Funding of the New Zealand sport, play and active recreation sector

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Sport New Zealand commissioned NZIER to provide an overview of the current funding of the play, active recreation and sport sector and how that has changed over time

Questions to be answered by this work

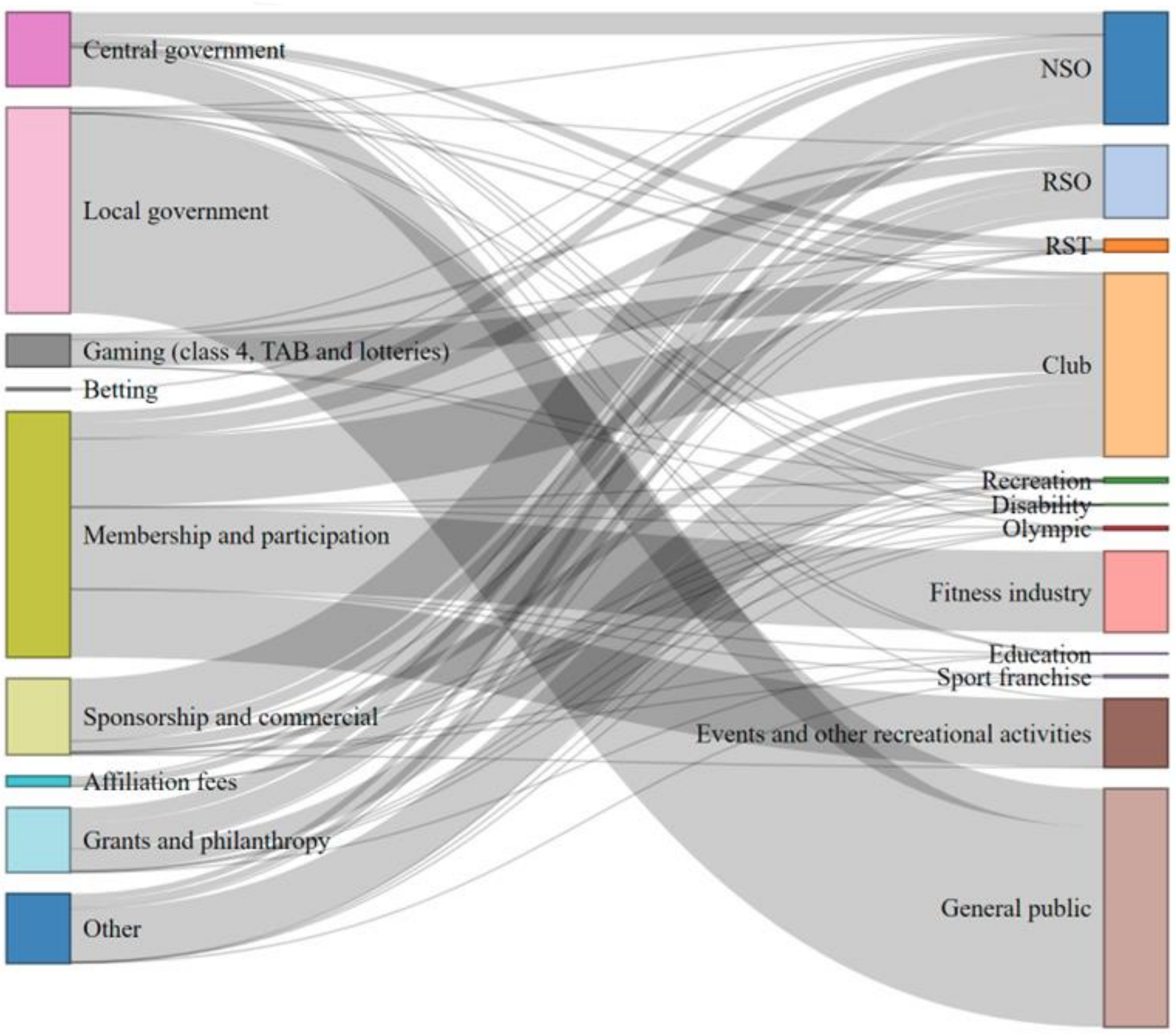
- Where does the sector get funding from?
- Where does that funding go to?
- What are the trends in funding over time?

Approach

- Review of funding “top down” and “bottom up”
- Analysis of publicly available and proprietary data
- Analysis covers the period from 2018 to 2022 with a look back to 2014 in some cases

Sector funding is a complex combination of funding sources and recipients

Funding flows within the sector

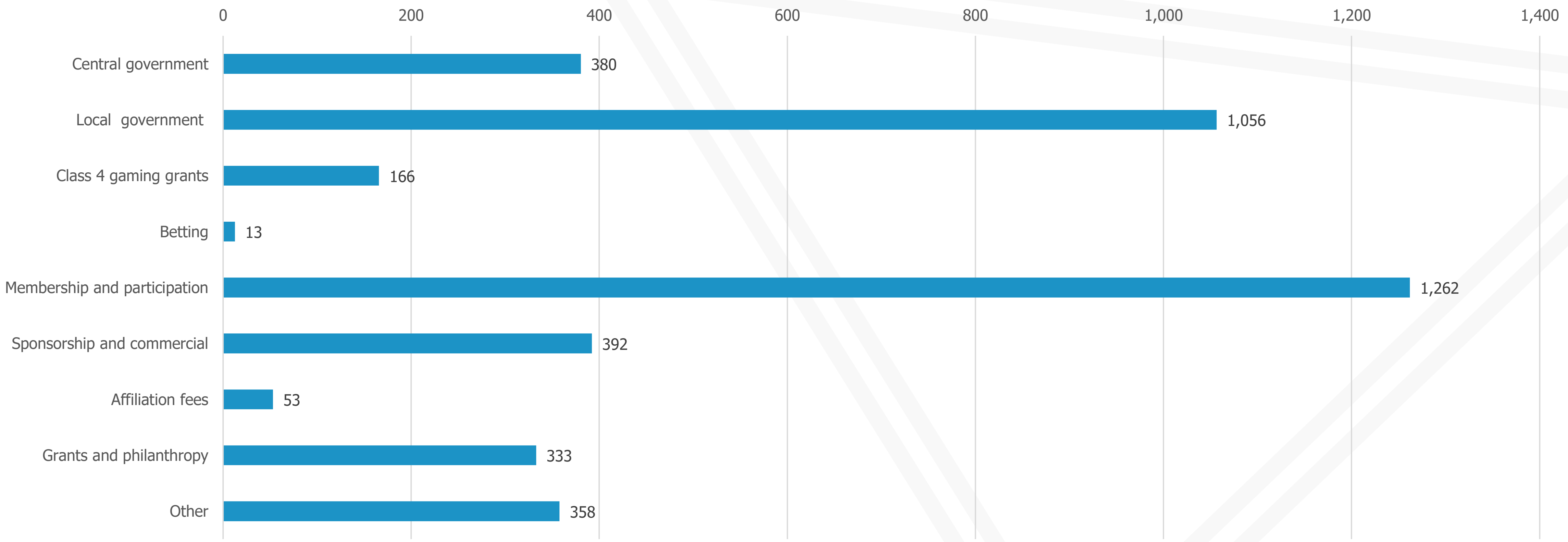


We estimate total funding to the sector in 2022 was $4.0b or $3.9b if funding between organisations in the sector is eliminated

		Funding source								
Recipient type	**Total**	**Central government**	**Local government**	**Class 4 gaming grants**	**Betting**	**Membership and participation**	**Sponsorship and commercial**	**Affiliation fees**	**Grants and philanthropy**	**Other**
NSO	**$ 574**	115	0	3	13	56	261	13	$ 80	34
RSO	**$ 373**	-	1	21	-	84	60	38	$ 128	40
RST	**$ 65**	45	7	2	-	0	1	-	$ 4	6
Club	**$ 943**	0	20	139	-	346	56	-	$ 111	272
Recreation	**$ 24**	11	0	0	-	5	0	2	$ 4	2
Disability	**$ 8**	4	0	1	-	0	1	0	$ 1	1
Olympic	**$ 17**	3	-	-	-	4	6	-	$ 4	0
Fitness industry	**$ 417**	-	-	-	-	417	-	-	$ -	-
Education	**$ 1**	1	0	-	-	0	0	-	$ 0	-
Sport franchise	**$ 13**	-	-	-	-	3	8	-	$ -	3
Events and other recreational activities	**$ 352**	5	-	-	-	348	0	-	$ -	-
General public	**$ 1,225**	197	1,028	-	-	-	-	-	$ -	-
Total	**$ 4,013**	**$ 380**	**$ 1,056**	**$ 166**	**$ 13**	**$ 1,262**	**$ 392**	**$ 53**	**$ 333**	**$ 358**
Less income going to another part of the sector	**$ 146**							**$ 53**	**$ 93**	
Total	**$ 3,867**	**$ 380**	**$ 1,056**	**$ 166**	**$ 13**	**$ 1,262**	**$ 392**	**$ -**	**$ 240**	**$ 358**

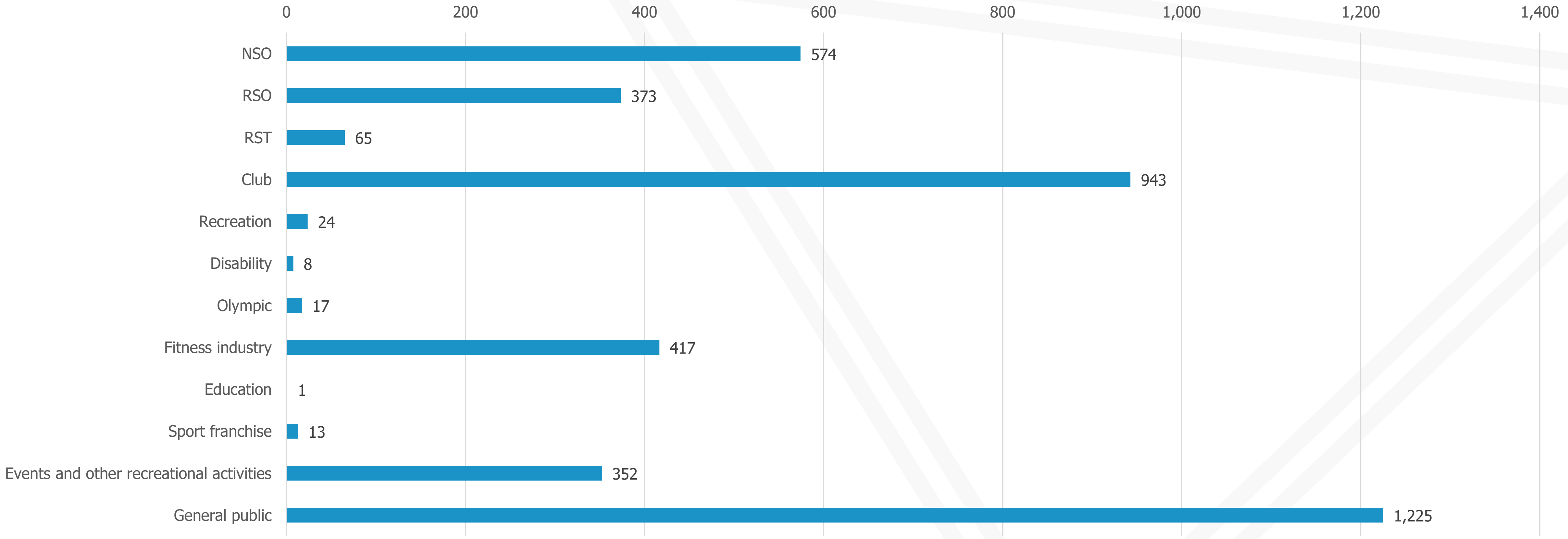
The biggest sources of the $4.0b of funding provided to the sector are local government and the fees paid by members and participants

Estimated funding of the New Zealand play, active recreation and sports sector by source 2022 ($m)



Close to a third of sector funding goes to the public in the provision of facilities and services by central and local government, but clubs are also a large recipient of the $4.0b of funding in the sector

Distribution of funding to recipients 2022 ($m)



After taking a $250m hit from Covid, the sector's funding by 2022 had still not recovered to its 2019 level

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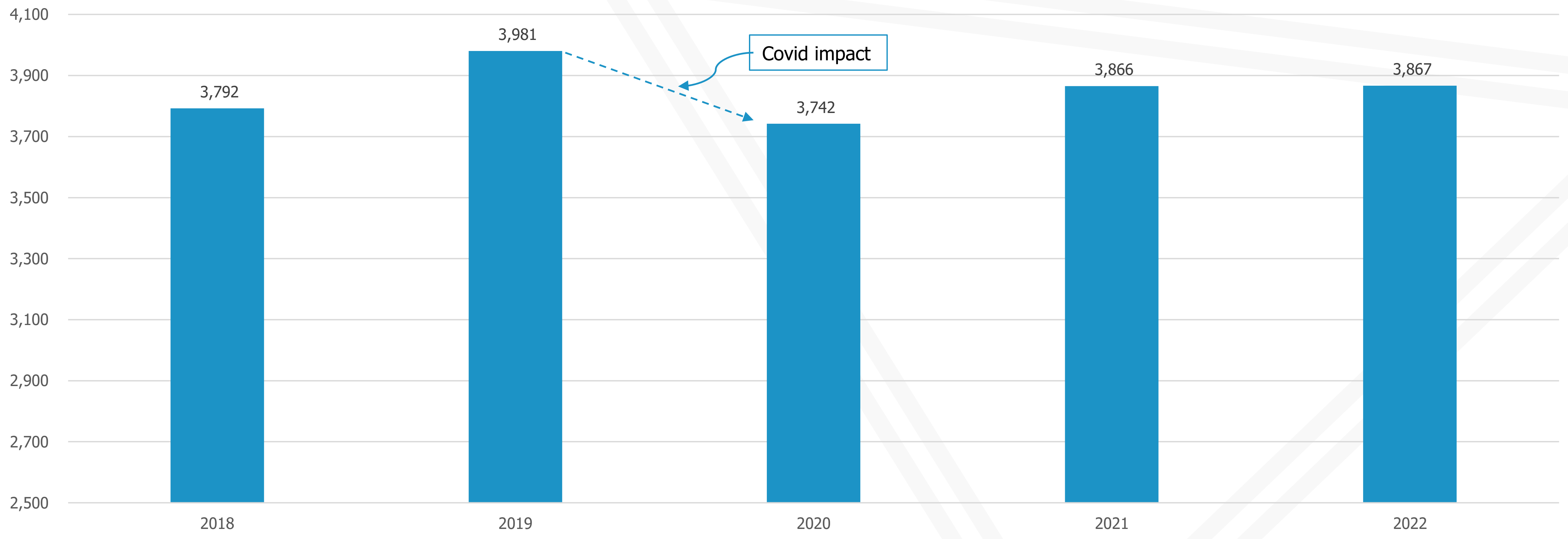
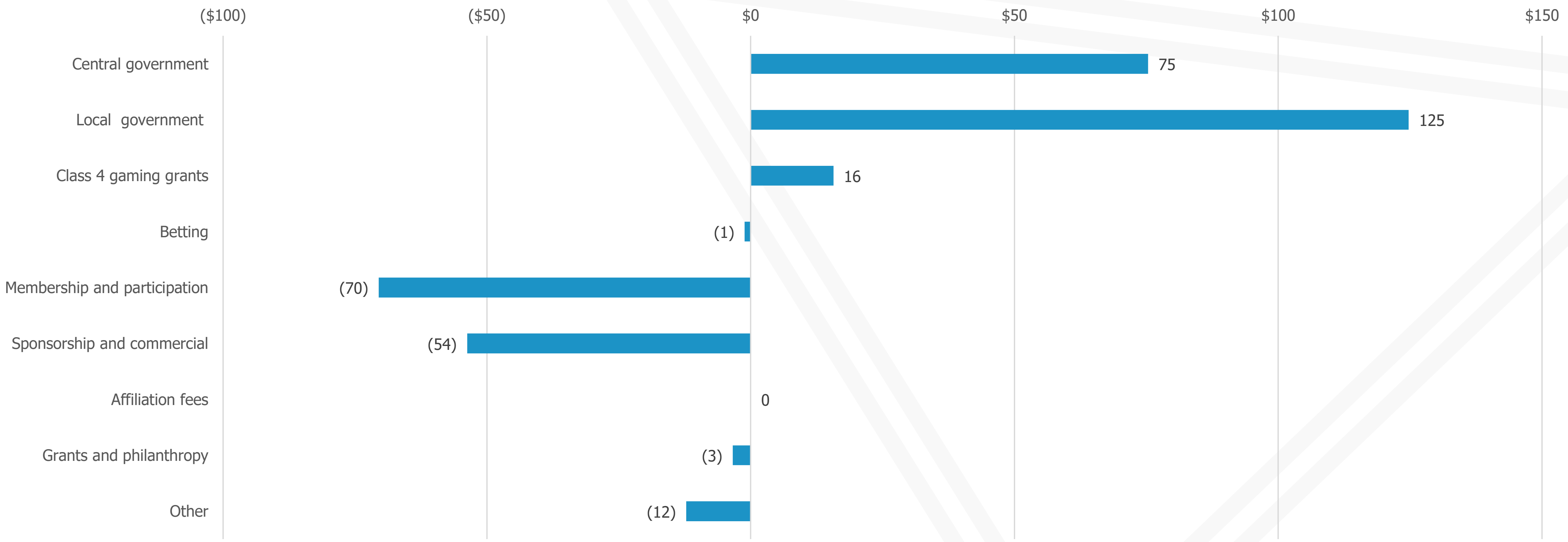
Total funding to the sector 2018 to 2022 ($m) (excluding funding between organisations within the sector andnot adjusted for inflation)



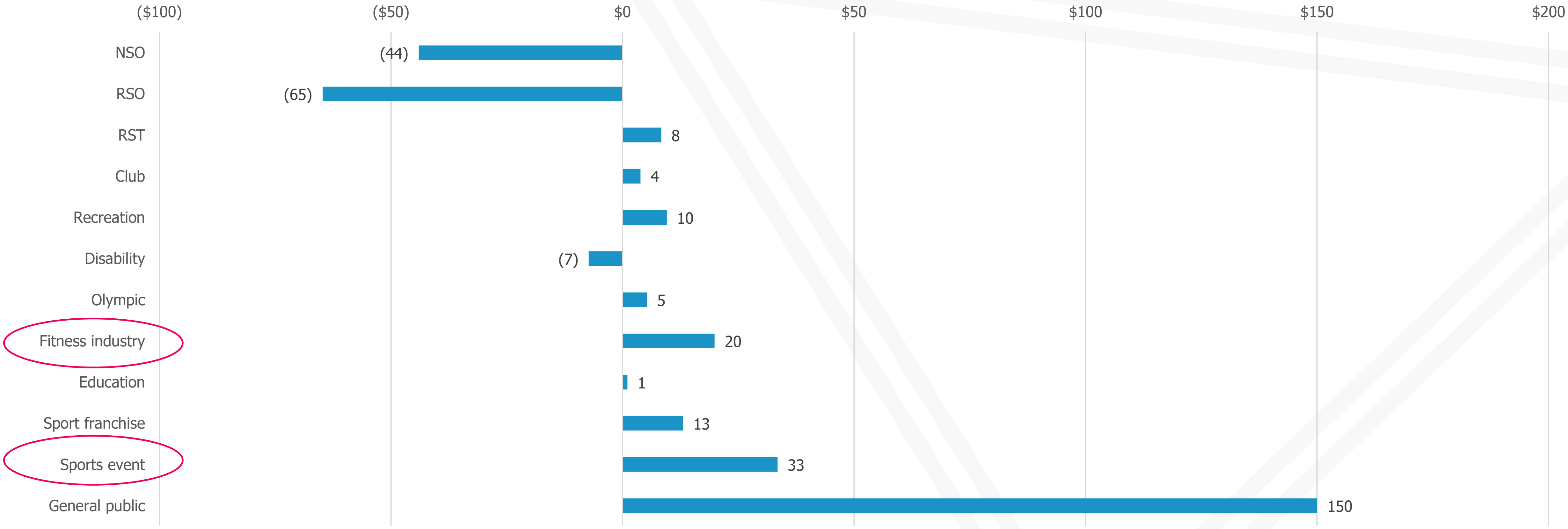
The sector has become more reliant on government funding and class 4 revenues over time as membership, participation, sponsorship and commercial revenues have declined

Changes in funding sources 2018 to 2022 ($m, not inflation adjusted)



Given where revenues have declined, it is the NSOs and RSOs that have incurred the biggest decreases over time, while there has been shift towards "pay for play" providers

Changes in funding to recipients 2018 to 2022 ($m, not inflation adjusted)



The situation is even worse when adjusted for inflation with the sector receiving close to $600m less in 2022 than it did in 2018 in real terms

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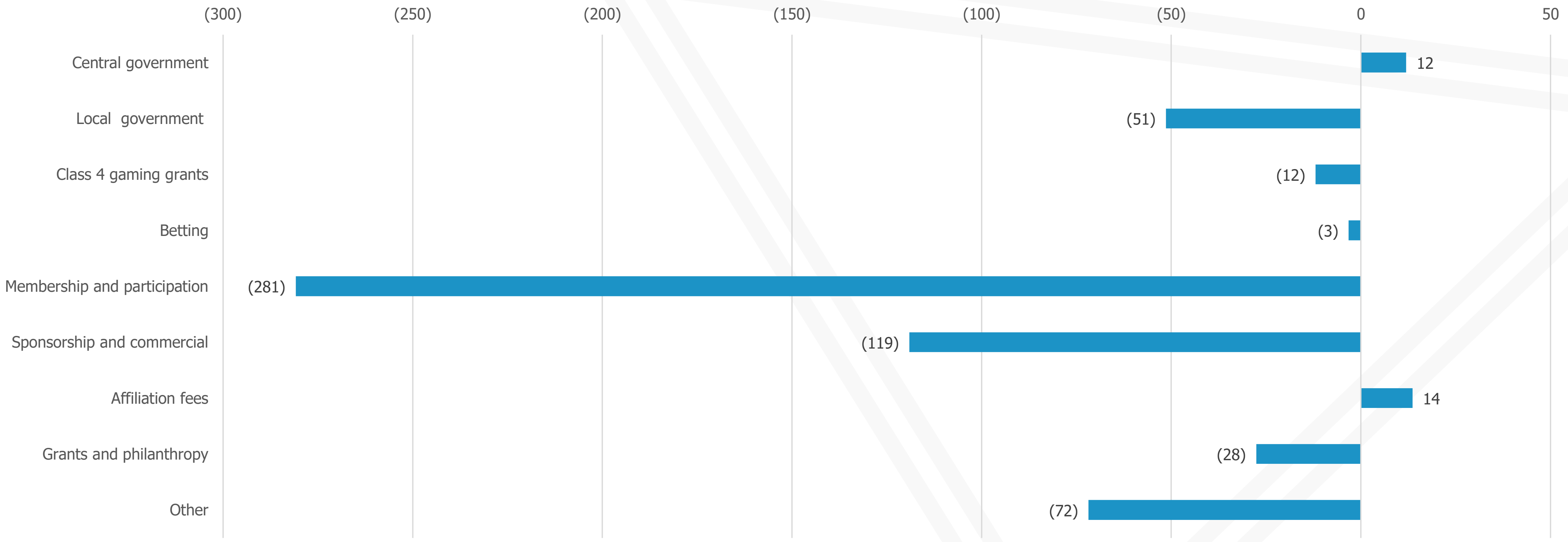
Total funding to the sector 2018 to 2022 ($m) excluding funding between organisations within the sector

Only central government funding and affiliation fees have kept pace with inflation, but in the case of central government this is at least partially explained by time-limited Covid relief funding

Changes in funding sources 2018 to 2022 ($m, inflation adjusted)



Summary

- Total funding to the play, active recreation and sports sector was $4.0b in 2022, or $3.9b excluding funding within the sector
- Membership and participation fees are the biggest funder of the sector followed by local government
- The general public receive the biggest share of this funding followed by clubs
- The sector took a $250m hit as a result of Covid between 2019 and 2020 and 2022 funding levels are still less than 2019
- Taking into account inflation, the sector has close to $600m less funding in real terms in 2022 compared to 2018
- The sector has become more reliant on government funding and class 4 gaming over time
- There has also been a shift to "pay for play" providers over time as RSOs and NSOs have seen decreased revenues