing to increased participation in organised sport at a community level.
2. Encourage collaborative and strategic investment into sport between a range of partners.
3. Provide a delivery mechanism for the New Zealand Coaching Strategy.
4. Provide a developmental pathway for coaches.

CoachForce is a nationally driven, regionally delivered programme involving SPARC, National Sport Organisations, Regional Sport Organisations, Regional Sports Trusts and funding partners such as community trusts and gaming trusts. SPARC has already increased investment in Regional Sports Trusts to support CoachForce, and is working to broker partnerships between National Sport Organisations and local funding bodies.

### Coaching Strategy

The New Zealand Coaching Strategy was developed by SPARC in consultation with New Zealand coaches in a variety of sports. It was released in February 2005.

The aim of the strategy is for New Zealand coaches and sporting organisations to work together to develop a coaching environment that produces high quality coaches and, in turn, high quality athletes. The strategy focuses on the three following objectives:

- More time: increase and improve the quality and quantity of time available for coaches to focus on coaching activities and coach education.
- Increased recognition and status: increase the recognition and status of coaches to ensure they are valued and that coaching is seen as a rewarding experience.
- Improved quality: continually improve the quality of the coach education process, ensuring that coaches have ongoing pathways for further development.

The strategy is being implemented through a variety of initiatives that include CoachCorp and Coach Force.

### Developing Fundamental Movement Skills

The Developing Fundamental Movement Skills resource uses play and simple activities to help kids get involved in games and improve at their own rate. Developing Fundamental Movement Skills aims to establish a sound base for sport, so young people can move easily into modified sports and adult sports.

This new resource (published in October 2007) builds on the materials in the 1997 Kiwisport Fundamental Skills Manual, and provides greater emphasis on progressive development of skills.

The activities in Developing Fundamental Movement Skills are simple and require only basic knowledge to teach or coach.

## Glossary of SPARC Programmes, Initiatives and Terminology

- Green Prescription** A Green Prescription involves General Practitioners and practice nurses giving a “prescription” outlining activities to be done by patients whose health could benefit from increased physical activity. The patient is then eligible for support and advice from their Regional Sports Trust for up to four months. Patients that benefit most are those with conditions such as heart disease, hypertension, diabetes and obesity.
- In 2006/07, 20,211 patients were referred to Regional Sports Trusts and Primary Health Organisations for Green Prescription support.
- Healthy Eating – Healthy Action (HEHA)** Healthy Eating – Healthy Action (HEHA) is the Ministry of Health’s strategic approach to improving nutrition, increasing physical activity and achieving healthy weight for all New Zealanders.
- Improving nutrition, increasing physical activity, and reducing obesity are three of the 13 health priorities identified in the New Zealand Health Strategy.
- SPARC is an important partner in HEHA.
- He Oranga Poutama** He Oranga Poutama is SPARC’s programme for developing healthy and active lifestyles for Māori by enhancing their enthusiasm for sport, active leisure and improving wellbeing. To achieve this, SPARC invests in organisations, such as iwi authorities and Regional Sports Trusts.
- Local organisations have appointed kaiwhakahaere (coordinators) whose main role is to make sure that sports and recreation programmes achieve good outcomes for Māori.
- High Performance** High performance is a term that is used to describe athletes who have been identified as talented and who are training and competing at an elite level. They are often part of a ‘high performance’ programme which is designed to help them reach their full potential. SPARC released its High Performance Strategy 2006-2012 in 2006. The goal of the strategy is to create a world class high performance system which provides the required leadership, resources and support services to enable athletes and teams to win in events that matter to New Zealand.
- Mission-On** To improve the lifestyles of children and young people the Ministers for Sport and Recreation, Education, Health and Youth Affairs developed a package of 10 new initiatives to grab young people’s attention through high profile fun activities and technology that ‘pushes their buttons’. The aim of the package is to significantly improve the healthy choices of New Zealand’s children and young people.
- Mission-On was launched on 21 September 2006 and builds upon the ‘Kiwi lifestyle’ in a way that inspires young New Zealanders with initiatives that excite and actively involve children, young people and their families. Mission-On is an interagency campaign led by SPARC in partnership with the Ministry of Health and the Ministry of Education and with support from the Ministry of Youth Development.

## Glossary of SPARC Programmes, Initiatives and Terminology

### National Research Strategy for Sport, Recreation and Physical Activity 2006-2012

The National Research Strategy is being developed by SPARC to provide guidance on the direction of research in the sector. The strategy aims to facilitate a more focused approach to research, identify priorities and deliver research that meets the needs of the sector and is utilised.

The primary motivation for a research strategy for the sector is to facilitate a more focused approach to research – both in terms of effort and investment.

### National Sport/ Recreation Organisations

National Sport and Recreation Organisations (NSOs or NROs) are the representative bodies of a sport or recreation activity in New Zealand. NSOs and NROs are recognised by SPARC as the national bodies if they meet certain criteria that include (but are not limited to):

- being nationally representative of all New Zealanders participating in that sport or recreational activity;
- being registered as an incorporated body or having charitable trust status; and
- having such policies as required by SPARC including an anti-doping code that complies with the World Anti-Doping Code.

### New Zealand Academy of Sport

The New Zealand Academy of Sport is the brand name of SPARC's high performance network and the avenue for implementing SPARC's high performance strategy.

The network comprises the NZ Academy of Sport National Office at SPARC and two independent organisations that have been contracted to provide services in the regions, using the NZ Academy of Sport brand: NZ Academy of Sport North Island (Auckland) and NZ Academy of Sport South Island (Dunedin).

The network provides access to world-class expertise, services and facilities for New Zealand's best athletes, our promising young athletes and their coaches.

### No Exceptions

The No Exceptions Strategy was released in June 2005. This strategy supports the New Zealand Disability Strategy and has assisted SPARC, Regional Sports Trusts and National Sport Organisations to take responsibility for more and better opportunities for disabled people in sport and recreation.

No Exceptions has three main work areas:

- organisation and sector development;
- best practice examples, tools and information; and
- training and education.

Priority actions include:

- taking stock of accessible facilities, programmes and events;
- a requirement for all Physical Activity Plans to have an inclusive philosophy; and
- educating disability service organisations about the benefits to disabled people of sport and physical recreation.

## Glossary of SPARC Programmes, Initiatives and Terminology

### Obstacles to Action

Obstacles to Action was a groundbreaking piece of research conducted in 2003 by SPARC and the Cancer Society of New Zealand. It is 'psycho-behavioural' research that looks in depth at both physical activity and nutrition.

The survey was sent to one in every hundred New Zealand households. The research is groundbreaking because it moves beyond traditional surveys that have documented the physical activity levels and nutrition habits of New Zealanders to and focus on why people do, or do not, engage in specific behaviour.

The results from this survey helped SPARC and the Cancer Society to identify and target key groups in order to encourage and support them to be more active and to adopt healthy eating habits.

### Omnibus surveys

As well as conducting one-off surveys, many research companies conduct omnibus surveys that contain questions from several different organisations. An omnibus survey interviews a large and representative sample of people and will contain questions from a number of different sources.

Omnibus surveys take place regularly throughout the year and tend to be conducted either face-to-face or on the telephone.

Omnibus surveys are run by most of the major research companies and SPARC can place questions to collect information in a quick and reasonably cost effective manner.

### Outdoor Recreation Review

The aim of the review is to maximise the value of outdoor recreation to New Zealanders. The scope covers back-country activities to local urban opportunities, and the coast. The review is being undertaken in conjunction with key stakeholders and will be completed by June 2008.

### Performance Enhancement Grants

In 2004 the New Zealand Academy of Sport introduced Performance Enhancement Grants (PEGs) for athletes.

This is a direct athlete support scheme targeted at elite athletes and teams who have the potential to win medals in events of importance to New Zealanders.

PEGs are designed to help elite athletes defray the costs of living and training. To complement the PEGs programme it was recognised that a similar scheme should be introduced for coaches to enable them to spend more time coaching PEGs athletes.

### Prime Minister's Scholarships

The Prime Minister's Scholarship programme is a Government initiative managed by SPARC through the New Zealand Academy of Sport regional operations. Scholarships can be awarded to athletes, coaches, officials or support teams. Scholarships are aligned to SPARC's High Performance Strategy 2006-2012 and must impact SPARC's high performance mission: more New Zealanders winning on the world stage.



## Glossary of SPARC Programmes, Initiatives and Terminology

### Push Play

Push Play is a nationwide social marketing campaign aimed at getting more New Zealanders more active more often. The campaign is designed to inform New Zealanders of the need to be active at least 30 minutes a day on five or more days of the week and also to motivate them to turn that awareness into action. Push Play involves promotion in various media and is supported by initiatives run through the 17 Regional Sports Trusts (RSTs) throughout New Zealand, many in partnership with local authorities.

The behavioural change focus of the Push Play campaign is guided by SPARC's "Obstacles to Action" research which identified target population groups and led to targeted responses.

SPARC also works with organisations such as local authorities, schools, the National Heart Foundation, and DHBs to help communicate Push Play messages.

### Push Play Nation

Push Play Nation is a seven week campaign that runs from late September and finishes on Push Play Day, the first Friday in November. The campaign aims to encourage people to be regularly active and establish long-term physical activity habits.

Push Play Nation caters for all New Zealanders but specifically targets three groups identified in SPARC's Obstacles to Action research: Others Oriented; Busy and Stressed; and Support Seekers. These people want to get active but lead busy lives and sometimes do not know where to start. Many of these people are working parents who want to be good role models for their children and be active, however, physical activity is low on their list of priorities. The campaign utilised television, SPARC's website, 0800 phone number and other relevant media to promote Push Play messages.

### Push Play Parents

The Push Play Parents campaign encourages parents and caregivers of children to take a more active role in supporting their children to be more physically active. The campaign is SPARC branded but will leverage off the Push Play brand in terms of activities and messages. The campaign was promoted through television and print advertisements and also included a web-based resource that pulls together information from Active Movement, Active Schools and CoachCorp (as these programmes already encourage parents to take an active role in getting their kids moving).

### Push Play Day

This is the national day SPARC celebrates New Zealanders being physically active. It is held on the first Friday of November.

## Glossary of SPARC Programmes, Initiatives and Terminology

### Regional and Community Physical Activity Planning Service

A service that SPARC offers to local authorities to develop plans that identify the physical activity needs of communities. This is part of SPARC's Active Communities approach.

The plans address coordination and alignment in the delivery of physical activity opportunities e.g. coordinating local council planning, school needs, coordination of facility development, etc. This has resulted in the development of regional and district physical activity strategies that identify and prioritise needs and actions for increasing physical activity.

### Regional Sports Trust

New Zealand has 17 Regional Sports Trusts (RSTs) across the country. These are independent not-for-profit organisations governed by a Board of Trustees drawn from the local community.

As "umbrella" organisations, RSTs work across the broad sport and physical recreation spectrum, assisting regional sports organisations, schools and clubs as well as supporting individuals and community groups participating in less structured physical activity. They provide a regional voice for their sport and recreation communities. RSTs have strong working relationships with sports organisations, local councils, health agencies, education institutions, local businesses and the media.

SPARC provides 'core' investment to each RST and also provides further investment for targeted initiatives like Green Prescriptions, Coach Force, He Oranga Poutama, Active Movement, Active Schools and Sportfit.

### Research Grants

SPARC Research Grants support research projects in the sport and recreation sector. These grants are intended to provide funding support for research projects that will expand the knowledge and evidence-base of the sector. The grants will also support the development of dedicated sport and recreation researchers. The fund is contestable.

### Rural Travel Fund

The SPARC Rural Travel Fund was developed in response to concerns raised by councils about the lack of participation in sport by young people living in rural communities. Geographical isolation, urban drift, and lack of employment opportunities and access to mainstream funding were identified as barriers to sport participation.

The fund is designed to help subsidise rural travel for junior teams, and is targeted at young people aged between 5-19 years to assist school & club sports teams to participate in local sporting competitions

The Rural Travel Fund is open to Territorial Authorities (TAs) to support rural sports clubs and rural school teams in areas that have less than 10 people per square kilometre.

## Glossary of SPARC Programmes, Initiatives and Terminology

### Samoan Sports Support Project

The Samoan Sports Support Project is an initiative developed between the Samoan Ministry of Education, Sport and Culture and SPARC. The project is funded by NZAID and runs for three years from 2006-2008.

Three strategic objectives have been identified: to strengthen the policy-making capacity of Samoan sports officials; to enhance the technical capacity of Samoan sports administrators, coaches, referees and athletes; and to enhance SPARC's understanding, development and implementation of initiatives directed at Pacific Island New Zealanders.

### Sport and Recreation Pathway

The Sport and Recreation Pathway was developed following the work on the Talent Development Framework which was drafted in 2005 and finalised in 2006. This work followed extensive international research into talent identification and development methodologies through a cross-sector taskforce - the Talent Identification and Development Taskforce.

The Sport and Recreation Pathway recognises that everyone has a pre-determined genetic makeup. It aims to provide the best possible environment to allow all New Zealanders to reach their individual potential. A 'development pathway' identifies the stages all children, young people and adults need to pass through to reach this potential.

While the ultimate high-performance goal of the development pathway is greater international sporting success, the Sport and Recreation Pathway is about much more than elite-level sport. It recognises that development is holistic, in that enhancing movement and sporting skills amongst all children and young people will not only keep far more people active in sport and recreation into adulthood, but also lead to greater cognitive and psychological wellbeing - particularly in young people.

The Pathway emphasises the need to reinvigorate informal 'play' - whereby spaces such as the backyard, local park and school playground are integral to talent development.

The Pathway identifies three primary stages to the pathway:

- Foundation: (Explore and Learn stages) Developing all children's fundamental movement and sporting skills, and confidence. Confidence and competence in sport and physical activity stimulates ongoing active lifestyles.
- Participation: (Participate stage) Retaining people in sport and recreation through teenage years into lifelong participation. Continued skills development and enjoyable sport and recreational experiences will lead to far greater retention rates.
- High Performance: (Perform and Excel stages) Inclusive, well-targeted talent identification processes will give all athletes with the potential for elite success access to a high performance programme through the perform stage. This programme needs to provide a holistic development pathway through appropriate coaching, competition structures and support networks. The ultimate goal is greater international sporting success (Excel stage).

## Glossary of SPARC Programmes, Initiatives and Terminology

### Sportfit

SportFit is a SPARC administered programme that is predominantly funded through Vote Education.

The Sportfit programme encourages 13-18 year olds to be physically active throughout their lives.

SPARC invests in more than 400 sport and physical activity coordinators. These people are based in New Zealand secondary schools and work with students, teachers and communities to increase opportunities for participation in sport and physical activity.

#### **Sportfit programmes include:**

Sport Education - helps students become both skilled participants and 'good sports'

Sport Leader - develops leadership skills through sport

Sportfit SportsMark - ensures schools deliver quality sports services

Sport Ambassador Programme - inspires students through visits by sporting role models

SPARC Future Champions - recognises our most promising young athletes

Sportfit is supported by a nationwide network of regional sports directors and sports development officers

### Talent Identification Taskforce

Chaired by Sir Ronald Scott, the Talent Identification Taskforce investigated best practice models and research to discover whether it is possible to predict future talent based on current performance, and if international methods could be applied to New Zealand to significantly raise performance standards.

The Taskforce's conclusion, consistent with findings by sports science researchers worldwide, is that there is no simple way to accurately identify future talent as talent is multi-dimensional. It can emerge at any point during an athlete's development, and is affected by factors such as genetics, environment, mental, physiology and support. However, it is possible to create an environment that increases the chances of athletes fulfilling their potential.

The Taskforce released its findings 'Linking Promise to the Podium' in July 2004.

### Targeted sports

Up to 70% of SPARC's high performance investment and support is targeted at results capable sports competing in the events that matter to New Zealand. There are nine targeted sports: athletics, cycling, rowing, sailing, swimming, triathlon, cricket, netball and rugby. Further information can be sourced from SPARC's High Performance Strategy 2006-2012.

## Glossary of SPARC Programmes, Initiatives and Terminology

**Volunteers Programme** The volunteer programme consists of three key projects: research; building organisational capability; and promotion.

- Through the research project SPARC will gather information that can be used to inform all aspects of the volunteer programme as well as other SPARC programmes such as coaching and organisational development.
- The purpose of the organisational capability project is to provide sport and recreation organisations, particularly at a community level, with resources and information that will assist them to manage their volunteers more effectively and improve the volunteering experience.
- The purpose of the promotion project is to acknowledge the contribution of existing volunteers and to raise the profile of the value and benefits associated with volunteering in sport and recreation.

The aim is to encourage more New Zealanders to volunteer in sport and recreation, and to retain those who currently volunteer by providing a more supportive working environment.