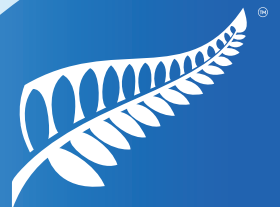


SPORT NZ GROUP

STATEMENT OF PERFORMANCE EXPECTATIONS

1 JULY 2017–30 JUNE 2018



Contents

Statement of Authorisation	4
Introduction	5
WHAT we intend to achieve and HOW	7
Community Sport	9
Output Class: Sport and Recreation programmes	9
High Performance Sport New Zealand	13
Output Class: High Performance Sport	14
Output Class: Prime Minister's Sport Scholarships	16
Assessing Organisational Health and Capability	17
Prospective Financial Statements (Consolidated)	18
Statement of Accounting Policies	22

Statement of Authorisation

This Statement of Performance Expectations should be read with our Statement of Intent 2015-2020.

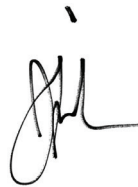
We are responsible for the financial statements and statement of performance contained in this document.

We consider that these financial statements and statement of performance fairly reflect the organisation's expected financial position and performance results for the year ending 30 June 2018, in accordance with the Crown Entities Act 2004.

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



Sir Paul Collins
Chair, Sport NZ and HPSNZ
24 May 2017



Jason Shoebridge
Board member, Sport NZ
Chair, Audit, Finance and Risk Committee
24 May 2017

Introduction

This Statement outlines the performance expectations for Sport New Zealand Group (Sport NZ and High Performance Sport New Zealand) for the year ending 30 June 2018, covering service performance and forecast financial statements.

As a wholly-owned subsidiary of Sport NZ, performance expectations for High Performance Sport New Zealand (HPSNZ) are included. This Statement should be read in conjunction with the Sport NZ Group Statement of Intent (SOI) 2015-2020 which sets out our expected impact and outcomes over the five-year period. The SOI aligns to our Sport NZ Group Strategic Plan 2015-2020.

KEY PRIORITIES IN 2017/18

Young People Plan

Our planning and work to align our investment with our strategic approaches is mostly complete. In 2017/18, we will focus on implementation.

Young People are the foundation of our Community Sport Strategy. We are building the system to enable quality experiences for young people to participate and ultimately develop a life-long love of sport and recreation. We will do this by focusing specifically on physical literacy, insights and locally-led delivery.

As we continue to implement the Young People Plan, we are also targeting low participation communities and competitive sports from which young people get significant benefit.

High Performance Sport New Zealand (HPSNZ)

Our focus is on inspiring the nation through more New Zealanders winning on the world stage. The strategic priorities to support this aim are to:

1. Lead a highly effective high performance system that ensures resources are targeted and prioritised to deliver performance outcomes
2. Work in partnership to increase the stability and high performance capability of National Sport Organisations (NSOs)
3. Partner with NSOs to build world-leading coaching and high performance programme leadership
4. Deliver world-leading performance support for our athletes and coaches
5. Enhance the daily training and competition environments
6. Strengthen high performance athlete development systems
7. Lead an integrated and robust innovation, technology and knowledge programme to drive increased performance.

Better participation information

We will have more accurate and reliable information about participation in 2017/18. Insights into motivators, barriers, likes and dislikes will allow us and the sector to understand more about our population.

This information will enable better decision-making to ensure sport and active recreation meet participant needs.

In 2017/18, we are seeking a deeper understanding of young people, and across our Target Participant Groups (TPGs¹), in particular. This includes research to capture the voice of young people, and reviews of secondary school-age children and competitive sport.

We are also prioritising the completion of our 'Value of Sport' (phase 2) project to better articulate and evidence sport's value to multiple stakeholders.

Partnerships

Strong and capable sector partners at national and regional levels are critical to the success of both our Community Sport and High Performance strategies. In 2017/18 we are seeking an improved approach to engagement with our national and regional partners. We will also deliver initiatives in support of business capability improvement for our individual partners and across the system.

Stronger relationships with other government agencies

Sport NZ recognises the value of working across the state sector to enhance our goals and contribute to the broader wellbeing of New Zealanders. We believe sport offers benefits to achieve outcomes that reach beyond sport into health and education.

We made great progress in 2016/17 in our formal agreements with the Ministries of Health and Education. Our focus in 2017/18 will be to better understand the challenges specific government agencies face, and determine how sport can assist in addressing these challenges. We anticipate lifting our profile across government, demonstrating our ability and willingness to contribute to the complex challenges across agencies, and establish ourselves as an agency worth doing business with.

Performance

In 2017/18, we are seeking to better articulate our and the sector's performance against strategy and business priorities. This includes:

- Evaluation of Community Sport initiatives
- Partner performance analysis and reporting
- Performance framework development
- Performance reporting.

People and culture

We remain focused on creating an organisation where great things happen and we work at our best together.

At Sport NZ we are calling this cultural change 'The Sport NZ Way' and this empowers all staff to be their best individually and together. A revised People Strategy will be implemented alongside cultural change to ensure staff performance and potential are maximised.

¹ Target Participant Groups include young women, Māori, Pacific Islander and Asian

WHAT we intend to achieve and HOW

Through building a world-leading sport system, we will achieve our strategic outcomes: more kids and adults participating, more winners on the world stage. The diagram below is an extension of our Outcomes model, the lower 'hemisphere' depicts the sport system attributes or parts we will work through (the 'How') to achieve the outcomes and priorities we have identified in the top 'hemisphere' (the 'What').

WHY – Enriching lives and inspiring the nation

We have identified five attributes or parts which are critical to success in the sport system:

Environment

the context the system operates within

Intelligence

knowledge, and its application by people in the system

Capability

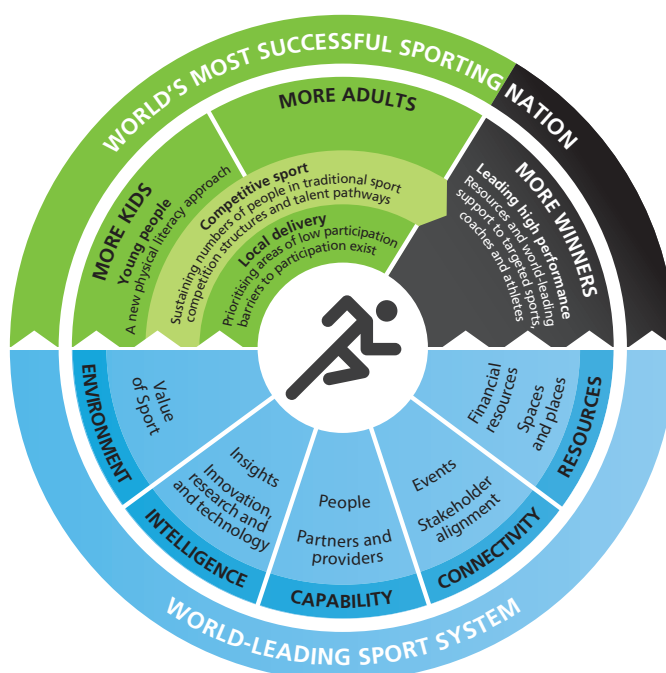
people and organisations within the system

Connectivity

sharing and collaboration across the system

Resources

financial and physical 'inputs' to the system



Through building improvements in the system, we will make progress in our Strategic Focus Areas:

Strategic Focus Areas

Young People (5-18)

We will provide Young People with high quality experiences that develop their physical literacy (the motivation, confidence, competence, knowledge and understanding needed to choose to participate) at home and in their schools, clubs, and communities.

Low Participation Communities (was Local delivery)

We will identify and prioritise our efforts and work with communities where there is low participation. A 'locally-led delivery' approach will help to identify the barriers, as well as the opportunities to help create more active communities.

Participants in Competitive Sport

We will provide quality sporting pathways and competition structures which give all New Zealanders the opportunity to participate and excel.

Leading High Performance

To have the best chance of success, athletes need world-leading programmes, support services and facilities. To enable athletes to focus solely on performance, HPSNZ will be performance-driven and coach-led in its work with targeted sports, athletes and teams.

Overview of expected progress to 2020

We expect results to remain on track for our strategic outcomes: more kids and adults participating, and more winners on the world stage. To achieve this, we expect progress towards our fourth strategic outcome: progress in all areas of a world-leading sport system.

The Statement of Intent 2015-2020 provides our planned progress, including priority areas and intended impacts. The chart below shows progress made last year and specific planned activities and intended results to 2020:

YEAR 2: 2016/17	YEARS 3-5: 2017-2020
<p>System improvement frameworks will be implemented and adopted ✓</p> <p>Evaluation across priority projects to measure shifts will be in place (on track)</p> <p>Initial findings from Insights programme and others will be provided to the sector and used to guide ongoing improvement actions ✓</p> <p>Initial ROI metrics across Community Sport investments will be available providing evidence of system improvement shifts for priority partners</p> <p>Best practice tools, resources and advice are available to support partner decision-making & delivery ✓</p>	<p>Our medium-term impacts, the changes that we want to see and will make or influence through system improvements, include:</p> <p>FOR SCHOOL-AGED CHILDREN</p> <p>Across targeted school communities:</p> <ul style="list-style-type: none"> • Improved Physical Literacy • Increased understanding of the value of physical activity and increased confidence to deliver • Local delivery projects are matched to local sport and physical activity needs • Sector alignment and collaboration in local delivery provision <p>Across partners and targeted participant groups:</p> <ul style="list-style-type: none"> • Increased awareness and improved delivery of age appropriate coaching <p>FOR ADULTS</p> <ul style="list-style-type: none"> • Local delivery projects are matched to local sport and physical activity needs • Sector alignment and collaboration in local delivery provision • Clear talent pathways • More (fit-for-purpose) training available for coaches
<p>Debrief Rio performance alongside planning and preparation for Tokyo 2020 Olympics and Paralympics, incl. re-setting investment levels ✓</p> <p>Development of NSO capability towards greater levels of self-reliance</p>	<p>FOR WINNERS ON THE WORLD STAGE</p> <ul style="list-style-type: none"> • Continued success of our high performance athletes across their pinnacle events, in particular, Tokyo 2020 Olympics and Paralympics, 2018 Winter Olympics, 2018 Commonwealth Games and World Championships of targeted non-Olympic sports
<p>National Measurement Tool is fully implemented with access to National and Regional trend information to support decision making ✓</p> <p>‘Value of Sport’ is understood, can be well articulated for multiple audiences, evidence-based and used to promote/protect participation – to continue into 2017/18</p>	<p>FOR PROGRESS IN ALL AREAS OF A WORLD-LEADING SPORT SYSTEM</p> <ul style="list-style-type: none"> • Supportive cross-government and regulatory environment • Participants demonstrate an understanding of the value of sport • A well-informed, participant-focused sporting system at all levels • The sector takes a coordinated approach to address workforce challenges • Across the sector, staff and volunteers feel valued in their role/workplace • More (and increasingly) collective efforts are being applied to key issues and opportunities across the system to achieve better results (than working alone or less in collaboration could achieve) • Successful events which provide leverage to meet Sport NZ and wider government goals • Funds are directed to where they are most needed to have the greatest impact on the sport system, participants and athletes • There are more fit-for-purpose places that meet participant needs

Community sport

OUTPUT CLASS: SPORT AND RECREATION PROGRAMMES

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

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

- Implementation of the Community Sport Strategy
- Stakeholder satisfaction levels
- Partner capability

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



2017/18 annual priority	Key activities	Indicative activities costs ²	Expected results	Results measures
 <p>YOUNG PEOPLE (5-18 YRS)</p> <p>Enabling children to develop a love of sport at an early age to encourage life-long participation</p>	<p>Young People Plan is implemented across partners</p>	\$13.2m	<p>More partners than in 2016/17 adopt the Young People Plan</p>	<p>7 (out of 14) Regional Sports Trusts (RSTs) demonstrate alignment with the Sport NZ Young People Plan</p> <p>(2016/2017: 4)</p>
	<p>Play.sport programme is fully implemented across pilot schools in Waitakere and Upper Hutt</p>		<p>Initial results demonstrate improved teacher practice and beliefs (competence and confidence)</p>	<p>Through a range of evaluations, improved teacher practice and beliefs (competence and confidence) in participating schools</p>
	<p>Physical Literacy further implement this holistic approach across participants' different life stages</p>		<p>More partners adopt the Physical Literacy Approach</p>	<p>10 (out of 14) Regional Sports Trusts understand and demonstrate alignment with the Physical Literacy Approach</p>
	<p>Locally-led delivery approach</p> <p>Finalise evaluation approach, collaborate with communities, in identifying their own goals for physical activity and co-designing initiatives to reach their goals</p>	\$4.8m	<p>In partnership with low-participation communities, initiatives are designed, developed and implemented</p>	<p>10 (out of 14) Regional Sports Trusts demonstrate more community-led initiatives than in 2016/17, using the locally-led delivery approach</p> <p>(2016/17 baseline: 0)</p>



² These are indicative costs which may not include certain indirect costs such as detailed specific overheads.

2017/18 annual priority	Key activities	Indicative activities costs ²	Expected results	Results measures
	Targeted investment Investing in National Sport Organisations (NSOs) delivering sport and recreation to targeted low participation communities		NSOs receiving 'Grow' investment engage effectively with low participation communities (designing specific programmes/initiatives or creating opportunities to increase physical activity in these targeted communities)	8 (out of 10) NSOs with 'Grow' ³ investment have designed specific programmes/initiatives or created opportunities targeting low participation communities
	Coaching Further develop a network of skilled coaches to support participants	\$1.5m	Completion of 3rd programme and selection of 4th intake of 102 coaches in Performance Coach Advance Completion of 10th, 11th and 12th residential courses of Coach Developer Training Programme	Improvement in overall Net Promoter Score ⁴ (NPS) for Performance Coach Advance (baseline: 53.5) Improvement in Net Promoter Score for Coach Developer Training Programme (baseline: 72)
	Talent Plan Develop systems to sustain people participating in traditional sport competition structures and pathways		Development of training approach and resources for targeted leaders of participant and athlete development across sector	Establishment of baseline NPS score from participants on athlete development leaders training course ⁵
 SYSTEM INTELLIGENCE Improving knowledge and information in the sport system	Progress Community Sport Insights Programme Identifying the participation needs and wants of New Zealanders to enable the sport system to meet those needs	\$0.4m	Partners are using insights data in cycles of review and learning in product development and delivery Partners become more responsive to participant needs Participants are more satisfied	RSTs provide stakeholders with an enhanced understanding of the sector which improves decision-making: (baseline 45%), target 50% Improvement in overall NSO Net Promoter Score (baseline: 43) and Satisfaction (baseline: 61) Improvement in overall RST Net Promoter Score (baseline: -2) and Satisfaction (baseline: 54)
	Identifying and understanding national participation levels	\$0.9m	National and regional participation information is available to inform decision-making across the sector	2017/18 national participation levels are developed (baselines)

³ Grow investment totals \$1.57m in 2017/18

⁴ Net Promoter Score measures the proportion of respondents who would promote the service/product. The score is calculated by taking away the number/percentage of negative responses from the number/percentage of positive responses.

⁵ Measure to be finalised in 2017/18

2017/18 annual priority	Key activities	Indicative activities costs ²	Expected results	Results measures
 <p>PARTNERSHIPS</p> <p>We engage with national and regional partners to collaborate on shared outcomes</p>	Stakeholder engagement to develop regional sport and recreation plans	\$1.8m	Stakeholders across the system work collaboratively to achieve common objectives	Stakeholder engagement strategies (plans) completed for RSTs, NSOs and Territorial Authorities 5/14 Regional sport and recreation plans under development/implemented
	<p>Partner capability</p> <p>Monitor and advise on financial stability</p> <p>Assess governance arrangements</p>	\$4.7m	<p>Financial stability</p> <p>More partners can meet their short-term cash flow requirements</p> <p>Governance</p> <p>More partners receiving governance support can demonstrate an improvement in their governance</p>	80% of priority partners have sufficient working capital available Six organisations achieve the Governance Quality Mark (2016/17 baseline: 1) (2020 target: 35)
 <p>PERFORMANCE</p>	<p>Sector performance</p> <p>Support Community Sport investment partners to achieve our shared outcomes, including monitoring and measuring their performance</p>	\$22.6m	<p>System improvements</p> <p>Evidence of system improvement shifts for partners</p>	<p>12 (out of 14) RSTs⁶ demonstrate positive improvements across system building initiatives invested in</p> <p>10 (out of 18) NSOs⁷ demonstrate positive improvements across system building initiatives invested in</p> <p>Stakeholders view the overall performance of RST as improving:⁸ (baseline: 54%), target: 60%</p>
			<p>Participation</p> <p>NSOs show consistent participation levels</p>	10 (out of 18) NSOs maintain or improve current membership levels
	<p>Our performance</p> <p>Provide high-quality policy advice and Ministerial servicing to the Minister for Sport and Recreation</p>	\$0.9m	<p>The Office of the Minister for Sport and Recreation is satisfied with Ministerial servicing</p> <p>2015/16: Achieved</p>	<p>Maintain Ministerial Satisfaction</p> <p>At least 95% of briefings and correspondence provided to the Minister for Sport and Recreation in the agreed timeframes⁹</p> <p>2015/16: 98%¹⁰</p>

⁶ Core investment in 14 RSTs of \$11.995m in 2017/18

⁷ Core investment in 18 NSOs (Grow and large investment partners) of \$8.145m in 2017/18

⁸ Results for very good and excellent in the RST stakeholder survey

⁹ Source: <http://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/corporate/annual-report/2015-2016/annual-report-2015-2016.pdf#page=68>

¹⁰ This excludes speeches, talking points and media releases drafted by the Communications team

Financial Forecast:

Appropriation: Sport And Recreation

	Estimate 2017 \$000	Budget 2018 \$000
Crown Funding	22,101	19,151
Other operating revenue	54,453	46,253
Total Revenue	76,554	65,404
Less Expenses		
- Sector investment	47,589	45,781
- Programme Management	4,789	5,643
- Technical Advice and Resources	10,706	13,086
- Policy Advice	1,363	1,510
- Knowledge and Information	1,624	1,426
- World Cup Office	2,876	481
Total Expenses	68,947	67,927
Net operating surplus / (deficit)	7,607	(2,523)

High Performance Sport New Zealand

HIGH PERFORMANCE SPORT NEW ZEALAND STRATEGY

High Performance Sport New Zealand (HPSNZ) has created a performance-driven, coach-led and athlete-focused system. This system provides athletes with world class high performance expertise and facilities, so they can focus solely on performance.

HPSNZ works collectively with partners to harness world-leading best practice and, as a 'one-stop shop', we are able to respond quickly and decisively to meet the needs of New Zealand athletes. Our key domestic partners include National Sport Organisations, the New Zealand Olympic Committee and Paralympics New Zealand.

The ingredients needed to deliver the High Performance Strategy include:

- world-class people
- an appropriate high performance culture and environment
- world-leading planning and monitoring
- immersion in sports and understanding what it takes to win
- developing and applying world-leading innovation
- capturing, sharing and leveraging world-leading best practice across the High Performance system.

The core values required to support delivery of the High Performance strategy are *excellence*, *integrity* and *collaboration*. The core characteristics needed to deliver the strategy are:

- **Performance-driven** – with appropriate behaviours for partnership, understanding what it takes to win and growing internal capability through continuous learning.
- **Coach-led** – with appropriate behaviours for the optimal alignment and delivery of coaching, recognition of the coach leadership role, its accountability and development requirements.
- **Athlete-focused** – with appropriate behaviours for aligning support with athlete needs, working in an ethical manner which protects the athlete, maximising sustainable performance outcomes for the athlete and HP system.

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

The dynamic international high performance sport environment, as well as specific factors in New Zealand, pose performance challenges for the HP system and HPSNZ. In meeting its mandate to lead the high performance sport system, HPSNZ faces the following strategic performance challenges:

1. Improving HP system sustainability
2. Enhancing NSO sustainability and capability
3. Developing a sustainable and affordable portfolio of winning athletes and teams
4. Ensuring seamless athlete development pathways
5. In partnership with Sport NZ developing stronger links between HP success and broader benefits for New Zealand

OUTPUT CLASS: HIGH PERFORMANCE SPORT

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

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

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

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




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

Sector investment and management:

Key Activity	Output Descriptor	Key Indicator
 <p>Investment to support NSO high performance initiatives</p>	High performance system programme goals are achieved, which include: Podium Performances, World Class Athletes, World Class Leaders, Coaches & Support Staff, World Class Planning & Execution, World Class Daily Training Environments, Athlete Development, Effective partnership with NSOs, New Zealand Olympic Committee, Paralympics New Zealand and HPSNZ	<p>At least 85% of total high performance funding will be invested in high performance programmes and initiatives¹¹</p> <p>2015/16: 92.0% \$58.6 million</p> <p>2014/15: \$57.1 million</p> <p>2013/14: 92% \$55.5 million</p> <p>2012/13: 69% \$38.0 million</p> <p>2011/12: 68% 40.7million</p>


Technical advice and resources:

Key Activity	Key Output	Key Indicator
 <p>Technical advice for high performance expertise</p>	HPSNZ provides expert advice, guidance and assistance to NSOs to improve the delivery of their high performance programmes and athlete development	<p>At least 80% partner satisfaction with quality of consultancy provided¹²</p> <p>2015/16: 93%</p> <p>2014/15: 94%</p> <p>2013/14: 100%</p>

¹¹ Programmes and initiatives include: Investment to targeted sports, Performance Enhancement Grants, Technology and Innovation, High Performance Events and direct costs associated with the provision of Technical Advice, Resources and Athlete Services to targeted sports/athletes/coaches.

¹² Partners receiving targeted investment

Athlete services:

Key Activity	Key Output	Key Indicator
 High performance athlete support services	HPSNZ directly supports athletes through the allocation of grants and the provision of specialist and expert services ¹³	<p>At least 80%¹⁴ of coaches and athletes¹⁵ say that HPSNZ support and training environment positively impacts performance</p> <p>2016: Athletes = 83%, Coaches = 81%] 2015: Athletes = 90%, Coaches = 93% 2014: Athletes = 91%, Coaches = 93% 2013: Athletes = 93%, Coaches = 86%</p> <p>Performance Enhancement Grants (PEGs) allocated to at least 200 high performance athletes</p> <p>2016: 235 2015: 251 2014: 274 2013: 279</p> <p>400 athletes receive funding and/or access to services through the high performance system</p> <p>2016: 596 2015: 510 2014: 619 2013: 593¹⁶</p>

Financial Forecast: High Performance Sport New Zealand

Appropriation: High Performance Sport	Estimate 2017 \$000	Budget 2018 \$000
Crown Funding	62,192	62,192
Other operating revenue	4,053	5,735
Total Revenue	66,245	67,927
Less Expenses		
- Sector investment	41,659	42,490
- Infrastructure Investment	1,981	5,237
- Programme management	2,118	2,056
- Technical Advice and Resources	6,395	6,803
- HP Athlete Services	14,929	16,351
Total Expenses	67,082	72,937
Net operating deficit	(837)	(5,010)

Note that the operating deficit is caused by Infrastructure Investment funded from one-off Crown funding received in 2013/14 and held in reserves.

¹³ For example, exercise physiology, biomechanics, strength and conditioning, nutrition, physiotherapy, massage, planning, athlete life, and medical services.

¹⁴ The target has been reset to reflect that this is the first year of the Olympic cycle and risk factors such as new staff in NSOs.

¹⁵ Excludes responses from athletes who indicated that they seldom used HPSNZ services.

¹⁶ Most HPSNZ past results are gathered on a calendar year basis. The latest available results are given.

OUTPUT CLASS: PRIME MINISTER'S SPORT SCHOLARSHIPS

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




How we will assess performance: We aggregate and monitor the results in the table below across these main perspectives:

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

What these Sports scholarships enable: educational opportunities which support world-leading performances from New Zealand's top athletic talent. The scholarships assist athletes to develop holistically outside sport in ways that contribute towards their post-athletic careers and help ensure New Zealand's athlete talent pool is sustainable.

Scholarships support the achievement of tertiary and vocational qualifications while pursuing excellence in sport. The support programme that accompanies a scholarship includes high performance planning, including career advice, to help recipients make well-considered decisions regarding study plans and workloads, and manage their lives effectively in the pursuit of sporting excellence.

Sector investment:

Key Activity	Output Descriptor	Key Indicators
 Investment	High performance athletes, coaches, officials and support personnel balance their sports development by pursuing educational and personal development opportunities	<ul style="list-style-type: none"> • Administration costs are less than 4% of the total funding 2015/16: 3.6% Estimated actual [2016/17: 3.0%] to be finalised at year end • At least 300 athlete scholarships are awarded 2015/16: 394 Estimated actual [2016/17: 380 athlete scholarships] to be finalised at year end • At least 100 coach, official and support team scholarships are awarded 2015/16: 197 Estimated actual [2016/17: 120 coach, officials, support team scholarships] to be finalised at year end

Financial Forecast:

Appropriation: Prime Minister's Sports Scholarships	Estimate 2017 \$000	Budget 2018 \$000
Crown Funding	4,250	4,250
Total Revenue	4,250	4,250
Less Expenses		
- Sector investment	4,250	4,250
- Programme management	122	158
Total Expenses	4,372	4,408
Net operating deficit	(122)	(158)

Assessing Organisational Health and Capability

Focus area	Performance measure	Performance indicator	Benchmark (or closest comparator)
Good employer	Level of staff engagement	At least 75% Sport NZ, 75%+ HPSNZ <i>2015/16: 67% Sport NZ, 81% HPSNZ</i>	Staff Engagement 80%+ Source: H2R Consulting
	Annual staff turnover	11% or less 2016/17: Rolling Annual Turnover to March 2017 19.69% Increased turnover predicted at the end of the 2016 Rio Olympic cycle 2015/16: 11.6%	Core unplanned turnover across the Public Service has been steady since 2011, at around 11% http://www.ssc.govt.nz/unplanned-turnover
Efficiency	Corporate and Business Operations expenditure is maintained within current levels	Within 7.5% of total expenditure <i>2015/16: 6.8%</i>	No comparable benchmark available
Efficiency and effectiveness	New organisational performance framework includes KPIs giving line of sight of ROI and value across key areas	New organisational performance framework is completed by 30 June 2018	No comparable benchmark available
Effectiveness	Partner confidence in Sport NZ Group	At least 80% <i>2015/16: 81% Group average, 66% Sport NZ, 96% HPSNZ</i>	79% trust level in public sector organisations Source: Kiwis Count Survey June 2015 http://www.ssc.govt.nz/kiwis-count
Financial information systems and controls	Annual audit rating on performance ¹⁶	Maintain 'very good' rating. <i>2015/16: very good</i>	No comparable benchmark available
Service performance information systems and control	Annual audit rating	Maintain 'good' rating. <i>2015/16: good</i>	No comparable benchmark available

Managing risk

Sport NZ Group has risk management arrangements which include a Board-approved Risk Appetite, active management and monitoring of risk through corresponding risk registers, and a business continuity plan.

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

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

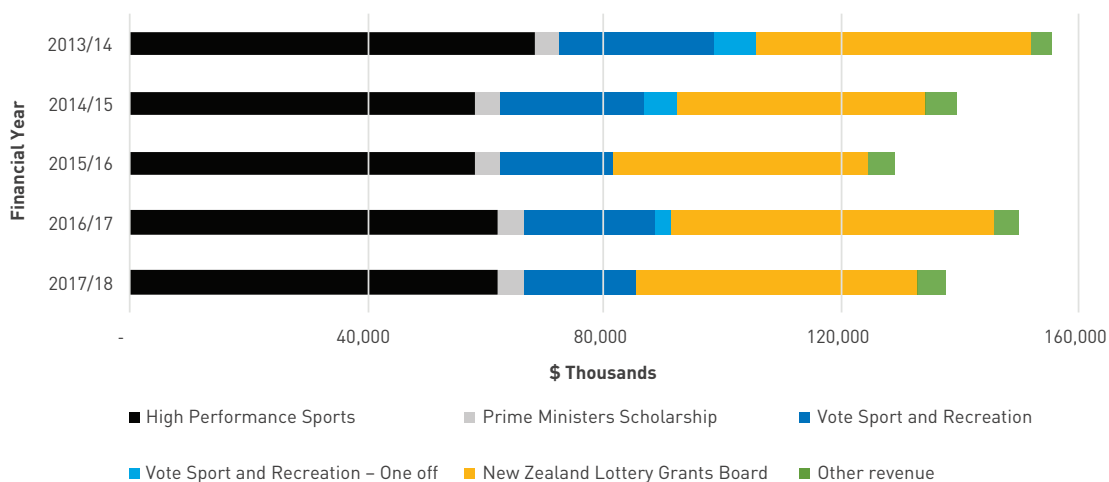
Maintaining risk awareness is an ongoing activity which enhances risk management and includes risk management workshops.

¹⁶ Audit NZ ratings are not an assessment of performance but an assessment of Sport NZ's environment, system and controls

Prospective Financial Statements

For the year ending 30 June 2018

The following prospective financial statements represent the consolidated financial statements for the Sport NZ Group, comprising Sport NZ and its subsidiary High Performance Sport New Zealand (HPSNZ):



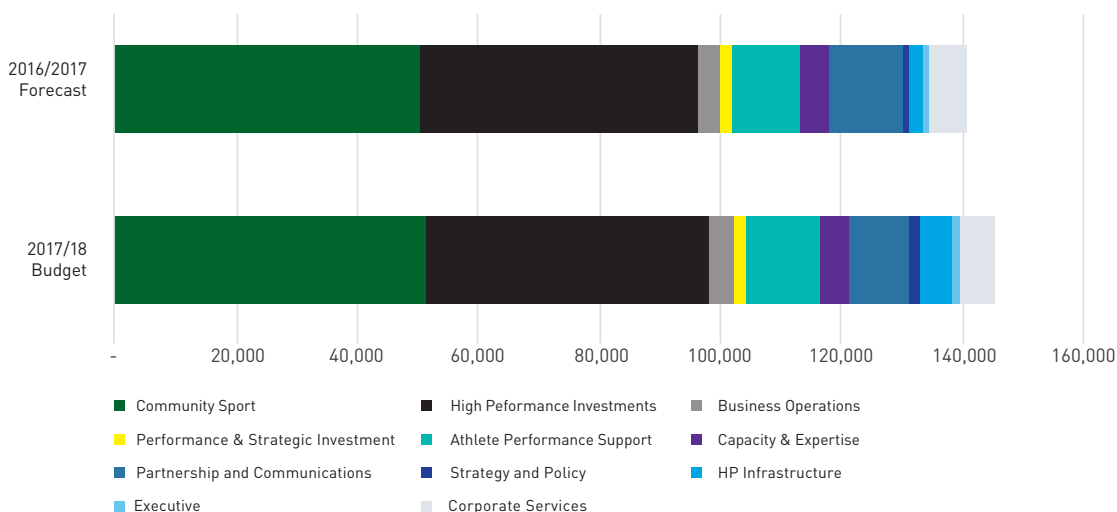
Crown funding is returning to its baseline level with the removal of one-off funding of \$2.95m for the 2017 Lions Tour Leverage and Legacy programme received in 2016/17.

After experiencing reduced Lottery revenues in 2014/15 and 2015/16, 2016/17 was a successful year for Lotto NZ with lottery revenues returning to historic highs. Strong forecasts for 2017/18 are due to a number of changes to the Lotto products.

Out-year forecasts to 2020 are based on our Closing Equity position to reduce to our target level of \$10.5m with expenditure committed against current levels. The target level of \$10.5m allows us to manage volatility across the Group – the unpredictable nature of lottery revenues and the impact of foreign exchange rates on high performance programmes in particular.

Sport NZ continues to invest heavily in the sports sector, with Sector Investments forecast at \$98m for 2017/18.

The chart below illustrates the proportional costs of running our business in \$000s.



Prospective statement of comprehensive income

Budget for the year ended 30 June 2018	Estimated	Budget
	2017 \$000	2018 \$000
REVENUE		
Crown Funding	88,543	85,593
NZ Lottery Grants Board	54,084	47,084
Interest received	1,044	830
Sundry revenue	3,378	4,074
Total revenue	147,049	137,581
SECTOR INVESTMENTS		
Investment consulting	1,150	352
Partner investments	92,454	92,194
World Cups Office	2,545	250
Infrastructure investment	1,933	5,178
Total sector investments	98,082	97,974
OPERATING EXPENDITURE		
Board members remuneration	236	244
Personnel costs	22,846	25,504
Professional and technical services	6,898	8,025
Leased property	2,343	2,420
Depreciation and amortisation	1,701	1,713
Other operating costs	8,298	9,391
Total operating expenditure	42,322	47,297
Total expenditure	140,404	145,271
Surplus / (deficit)	6,645	(7,690)
Comprehensive revenue and expense	0	0
Total comprehensive revenue and expense	6,645	(7,690)

Major variations in the level of operating revenues and expenditure between years are:

Revenue

Crown funding reflects a one-off increase in Government investment for 2017 Lions Tour of \$2.95m per annum in 2016/17.

Lottery revenue in 2016/17 is at a historic high off a highly successful year for Lotto NZ which included two large 'must win' powerball jackpots during the period. Lotto NZ profits are expected to remain strong in 2017/18 with recent game changes in their products, although a repeat of the number of 'must win' powerball jackpots is considered unlikely.

Expenditure

Infrastructure investment is increasing to reflect the timing of projects which received specific Government investment (\$10m) in 2013/14 to enhance high performance training and competition facilities.

Prospective statement of financial position

As at 30 June 2018

	Estimated 2017 \$000	Budget 2018 \$000
ASSETS		
Current assets		
Cash and cash equivalents	890	810
Trade and other receivables	21,418	14,153
Prepayments	36	36
Investments	20,000	15,500
Total current assets	42,344	30,499
NON-CURRENT ASSETS		
Property, plant and equipment	2,930	3,056
Intangible assets	926	1,199
Loan	65	67
Total non-current assets	3,921	4,322
Total assets	46,265	34,821
LIABILITIES		
Current liabilities		
Trade and other payables	7,780	3,868
Revenue received in advance	552	928
Employee entitlements	1,713	1,624
Provisions	200	71
Total current liabilities	10,245	6,491
Total liabilities		
Net assets	36,020	28,330
Total public equity	36,020	28,330

Prospective statement of changes in equity

For the year ended 30 June 2018

	Estimated 2017 \$000	Budget 2018 \$000
Opening public equity	29,375	36,020
Total comprehensive revenue and expense	6,645	(7,690)
Closing public equity	36,020	28,330

Major variations in assets and liabilities are explained as follows:

Assets

Trade and other receivables reflect the Lottery revenue received from NZ Lotteries Grants Board. This is unusually high in 2016/17 as explained above.

Liabilities

Trade and other payables are forecast to increase as we work to better align our investments with the cash flow timing of NZ Lottery Grants Board revenue, with the final payment received in July the following financial year.

Prospective statement of cash flows

For the year ended 30 June 2018

	Estimated 2017 \$000	Budget 2018 \$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash inflows		
Receipts from Crown Funding	88,543	85,593
New Zealand Lotteries Grants Board	48,418	54,176
Sundry revenue	3,676	4,074
Interest received	1,176	830
Goods and services tax (net)	-	173
Total Cash inflows	141,813	144,846
Cash outflows		
Payments to suppliers		
Sector investments	95,261	101,886
Other payments	16,913	19,177
Goods and services tax (net)	971	-
Total payments to suppliers	113,145	121,063
Payments to employees	24,088	25,921
Total cash outflows	137,233	146,984
Net cash inflow/(outflow) from operating activities	4,580	(2,138)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash inflows		
Investments maturing	-	4,500
Total cash inflows	-	4,500
Cash outflows		
Purchase of property, plant and equipment	453	1,631
Purchase of intangible assets	295	811
Acquisitions of investments	20,000	-
Total Cash outflows	20,748	2,442
Net cash (outflow)/inflow from investing activities	(20,748)	2,058
Net increase/(decrease) in cash held	(16,168)	(80)
Opening cash balance as at 1 July	17,058	890
Closing cash balance as at 30 June	890	810

Statement of Accounting Policies

Purpose

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

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

Reporting Entity

These prospective financial statements are for the Sport NZ Group for the year ending 30 June 2018. The Sport NZ Group comprises the parent entity, Sport and Recreation New Zealand (trading as Sport NZ) and its wholly-owned subsidiary High Performance Sport New Zealand Limited (HPSNZ).

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

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

These prospective financial statements were approved by the Sport NZ Board on 24 May 2017.

Basis of preparation

Statement of Compliance

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

Measurement base

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

Functional and presentation currency

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

Consolidation

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

SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

Subsidiaries

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

Revenue

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

Crown Funding

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

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

New Zealand Lottery Grants Board Revenue

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

Grants and donations

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

Interest

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

Sector investments

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

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

Leases

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

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

Cash and cash equivalents

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

Trade and other receivables

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

Investments

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

Bank deposits

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

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

Loans

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

Property, plant and equipment

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

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

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

Additions

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

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

Disposals

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

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

Depreciation

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

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

Audio visual equipment	3 to 5 years	(20-33%)
Furniture and fittings	4 to 10 years	(10-25%)
Sports science equipment	2 to 5 years	(20-50%)
Gym and coaching equipment	2 to 5 years	(20-50%)
Office equipment	5 to 10 years	(10-20%)
Computer equipment	2 to 5 years	(20-50%)

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

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

Intangible assets

Software acquisition and development

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

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

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

Amortisation

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

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

Acquired computer software	2 to 3 years	(33-50%)
Developed computer software	3 to 5 years	(20-33%)

Trade and other payables

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

Employee entitlements

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

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

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

Superannuation schemes

Defined contribution schemes

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

Provisions

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

Goods and Services Tax (GST)

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

Income Tax

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

Cost allocation

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

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

Critical accounting estimates and assumptions

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

The basis and appropriateness of the estimates and assumptions used in preparing the prospective financial statements are those which the Sport NZ Board reasonably expect to occur in respect of those actions the Sport NZ Board and HPSNZ Board reasonably expects to take as at 24 May 2017, the date on which the prospective financial statements have been authorised for issue by the Sport NZ Board.

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

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

Significant assumptions

New Zealand Lottery Grants Board funding has been estimated for the 2017/18 year based on projected profits of the Lotto NZ available at the time of preparing the prospective financial statements and Sport NZ Group's agreed share of them.

It is assumed that Sport NZ Group's business model and staffing levels will not significantly change during the 2017/18 financial year, beyond normal staff turnover. All significant assumptions surrounding expenditure have been based on historical data, existing business practices or actual business plan projections for each financial year.

Critical judgements in applying the Sport NZ Group's accounting policies

Management has exercised the following critical judgements in applying the Sport NZ Group's accounting policies for the year ending 30 June 2018:

Impairment of loans and advances

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



**SPORT
NEW ZEALAND**

Ground Floor, 86 Customhouse Quay,
Wellington 6011, New Zealand
PO Box 2251, Wellington 6140
Phone: +64 4 472 8058 Fax: +64 4 471 0813