

# Social Return on Investment (SROI) of Recreational Physical Activity in Aotearoa New Zealand

SUMMARY REPORT  
OCTOBER 2022



## Foreword

Sport New Zealand Ihi Aotearoa is a kaitiaki (guardian) of the Aotearoa New Zealand play, active recreation, and sport system, and is committed to building a system that reflects its commitment to Te Tiriti o Waitangi. As a crown agency, we promote and support quality experiences to improve levels of physical activity and through this ensure the greatest impact on wellbeing for all New Zealanders. Sport New Zealand Ihi Aotearoa is interested in better understanding and demonstrating the contribution of recreational physical activity to the wellbeing of people living in Aotearoa New Zealand. This has been a unique opportunity to conduct world-leading analysis into the value of recreational physical activity for society, with a view to inform future government investment and strategy.

There is a growing body of literature supporting the contribution of recreational physical activity (refer to Appendix 2 for definition) to wellbeing outcomes, such as improved health, better social connections, higher levels of social inclusion and trust, and better community engagement. This makes investment in recreational physical activity (including play, active recreation and sport) a potentially cost-effective intervention for addressing multiple, complex social issues. However, in the face of multiple competing investment priorities,

there is a need to better justify investment in play, active recreation, and sport. A critical part of building this case is understanding the value of the outcomes of recreational physical activity, and the cost of achieving these outcomes. This includes understanding the value to Māori participating as Māori, explored within a Te Ao Māori worldview. Ihi Aotearoa is on a bi-cultural journey and will remain committed to increase our learning of Māori culture, reflect this learning into our system and honour Te Tiriti o Waitangi.

We commissioned a consortium of international researchers, jointly led by Sheffield Hallam University (United Kingdom) and the Agribusiness and Economics Research Unit (AERU) at Lincoln University (New Zealand) acting in partnership with Ihi Research and 4 Global, to conduct a Social Return on Investment (SROI) of recreational physical activity in Aotearoa New Zealand.



## Introduction

The aim of the study is to better understand, demonstrate, and communicate the contribution of recreational physical activity to the wellbeing of people living in Aotearoa New Zealand. The objectives of the study are to:

1. Improve understanding of the value of recreational physical activity to tangata whenua and all New Zealanders.
2. Set a benchmark for reliable and responsible social impact methods in Aotearoa New Zealand's play, active recreation, and sport sector.
3. Support cross-government conversations on investment in recreational physical activity for wellbeing outcomes.

This study uses a Social Return on Investment (SROI) framework to measure the social impact of recreational physical activity in Aotearoa New Zealand in 2019 (Appendix 3). The approach we used is evaluative and this means it was conducted retrospectively and is based on participation which has already taken place.

The study also examines the value of outcomes articulated by Māori stakeholders, without monetarising these in the SROI.



## Key findings

Recreational physical activity generates considerable value to society beyond the traditional economic measures identified in previous studies.

The literature review found evidence of mixed volume and quality on the extent to which sport and recreational physical activity contributes to wellbeing outcomes in Aotearoa New Zealand. Of the papers found, the largest volume of literature was around social and community development, followed by physical health. For the other identified outcome areas of subjective wellbeing, individual development and personal development, there were smaller volumes of literature. Despite the varying volumes of existing literature, there was some compelling and useful evidence providing some examples of the links between recreational physical activity and wellbeing outcomes in each of the areas for specific sub-groups, including for Māori communities. In terms of quality of evidence available, physical health was the strongest area. Generally, across all areas the review revealed a lack of research on the monetary valuation of outcomes related to recreational physical activity in Aotearoa New Zealand.

The literature review conducted for this study provides a baseline for ongoing work in this area.

### Social Return on Investment

Total inputs are estimated to be \$7.95bn. A feature of the recreational physical activity sector is its large reliance on voluntary labour. This accounts for 38.8 percent of total investment, followed by household expenditure, which accounts for 37.2 percent.

The total value of all social outcomes is estimated at \$16.8bn. The largest contribution by a considerable margin comes from health benefits, even after allowing for the cost of active accident and injury claims related to sport and recreation.

The health benefits total \$9.0bn, or \$8.4bn net of the injury claims. This accounts for close to one-half of the net social value generated by recreational physical activity in Aotearoa New Zealand. The second largest domain is subjective wellbeing (\$3.3bn, or 19.7 per cent), closely followed by work, care and volunteering (\$3.09bn). In comparison, the contributions of recreational physical to the other domains are lower, although this may reflect the lack of evidence currently available for valuing these benefits.

The estimated Net Present Value (that is, the difference between the value of the outcomes and inputs) is \$8.86bn, which implies a Social Return on Investment of 2.12.

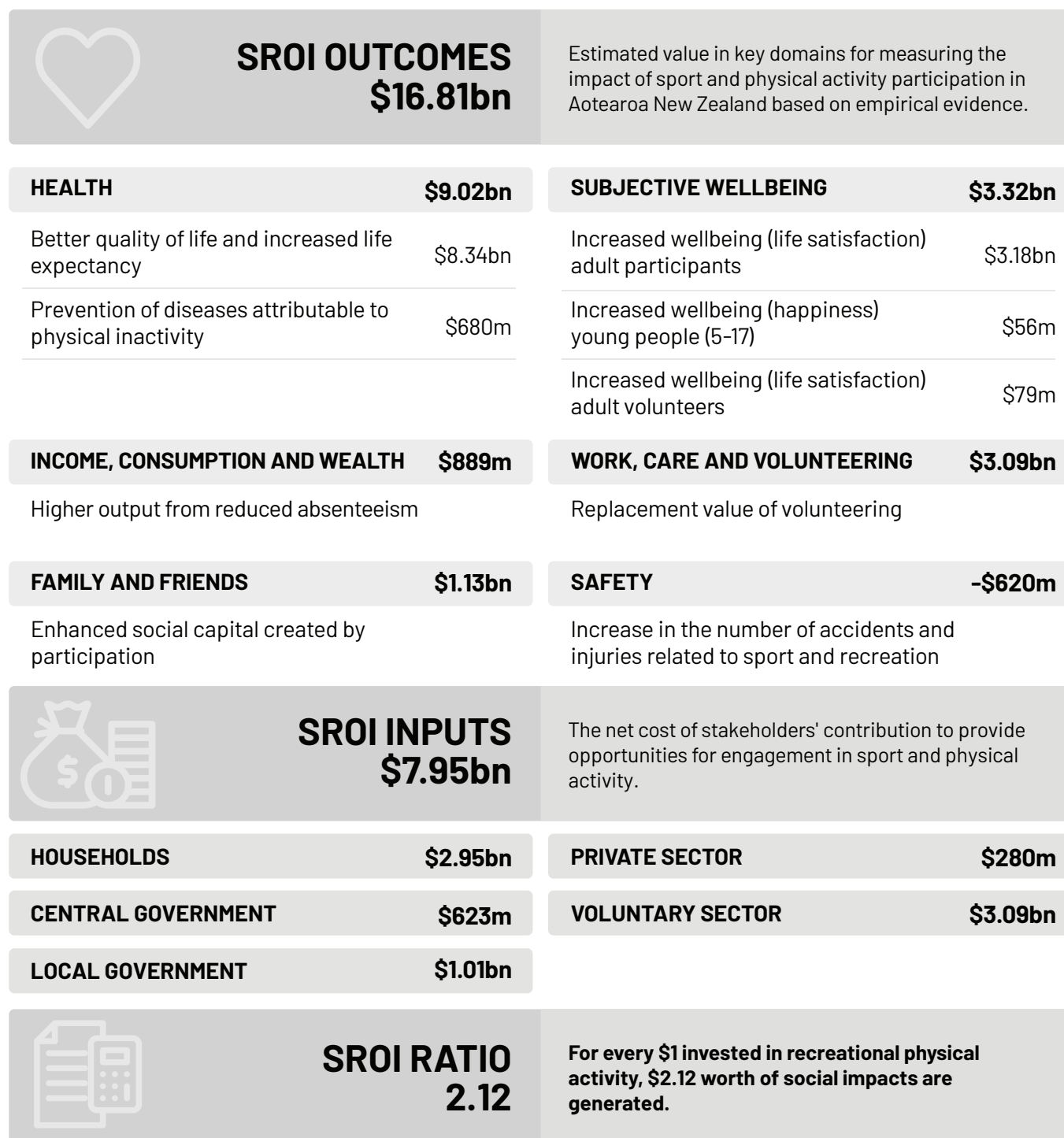
**For every \$1 invested in recreational physical activity, \$2.12 worth of social impacts are generated.**

The findings of the monetary valuation are summarised in the infographic on the next page.

The research included a sensitivity analysis of this conclusion. The research team is confident about the inputs data, and so we tested the sensitivity of the benefit assumptions in the SROI model in two ways. First, we tested the implications of alternative assumptions for four key components in the benefits, and then we combined the Low assumptions and we combined the High assumptions to present an overall picture of the range of possible values depending on different assumptions. This analysis resulted in a range of SROI values from 1.18 to 3.10.

# Social Return on Investment (SROI)

For recreational physical activity in Aotearoa New Zealand 2019



PARTNERS

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As with previous international SROI studies of this nature, the estimates provided for the monetised outcomes are conservative. The research only included social outcomes that could be robustly evidenced, to maintain a higher level of rigour in the study. We have excluded some items for which insufficient evidence exists or there is a lack of data, for example social outcomes relating to children and young people. As such, the findings of this research are likely to underestimate the true social value of recreational physical activity in Aotearoa New Zealand.

### Māori outcomes (not monetised)

Māori aspirations are derived from an accumulation of heritage including knowledge systems, values and beliefs, and their manifestations in objects, practices and concepts – all of which have an innate life force or mana. It was agreed these outcomes must therefore be treated accordingly, not measured for their contributions to economic expenditure or production.

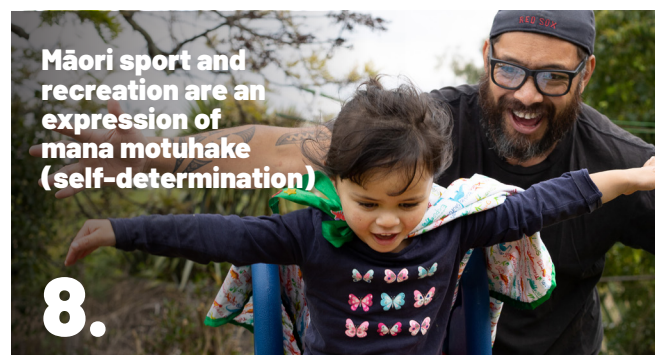
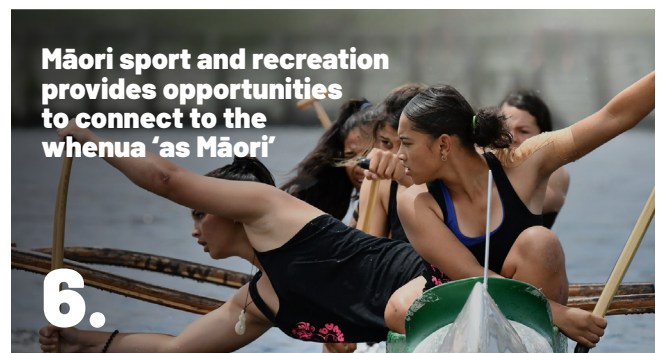
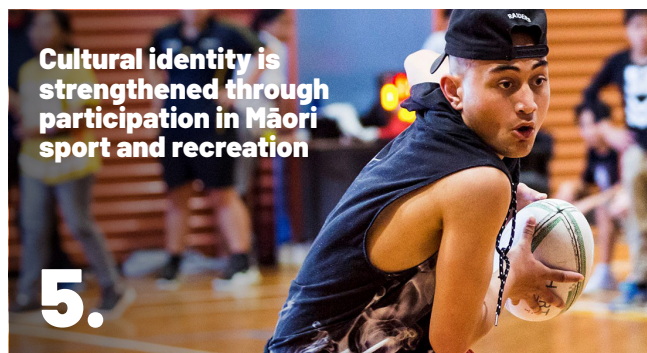
Māori stakeholders described outcomes that are consistent with Māori views of wellbeing, noting dimensions other than physical – that is, spiritual, mental, emotional, cultural health, all within a context of environmental health. These non-monetised outcomes reported by Māori are particularly evident in

Māori sport and recreation events that are run ‘by Māori for Māori’ where Māori can participate ‘as Māori’. Analysis of qualitative data demonstrates that recreational physical activity makes a significant contribution to Māori wellbeing through strengthening intergenerational relationships and reinforcing cultural values, beliefs, social norms and knowledge. ‘As-Māori’ organisations and events utilise sport and recreation as a vehicle to reclaim and reinvigorate Māori collective communities of care.



## Outcomes for Māori in recreational physical activity in Aotearoa

Sport and recreation make a significant contribution to Māori wellbeing through strengthening intergenerational relationships and reinforcing cultural values, beliefs, social norms and knowledge.



## Conclusions

The SROI analysis revealed that recreational physical activity generates considerable value to society beyond the traditional economic measures identified in previous studies of the value of sport and recreation in Aotearoa New Zealand. It identified a wide range of benefits to society, spanning across several domains of wellbeing, including health; subjective wellbeing; income consumption and wealth; work, care and volunteering; family and friends; and safety. The study revealed that the concept and understanding of value from the perspective of tangata whenua and all New Zealanders varies considerably, and that for some outcomes, it is simply not appropriate, desirable, or possible to monetise the contribution of recreational physical activity.





## Appendix 1

This report has been commissioned by Sport New Zealand Ihi Aotearoa and prepared by the following authors: Professor Larissa Davies, Professor Paul Dalziel and Dr. Catherine Savage, on behalf of an international consortium of researchers from Sheffield Hallam University; AERU, Lincoln University; Ihi Research and 4GLOBAL.



### Sport Industry Research Centre (SIRC)

The Sport Industry Research Centre (SIRC) is part of Sheffield Hallam University (United Kingdom). SIRC comprises a team of researchers who commonly apply the principles of economics, management science and social science to solve real world problems. The SIRC team have pioneered the use of economics in sport and physical activity in three main areas: calculating the value of sport to the economy, measuring the economic impact of events, and valuing the wider social impacts achieved by sport.

### Ihi Research

Ihi Research is a New Zealand Māori owned research company. Since 2013, Ihi Research has undertaken a wide range of projects involving community research for private companies, trusts, government agencies, and NGOs. Ihi Research are committed to producing research that represents the interests of the Māori communities they work for. They have previously completed research and evaluation for Whānau Ora and Sport New Zealand, evaluating the impact of investment for tamariki and their whānau in Te Waipounamu.



### The Agribusiness and Economics Research Unit (AERU)

The Agribusiness and Economics Research Unit (AERU) at Lincoln University (New Zealand) was created by a decision of the New Zealand Cabinet in 1962. Since then, the AERU has provided economic and social analysis for a wide range of public and private sector organisations. Its mission is to exercise leadership in research for sustainable wellbeing. It has previously completed research for Sport New Zealand on the economic contribution of the sport and recreation sector to the New Zealand economy.

### 4GLOBAL

4GLOBAL is sports technology company listed on the London Stock Exchange. 4GLOBAL provides strategic services and technical expertise to organisations across the sport and physical activity ecosystem. Specialist areas include major event planning, legacy strategies / sport for development, delivering and evidencing the social value associated with sport, and building advocacy around the role of sport in society. 4GLOBAL's proprietary DataHub is the largest sports and physical activity database in the world and ensures advise provided is data driven. Powered by over 70 integrations with data capture systems around the world we work with a live database of over two billion visits to sport facilities and clubs.

## Appendix 2

There is no standard definition of recreational physical activity used by Sport New Zealand Ihi Aotearoa or other stakeholder groups. For the purposes of this study, the research team agreed a broad definition with Sport New Zealand Ihi Aotearoa, as follows:

Competitive sport, undertaken in an organised structure, for example, in a competition or tournament, or informally outside an organised structure; and non-competitive active recreation for enjoyment and wellbeing, that occurs in the

built, landscape and natural environments. This may include activities such as kapa haka, fitness/exercise, dance, tramping, outdoor recreation and active play, but excludes household activities such as gardening, and other domestic activities. Active transport for work commuting was also excluded.

All activities falling within this definition are included within the scope of the study.

## Appendix 3

### Research approach

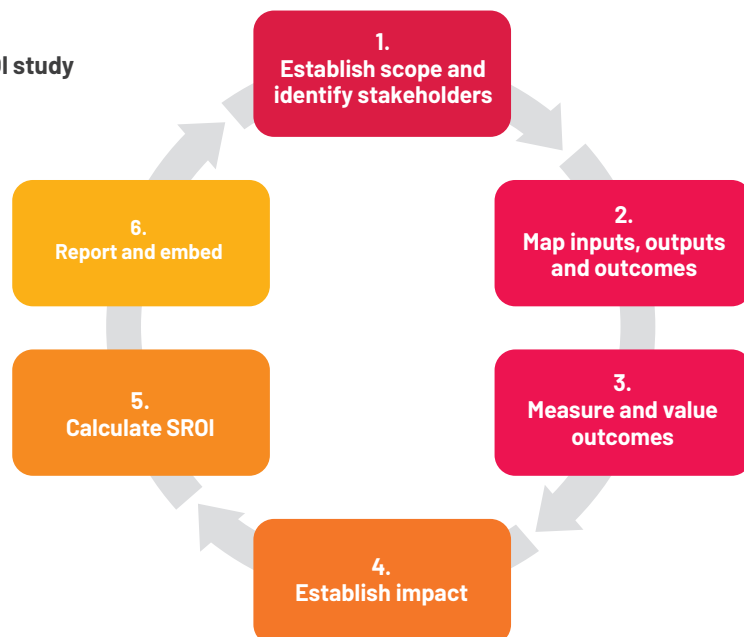
This study uses a SROI framework to measure the social impact of recreational physical activity in Aotearoa New Zealand in 2019. It measures the value of outcomes generated through sports participation and volunteering and the net costs, or inputs, of providing opportunities for engagement. The SROI analysis expresses the monetary value of outcomes in relation to the inputs. The SROI is evaluative – this means it was conducted retrospectively and is based on participation which has already taken place.

The Aotearoa New Zealand SROI model estimates the monetary value of nine outcomes across six domains of wellbeing including: two health outcomes; three outcomes related to subjective wellbeing; and one outcome each from income, consumption and wealth, work, care and volunteering, family and friends, and safety.

The study also examines the value of outcomes articulated by Māori stakeholders, without monetarising these in the SROI. Māori aspirations are derived from an accumulation of heritage including knowledge systems, values and beliefs, and their manifestations in objects, practices and concepts – all of which have an innate life force or mana. It was agreed these outcomes must therefore be treated accordingly, not measured for their contributions to economic expenditure or production.

Data for the analysis was collected through a mix of methods, including a desk-based literature review, stakeholder interviews and secondary data collection. The figure below outlines the six stages of the SROI analysis in Aotearoa New Zealand.

Figure 1: The stages of an SROI study





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