

Annual Report

for the year ended 30 June 2011

Our Vision

Everyone. Every day. Enjoying and excelling through sport and recreation.

Our Mission

Creating a sport and recreation environment where more New Zealanders participate, support and win.

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 2011.

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INTRODUCTION

HIGHLIGHTS OF THE YEAR

More Kiwi kids in sport and recreation through KiwiSport

\$15.238 million invested in KiwiSport via 17 Regional Sports Trusts creating opportunities for close to 400,000 kids to participate in sport.

Winning on the world stage

Incredible performances by Kiwi athletes made this one of our most successful years for high performance sport. In 2010/11, there were 63 New Zealand athletes in the top 16 in Olympic disciplines, up from 42 in 2009; 35 of these athletes were in the top eight, up from 22 in 2009; and 16 athletes were in the top three, up from 10 in 2009.

Key performances in the year were:

- 36 medals at the Delhi Commonwealth Games including six gold medals
- 10 podium finishes at the World Rowing Championships on Lake Karapiro.
- Four medals at the World Track Cycling Championships in Holland.
- Blacksticks Women winning bronze at Champions Trophy.
- New Zealand Equestrian Eventing team winning bronze at the World Equestrian Games in Kentucky

The power of sport

Research was completed that estimates the value of sport and recreation to the New Zealand economy in 2008/09 was \$5.2 billion or 2.8 percent of GDP.

Improved High Performance Infrastructure

More than \$30 million has been committed to the development of a network of world-class training and competition facilities including the National Training Centre at the Millennium Institute of Sport and Health (MISH), regional high performance centres in Wellington and Dunedin, a national cycling centre of excellence (including covered velodrome) based at Cambridge, the National Ocean Water Sport Centre (NOWSC) at Takapuna, and a commitment to providing training facilities for Canterbury-based athletes.

High Performance Sport New Zealand

In August 2011 SPARC's High Performance unit was merged with the Academies of Sport North and South to form a new Crown subsidiary called High Performance Sport New Zealand.

Community Sport

Seven national sport organisations – Football NZ, GymSports NZ, Hockey NZ, NZ Rugby League, NZ Rugby Union, NZ Cricket and Netball NZ – have undertaken whole-of-sport planning leading to the development of community sport delivery plans and programmes.

Commitment and Support

More than \$41 million was invested in community sport and \$50 million invested into high performance sport in 2010 -11.

A strong sector and capable partners

Significant reviews were conducted into the Rowing World Championships and Swimming New Zealand's high performance programme. A project was carried out to improve Basketball NZ's constitution and governance structure.

Rebuilding Christchurch

We provided immediate grants of up to \$2 million to provide sporting opportunities for people and to support sports following the devastating Canterbury earthquakes. SPARC joined forces with Sport Canterbury and Christchurch City Council to form a leadership group to coordinate the recovery response and longer term planning.

CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT

At SPARC we passionately believe in the benefits and power of sport – for the enjoyment it brings, the satisfaction of achievement, to the pride we feel as a nation when our athletes succeed. We believe that sport makes a unique contribution to the life in New Zealand, and that we're the richer for it. Because of that, we strive to help New Zealanders participate, enjoy and excel in sport and recreation. We work with a range of organisations and people who share this passion. All of us are motivated to encourage as many New Zealanders as possible to participate and enjoy sport.

Over the past year we have made critical gains. We've continued to invest in opportunities for school-aged children and young people, so that hundreds of thousands of Kiwi kids can learn about and enjoy organised sport and recreation. We've invested in sports, helped New Zealand athletes gain international sporting success, and we've worked with organisations to build capability and perform to their best for the benefit of the whole sport sector.

More Kiwi Kids in Sport and Recreation through KiwiSport

This was the second year of KiwiSport funding, following on from the Government's 2009 announcement of \$82 million over four years to provide more opportunities for school-aged children in organised sport, including \$37 million being allocated to the regional partnership fund. To date, SPARC has distributed \$15.238 million from the regional partnership fund to the 17 regional sports trusts. Regional sports trusts took on the challenge of this new role as funders, and KiwiSport has brought organisations together and has created more opportunities for children.

- More than 700 initiatives have provided regular KiwiSport activities for almost 400,000 children.

High Performance – Winning on the World Stage

During the past year, a key priority has been working towards a one-stop shop for our high performance athletes. SPARC worked with the New Zealand Academies of Sport North and South, national sport organisations, and the New Zealand Olympic Committee on the best way to streamline the high performance system. As a result, SPARC's High Performance unit has been merged with the New Zealand Academies of Sport to form the new Crown subsidiary, High Performance Sport New Zealand (HPSNZ). The team at HPSNZ is dedicated to providing the best support to New Zealand's elite athletes, so that they can perform at their best and win for New Zealand.

Increased Funding

Leading sports continued to reap the benefits of the Government's further commitment and boost in funding for high performance sport as announced in 2010:

- an extra \$10 million in 2010/11;
- increasing to \$15m in 2011/12; and
- \$20m annually thereafter.

By 2012/13, funding for high performance sport will be more than \$60m a year, well up on the previous funding levels of about \$40m a year.

With this increase in funding, SPARC boosted core high performance programme investment for 2011 with the aim of getting more athletes on the podium at the 2012 London Olympic and Paralympic Games. Rowing, bike, equestrian and Paralympics were among the sports to get increased high performance funding.

SPARC also invested in Performance Enhancement Grants (PEGs) to athletes, Prime Minister's Sport Scholarships, and through the Academies of Sport, athlete services such as strength and conditioning, physiotherapy and nutrition advice. This brought total high performance investment for 2010/11 to just under \$50m.

World-class training facilities

Investment was made to develop a network of world-class training and competition facilities. Investment has been committed to:

- \$7 million in a national cycling centre of excellence to be based in Cambridge;
- \$2 million towards developing regional high performance centres in Wellington and Dunedin;
- \$15 million in the National Training Centre for high performance athletes at Auckland's Millennium Institute of Sport and Health (MISH); and
- \$3 million for the development of an ocean water sport centre in Takapuna.

We are committed also to providing high performance training facilities for Canterbury-based athletes, as Christchurch continues to rebuild after the two devastating earthquakes.

Performances this year

SPARC has set a target of 10 or more medals at the 2012 London Olympic Games and is on track to achieve this.

New Zealand athletes performed with distinction on the track, field, court and water this year.

- Four medals at the bike track world championships in Holland.
- The New Zealand women's hockey team won bronze at the Champion's Trophy.
- Rowing achieved its best ever result at a world championship with 10 podium finishes at Lake Karapiro.
- New Zealand's equestrian eventing team won the team bronze medal, with Andrew Nicholson taking the individual bronze at the World Equestrian Games in Kentucky.
- New Zealand won 36 medals at the 2010 Delhi Commonwealth Games including six gold medals – with these wins coming from the Silver Ferns' double extra-time victory over Australia, a fourth consecutive gold medal for the New Zealand rugby sevens, the full-bore shooting pair, doubles squash, shot-putter Valerie Adams, and track cyclist Alison Shanks.

Community Sport

There were also triumphs at the grassroots, with SPARC continuing to work with partners such as national sport organisations, regional sports trusts, councils and schools on delivering the best opportunities for New Zealanders in community sport. A new investment model for regional sports trusts allows for more local decision making around the strategic use of resources. The impact of those decisions will be measured.

Seven national sporting organisations were targeted for additional community sport investment and resources. Each of these seven sports – Football NZ, GymSports NZ, Hockey NZ, NZ Rugby League, NZ Rugby Union, NZ Cricket and Netball NZ have all completed comprehensive community sport plans, focusing on identifying pathways for athletes and coaches and how the sport will be delivered at a regional and local level.

We have made significant progress in aligning the community sport work of the seven national bodies with Regional Sports Trusts. The collaboration of these targeted sports with the Regional Sport Trusts is critical to the implementation of community sport plans. We have facilitated meetings between these groups to foster working partnerships and development of common outcomes.

Sport Canterbury, Christchurch City Council and SPARC joined forces to coordinate efforts to deliver sport and recreation following the heartbreak that was post-quake Canterbury. The group consulted the sector to determine each sport's status and needs following the quakes, provided support to sport organisations in the region, and has also had significant input into Christchurch city planning. That impact is still being felt today.

Recreation

The Sir Edmund Hillary Outdoor Recreation Council continued in its role as an advisory body to SPARC. This resulted in a new contestable investment process for outdoor recreation and saw SPARC increase its investment in recreational biking.

Groups of adventurers awarded Hillary Expedition Grants in 2010/11 have been putting New Zealand on the map. Their expeditions have seen:

- Deep caves discovered under Mt Arthur in Kahurangi National Park;
- First descents of rivers in Papua New Guinea; and
- New routes on mountains in the Solu Khumbu region of Nepal.

More groups of Kiwi adventurers will complete their expeditions at the end of 2011 and early 2012.

Stronger, more capable partners

SPARC has continued to invest in more than 65 national sport organisations, 17 regional sports trusts, and several disability organisations to ensure strong and capable partners who consistently deliver.

We help our partners improve their capability through direct engagement and investment.

- Nine seminar programmes for board members, senior management and specialist staff of sports organisations were delivered. These focused on leadership and management best practice.

Our capability development work includes working with sports organisations to improve their governance structures and processes (including modernising constitutions) as well as operational capability and financial sustainability.

As we look to improve the sector, one part of SPARC's work is to fund investigations into areas of sport to help them lift their game.

- Independent reviews of the \$2.2 million financial loss at the 2010 World Rowing Championships and Swimming New Zealand's High Performance programme were carried out.
- A project with Basketball NZ looked into governance structure

These reviews contain recommendations for change to improve performance in the future, and contain useful lessons for others.

The Power of Sport

A significant piece of work has been to measure the value sport and recreation brings to the nation. A study for SPARC by economist Professor Paul Dalziel estimates that the market value of sport and recreation to the New Zealand economy in 2008/09 was \$5.2 billion or 2.8 percent of GDP (Gross Domestic Product). This new study shows that the sector is much larger and its contribution to GDP is substantially greater than earlier studies have shown. A companion study by Research New Zealand of Northern United Rugby Football Club (Norths) in Porirua illustrates some of the personal and social values for individuals, families and communities from taking part in sport.

In April 2011 SPARC, in association with sport and entertainment consultants Gemba, launched the New Zealand Sports Market Survey to provide sports with the commercial and market insights needed to grow their sports, develop commercial plans, inform and update current sponsors, and increase the potential to secure new commercial partnerships. Preliminary first quarter results have been shared with sports organisations.

Driving efficiency at the business end of sport

During the past year we continued our drive for efficiency and excellence both within the sector and at SPARC. Savings of approximately \$0.5 million have been achieved through improved back office functions at SPARC while SPARC has also positioned more resources to frontline staff working directly with the sector. SPARC has ring-fenced funds for infrastructure to provide security to partners. If there are any delays in infrastructure projects the ring-fenced funds are not reallocated but left committed within reserves. Within SPARC's public equity at 30 June 2011 of \$32.610 million, \$16.658 million reflects funding allocated for high performance infrastructure investments which will now be invested in 2011/12 and out years. In addition a further \$4.4 million from reserves has been committed by the Board for KiwiSport projects, Christchurch recovery initiatives and community sport investment.

Looking ahead

In 2010/11 we have made good progress towards the outcomes identified in our Strategic Plan 2009-2015. We continue to work hard to achieve these so that New Zealanders can continue to enjoy and excel in sport and recreation. We also look forward to the 2012 Olympic and Paralympic Games in London with confidence and excitement.

We acknowledge

In closing, we would like to acknowledge New Zealand Lottery Grants Board's continued and significant contribution to sport and recreation in New Zealand. Without this funding many of SPARC's community sport initiatives would not be possible.

We also wish to acknowledge and thank former Board member Nicki Turner for her significant contribution over her three-year term which ended in 2010.

And, we remember and acknowledge the significant contribution made by our colleague Olympic Gold Medallist Paul Ackerley. We also remember with respect and admiration Chris Doig, who was a member of the SPARC Board from 2003 to 2009. Sadly, both passed away during 2011.



Paul Collins

Chairman



Peter Miskimmin

Chief Executive

ABOUT SPARC

SPARC'S PURPOSE

The purpose of this document is to report to Parliament on SPARC's performance during the 2010/11 period as set out in its Statement of Intent for 2010-2013.

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 Act, detailed in Appendix 2.

GOVERNANCE OF SPARC

SPARC's Board

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 SPARC's strategic direction and for providing governance and leadership for the agency. The current Board members bear responsibility for this Annual Report:

Board member	Appointed	Term ends
Paul Collins (Chair)	7 May 2009	30 April 2012
Rob Fisher	1 July 2005	31 July 2013
Paul Allison	31 August 2007	1 September 2010*
Bill Birnie	7 May 2009	30 April 2012
Katie Sadleir	1 July 2009	30 June 2012
Waimarama Taumaunu	1 July 2009	30 June 2012
Don Mackinnon	1 July 2009	30 June 2012
Joanna Perry	22 August 2011	31 July 2014
Murray Gutry	22 August 2011	31 July 2014

Rob Fisher was reappointed at the end of his term.

*Paul Allison's term has been rolled over as per the provisions in the Crown Entities Act 2004. An end date for his reappointment is yet to be confirmed.

Board committees

The Board has three committees. Other special project committees are formed as required. See Appendix Three for the roles of each committee.

Audit, Finance and Risk Management Committee

Members during 2010/11 and current members are:

- Bill Birnie (Chair);
- Paul Collins;
- Joanna Perry (appointed 22 September 2011); and
- Peter Cox (appointed 22 September 2011).

Remuneration Committee

Members during 2010/11 and current members are:

- Rob Fisher (Chair);
- Don Mackinnon;
- Paul Collins; and
- Nicki Turner (term ended 30 September 2010).

High Performance Committee

Members during 2010/11 were:

- Paul Collins (Chair);
- Bill Birnie;
- Katie Sadleir;
- Don Mackinnon
- Mark Weldon; and
- Hamish Carter.

On 22 July 2011 the High Performance sub-committee was dissolved following the creation of the new Crown subsidiary High Performance Sport New Zealand (HPSNZ) on 8 August 2011. The members of the High Performance sub-committee were appointed as members of the HPSNZ Board. Representatives of the New Zealand Academy North and South and the New Zealand Olympic Committee were also appointed. The current HPSNZ Board members are:

<i>Board member</i>	<i>Appointed</i>	<i>Term ends</i>
Paul Collins (Chairperson)	July 2011	April 2012
Bill Birnie	July 2011	April 2012
Katie Sadleir	July 2011	June 2012
Don Mackinnon	July 2011	June 2012
Hamish Carter	July 2011	July 2014
Mark Weldon	July 2011	July 2014
Mike Stanley	July 2011	July 2014
Peter Cox	July 2011	July 2014
Simon Wickham	July 2011	July 2014

Peter Miskimmin, SPARC's Chief Executive, is an ex-officio member of the HPSNZ Board.

PERFORMANCE FOR 2010/11

STATEMENT OF RESPONSIBILITY

The Board of Sport and Recreation New Zealand accepts responsibility for:

- preparing these financial statements and statement of service performance and the judgements made concerning these; and
- 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 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 2011.



Paul Collins

Chair

31 October 2011



Bill Birnie

SPARC Board member

31 October 2011

Independent Auditor's Report

To the readers of Sport and Recreation New Zealand's financial statements and statement of service performance for the year ended 30 June 2011

The Auditor-General is the auditor of Sport and Recreation New Zealand (SPARC). The Auditor-General has appointed me, Kelly Rushton, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the SPARC on her behalf.

We have audited:

- the financial statements of SPARC on pages 33 to 73, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of SPARC on pages 17 to 27.

Opinion

In our opinion:

- the financial statements of SPARC on pages 33 to 73:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect SPARC's:
 - financial position as at 30 June 2011; and
 - financial performance and cash flows for the year ended on that date.
- the statement of service performance of SPARC on pages 17 to 27:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects, for each class of outputs for the year ended 30 June 2011, SPARC's
 - service performance compared with the forecasts in the statement of forecast service performance for the financial year; and
 - actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 31 October 2011. This 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 our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

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.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to SPARC's preparation of the financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of SPARC's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect SPARC's financial position, financial performance and cash flows; and
- fairly reflect its service performance.

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

The Board's responsibilities arise from the Crown Entities Act 2004.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our 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 New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out an assignment in the area of assurance of tendering procedures, which are compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in SPARC.



KM Rushton

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements and statement of service performance

This audit report relates to the financial statements and statement of service performance of Sport and Recreation New Zealand for the year ended 30 June 2011 included on Sport and Recreation New Zealand's website. Sport and Recreation New Zealand's board is responsible for the maintenance and integrity of Sport and Recreation New Zealand's website. We have not been engaged to report on the integrity of Sport and Recreation New Zealand's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. 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 statement of service performance and related audit report dated 31 October 2011 to meet the information included in the audited financial statements and statement of service performance presented on this website.

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

STATEMENT OF SERVICE PERFORMANCE

SPARC's outputs for 2010/11 to achieve its strategic outcomes over 2009-2015, are grouped into three broad areas of work:

1. Sport and Recreation Programmes
2. Capability

Output classes 1 and 2 have been funded through Vote Appropriations: Sport and Recreation Programmes and Loan to Rowing New Zealand

3. High Performance, including Prime Minister's Sport Scholarships.

Output class 3 has been funded through Vote Appropriations: High Performance Sport and Prime Minister's Sport Scholarships.

OUTPUT CLASS 1: SPORT AND RECREATION PROGRAMMES

Outcomes sought

Long-term

- More Kiwis (children and adults) in sport and recreation.

Medium-term

- A greater number and more diverse range of sport and physical recreation opportunities for all New Zealanders; and
- More children supported to develop skills to participate in sport and recreation.

Impacts and impact measures

To deliver these outcomes, SPARC is working to produce the following impacts on the sport and recreation sector:

- ensuring the sector provides a range of initiatives to get kids participating in organised sport;
- developing a sector better able to deliver programmes and activities for New Zealanders; and
- increasing the sector's capability and knowledge so that it can achieve SPARC's outcomes.

PERFORMANCE AGAINST OUTPUTS PURCHASED:

OUTPUT CLASS 1: SPORT AND RECREATION PROGRAMMES

SPARC's assessment of its performance against the outputs purchased by the Government for Sport and Recreation Programmes for 2010/11 is set out below:

Output 2010–2011	Measurement	Performance standard	Performance at 12 months	Status	
SPARC's investment in sport and recreation organisations will deliver programmes, resources and services that contribute to increased participation in sport and recreation by New Zealanders.	National sport organisations complete whole-of-sport plans to integrate delivery of their sport from grassroots to high performance levels.	Four national sport organisations complete whole-of-sport plans: <ul style="list-style-type: none"> • Netball NZ • Hockey NZ • GymSports NZ • Football NZ 	Six national sport organisations have completed whole-of-sport planning exercises and from these have designed and implemented coherent community sport plans and programmes <ul style="list-style-type: none"> • Football NZ • GymSports NZ • Hockey NZ • NZ Rugby • NZ Cricket • Netball NZ <p>NZ Rugby League is in the process of undertaking a whole-of-sport planning exercise as a prelude to formulating a community sport plan</p>	Achieved	
	Regional sports trust distribution of the KiwiSport Regional Sport Fund in line with plans approved by SPARC to provide an increase in sporting opportunities for school-aged children.	17 regional sports trusts have distributed the KiwiSport Regional Sport Fund in line with plans.	SPARC approved plans from each of the 17 regional sports trusts following consultation with their communities.	SPARC has distributed \$8.985 million to regional sports trusts (\$15.238 million in the two years ended 30 June 2011) who are in the process of distributing this to their communities in line with their plans.	Achieved
	A legacy initiative is developed around the Rugby World Cup 2011 to strengthen the volunteer base of the sport and recreation sector.	The legacy initiative is developed by 30 July 2011.	SPARC has seconded a staff member full-time to NZ Rugby 2011 to assist with delivering the RWC volunteer plan and programme in September/October 2011.	Information that is being collated about the volunteer experience during the Rugby World Cup will be recorded as a legacy for future events and volunteering.	Achieved
	A community sport strategy is finalised by SPARC aimed at encouraging greater participation in organised sport at the community level.	The community sport strategy is finalised by 31 December 2010.	SPARC has seconded a staff member full-time to NZ Rugby 2011 to assist with delivering the RWC volunteer plan and programme in September/October 2011.	A SPARC-funded research study is exploring the legacies of the RWC Volunteering Programme in terms of increasing participation in volunteering and the extent to which volunteers gain skills they can use in the workplace and their communities	Achieved
			A sample of RWC volunteers will be surveyed five times over 18 months, from 6 months before the event to 12 months after, to track experiences, intentions and behaviours over time.		
			The community sport strategy was finalised by 31 December 2010 and is being implemented.	Achieved	

OUTPUT CLASS 2: PARTNER CAPABILITY

Outcomes sought

Long-term

- strong partners that consistently deliver.

Medium-term

- an improvement in the organisational capability and financial sustainability of our partners.

Impacts and impact measures

To deliver these outcomes, SPARC is working to produce the following impacts:

- providing the sector with expertise, resources, research and good practice in the delivery of sport and recreation; and
- targeted one-on-one support to improve organisational performance.

PERFORMANCE AGAINST OUTPUTS PURCHASED:

OUTPUT CLASS 2: PARTNER CAPABILITY

SPARC's assessment of its performance against the outputs purchased by the Government for partner capability programmes for 2010/11 is set out below:

Output 2010–2011	Measurement	Performance standard	Performance at 12 months	Progress Indicator
SPARC will deliver programmes, resources and services that contribute to increased partner capability.	Seminar programmes are delivered to the sector to increase the sector's knowledge and skills in administrative and organisational matters.	Fifteen seminar programmes are delivered.	A total of 18 seminar programmes were delivered to the sector.	Achieved
	SPARC carries out organisational capability assessments for national sport organisations to identify where those organisations can be strengthened.	Five organisational capability assessments carried out.	Seven organisational capability assessments have been carried out. (Four national recreation organisations; Outdoors New Zealand, Mountain Safety Council, NZ Outdoor Instructors Association & NZ Recreation Association) (Three national sport organisations; Halberg Trust, Bike NZ & Paralympics New Zealand)	Achieved
	Capability support is provided to national sport organisations to improve their sustainability and organisational performance.	Ten national sport organisations are provided with capability support.	Capability support has been provided to 16 national sports organisations. <ul style="list-style-type: none"> • Athletics NZ • Basketball NZ • Bike NZ • Bowls NZ • NZ Football • Gymsports NZ • Hockey NZ • Netball NZ 	Achieved

			<ul style="list-style-type: none"> • Rowing NZ • Snowsports NZ • Swimming NZ • NZ Rugby League • NZ Golf • NZ Tennis • Triathlon NZ • Yachting NZ 	
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COST OF SERVICE BY OUTPUT CLASS

Output Classes 1 and 2: Sport and Recreation Programmes and Partner Capability

It has not been feasible for SPARC to account for the costs of delivering each of outputs 1 and 2 separately. Additionally output classifications 1 and 2 do not directly align with the Vote Appropriations received. The cost of service by output tables provided below are therefore aligned to the Vote Appropriation classifications having been applied to both outputs 1 and 2.

Vote Appropriation: Sport and Recreation Programmes

For the year ended 30 June 2011

	Actual 2011 \$	Budget 2011 \$	Actual 2010 \$
Crown funding	\$ 18,726	\$ 19,376	\$ 16,709
Other operating revenue	\$ 32,918	\$ 31,150	\$ 37,188
Total Revenue	\$ 51,644	\$ 50,526	\$ 53,897
Less Expenses			
- Programme investment	\$ 39,741	\$ 42,407	\$ 34,779
- Programme support	\$ 4,847	\$ 5,897	\$ 5,039
- SPARC costs	\$ 6,167	\$ 6,806	\$ 6,538
Total Expenses	\$ 50,755	\$ 55,110	\$ 46,356
Net operating surplus / (deficit)	\$ 889	\$ (4,584)	\$ 7,541

This financial information 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

Crown funding for sport and recreation programmes increased by \$2.017 million between 2009/10 and 2010/11 as a net result of:

- appropriation changes following the transfer of the Green Prescriptions programme to the Ministry of Health in 2009/10 and the establishment of KiwiSport; and

- a \$0.650 million reduction following a contributory transfer to the new one-off appropriation, Other Expense: Loan to Rowing New Zealand.

Other operating revenue reduced by \$4.270 million between 2009/10 and 2010/11, incorporating:

- A reduction in revenue from the New Zealand Lottery Grants Board (NZLGB) in 2010/11 as 2009/10 included one-off distributions of NZLGB reserves. This reduction was partially offset as NZ Lotteries profits passed on to NZLGB in 2010/11, and subsequently distributed to SPARC, were greater than originally budgeted.
- A reduction in contract revenues as SPARC no longer receives contract funding for the delivery of health and education related programmes which either ceased or were transferred to other government departments in 2009/10.

Expenditure

The increase in programme investment expenditure between 2009/10 and 2010/11 reflects increased spending on Community Sport initiatives; primarily KiwiSport. The level of programme investment expenditure in 2010/11 was however lower than budgeted, as some of the approved KiwiSport initiatives cover a period of more than one year and some investments have been scheduled for payment on completion of initiatives.

Vote Appropriation: Loan to Rowing New Zealand

For the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Crown funding	\$ 1,300	\$ 0	\$ 0
Other operating revenue	\$ 0	\$ 0	\$ 0
Total Revenue	\$ 1,300	\$ 0	\$ 0
Less Expenses			
- Programme investment	\$ 871	\$ 0	\$ 0
- Programme support	\$ 0	\$ 0	\$ 0
- SPARC costs	\$ 0	\$ 0	\$ 0
Total Expenses	\$ 871	\$ 0	\$ 0
Net operating surplus / (deficit)	\$ 429	\$ 0	\$ 0

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

Revenue

This one-off Crown funding appropriation was received in 2010/11 for the specific purpose of loaning funds to Rowing New Zealand following the financial loss of holding the 2010 Rowing World Championships at Lake Karapiro.

Expenditure

2010/11 programme investment expenditure reflects a revaluation of the funds loaned to Rowing New Zealand, based on the fair value of future cash flows from the loan as it is repaid.

OUTPUT CLASS 3: HIGH PERFORMANCE PROGRAMMES

Outcomes sought

Long-term

- more New Zealanders winning on the world stage.

Medium-term

- increase the pool of high performance talent.

Impacts and impact measures

To increase the pool of high performance talent, SPARC worked to streamline the way its partners carried out their business in order to:

- deliver a greater number and more diverse range of high performance opportunities; and
- support New Zealanders to develop skills to compete and eventually win on the world stage.

PERFORMANCE AGAINST OUTPUTS PURCHASED:

OUTPUT CLASS 3: HIGH PERFORMANCE PROGRAMMES

SPARC's assessment of its performance against the outputs purchased by the Government for high performance programmes for 2010/11 is set out below:

Output 2010–2011	Measurement	Performance standard	Performance at 12 months	Progress Indicator
SPARC will purchase programmes, resources and services that contribute to more Kiwi winners on the world stage.	Development of high performance facilities at MISH and NOWSC (Takapuna).	MISH and NOWSC facility development is underway.	<p>Agreement was reached between SPARC and the AUT Millennium Ownership Trust regarding funding of the MISH upgrade. The contract for construction of the facilities has been awarded and work started on 24 February 2011. Construction is progressing well and Stage One of the development is due for completion in March 2012.</p> <p>Stage one of the NOWSC developments (an underground bunker providing boat and equipment storage, change facilities, meeting rooms etc), is fully funded. Yachting NZ and the Harbour Access Trust have negotiated a Heads of Agreement for the NOWSC master plan. The final drawings have been completed and construction is anticipated to start in 2012.</p>	Achieved
	An approach for development of a centre of excellence for cycling.	Cycling Centre of Excellence approach agreed.	<p>A request for proposal (RFP) process was agreed in July 2010 to develop a National Cycling Centre of Excellence.</p> <p>SPARC received 11 expressions of interest from regions to develop the centre. RFP documentation was issued to interested parties on 22 October with proposals due by 11 February 2011.</p> <p>SPARC received seven tenders in total from the Auckland, Waikato/Bay of Plenty, Taupo, Hawke's Bay, Wanganui, Palmerston North and Christchurch regions.</p>	Achieved

Output 2010–2011	Measurement	Performance standard	Performance at 12 months	Progress Indicator
			<p>In April 2011 SPARC announced Waikato/Bay of Plenty, Auckland and Palmerston North as shortlisted tenderers. Waikato/Bay of Plenty was then identified as the preferred tenderer.</p> <p>In September 2011, following an extension being granted to confirm full funding, Waikato/Bay of Plenty was confirmed as the home region for the national cycling centre of excellence.</p>	
	Elite athletes engaged in a new 'one-stop shop' that provides coordinated and personalised support.	At least 30 elite athletes engaged.	<p>Individual Performance Plans (IPPs) are being, or have been developed for all 60 identified medal potential athletes for London 2012.</p> <p>Further, the HP Committee has done significant work in reviewing the HP support system, in negotiation with both of the NZ Academies of Sport, to restructuring towards a one-stop shop system.</p> <p>The IPP process involves SPARC, the New Zealand Academies of Sport and national sporting organisations coordinating to provide a one-stop shop support service. The athlete and coach (together with input from SPARC, the Academies and the national sporting organisations) establish the performance needs for each athlete by defining the elements required for success and the key competitions leading up to London.</p>	Achieved
	Elite athletes meet the qualifying criteria to receive performance enhancement grants (PEGs) to train towards high performance success ¹ .	At least 160 elite athletes meet the qualifying criteria.	285 athletes (including members of teams) from 28 sports met the PEGs qualifying criteria. Note: this does not include Paralympic athletes who are bulk funded for PEGs.	Achieved
	Prime Minister's Athlete Scholarships awarded.	At least 250 scholarships are awarded.	350 scholarships have been awarded.	Achieved
	Prime Minister's Coaches, Officials and Support Personnel Scholarships awarded.	At least 50 scholarships are awarded.	63 scholarships have been awarded.	Achieved

¹ Qualifying criteria for PEGs require a Top 16 placing at a PEG Qualifying Event in an Olympic discipline for individual athletes or a Top 3 placing at a PEG Qualifying Event in a non-Olympic sport for an individual athlete.

Output 2010–2011	Measurement	Performance standard	Performance at 12 months	Progress Indicator
	Targeted sports deliver high performance programmes to a standard set and monitored by SPARC.	Nine targeted sports deliver high performance programmes.	<p>Athletics NZ, Bike NZ, Swimming NZ, NZ Yachting, Rowing NZ and Triathlon NZ plus Netball NZ, NZ Rugby and NZ Cricket all deliver high performance programmes to an agreed High Performance plan based on athlete performances. \$18.235m is invested in these programmes for 2011.</p> <p>Pinnacle events for these projects are due to occur in the second half of 2011 and will be reviewed subsequently in accordance with the terms of the investments.</p>	Achieved
	National sport organisations deliver high performance projects through contestable funding to a standard set and monitored by SPARC.	Six national sport organisations deliver high performance projects through contestable funding.	<p>As a result of additional funding, SPARC invested \$8.735m in 26 separate projects in 18 different national sport organisations:</p> <ul style="list-style-type: none"> • Paralympics NZ • Winter Performance Programme • Hockey NZ • NZ Equestrian • Canoe Racing NZ • Basketball NZ • Softball NZ • Squash NZ • Bowls NZ • NZ Archery • NZ Football • Surf Lifesaving NZ • NZ Tae Kwon Do • Touch NZ • Tennis NZ • Volleyball NZ • NZ Roller Sports • NZ Shooting <p>Pinnacle events for these projects are due to occur in the second half of 2011 and will be reviewed subsequently in accordance with the terms of the investments.</p>	Achieved

COST OF SERVICE BY OUTPUT CLASS

Output Class 3: High Performance Programmes

The cost of service by output tables provided below are aligned to the two Vote Appropriation classifications having been applied to Output class 3.

Vote Appropriation: High Performance Sport

For the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Crown funding	\$ 48,338	\$ 48,338	\$ 38,663
Other operating revenue	\$ 5,493	\$ 5,262	\$ 9,584
Total Revenue	\$ 53,831	\$ 53,600	\$ 48,247
Less Expenses			
- Programme investment	\$ 45,853	\$ 58,725	\$ 34,408
- Programme support	\$ 3,821	\$ 3,697	\$ 2,730
- SPARC costs	\$ 2,730	\$ 2,693	\$ 2,386
Total Expenses	\$ 52,404	\$ 65,115	\$ 39,524
Net operating surplus / (deficit)	\$ 1,427	\$ (11,515)	\$ 8,723

This financial information 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 million increase in Crown funding between 2009/10 and 2010/11 reflects the Government's increased investment in high performance sport.

Other operating revenue in 2010/11 reflects \$0.717 million of interest received on the investment of funds accumulated following delays in high performance infrastructure expenditure and a final one-off distribution of \$4.762 million from the NZ Lottery Grants Board reserves. Similar one-off distributions from NZLGB were received in 2009/10, totalling \$9.524 million.

Expenditure

The increase in expenditure between years reflects increased levels of high performance programme investment expenditure associated with the additional Crown funding received in 2010/11. The \$12.872 million variance between actual and budgeted programme investment expenditure for 2010/11 is primarily related to delays in some high performance infrastructure projects and associated investments. \$11 million of infrastructure investments budgeted in 2010/11 will now eventuate in the 2011/12 financial year.

Vote Appropriation: Prime Minister's Sport Scholarships

For the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Crown funding	\$ 4,250	\$ 4,250	\$ 4,250
Other operating revenue	\$ 0	\$ 0	\$ 0
Total Revenue	\$ 4,250	\$ 4,250	\$ 4,250
Less Expenses			
- Programme investment	\$ 3,953	\$ 4,250	\$ 4,039
- Programme support	\$ 0	\$ 0	\$ 0
- SPARC costs	\$ 0	\$ 0	\$ 0
Total Expenses	\$ 3,953	\$ 4,250	\$ 4,039
Net operating surplus / (deficit)	\$ 297	\$ 0	\$ 211

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

There are no major variations in the level of operating revenues or expenditures to report.

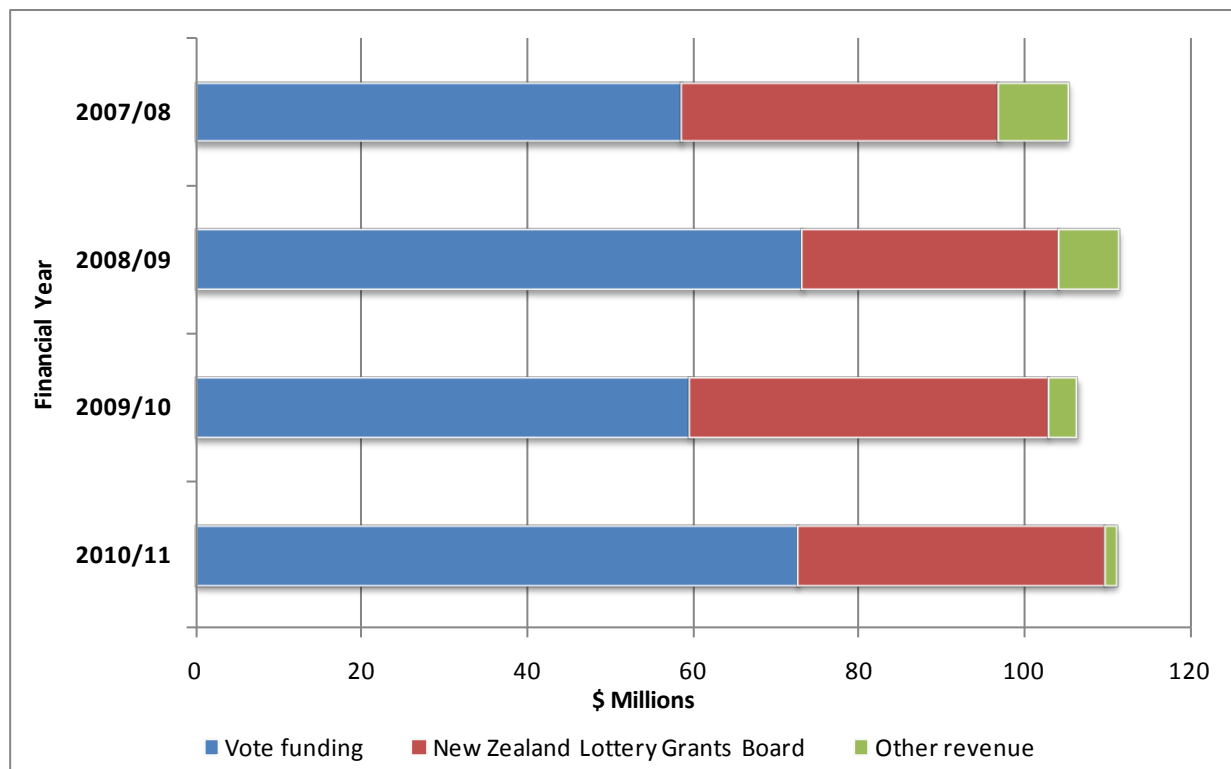
Financial Information

FINANCIAL OVERVIEW

SPARC's total revenue has remained relatively constant over the last four years while the composition of funding sources has varied.

The following tables provide a high-level breakdown of revenue by year and funding source over the last four years.

Table One: Analysis of Revenue from 2007/08 to 2010/11



The most significant changes in SPARC's 2010/11 revenue have been:

- \$10 million increase in Vote funding for High Performance Sport.
- \$2 million increase in Vote funding for Sport and Recreation Programmes.
- \$1 million increase in Vote funding for Loan to Rowing New Zealand.
- \$6 million reduction in New Zealand Lottery Grants Board distributions.

Table Two: Analysis of 2010/11 Expenditure

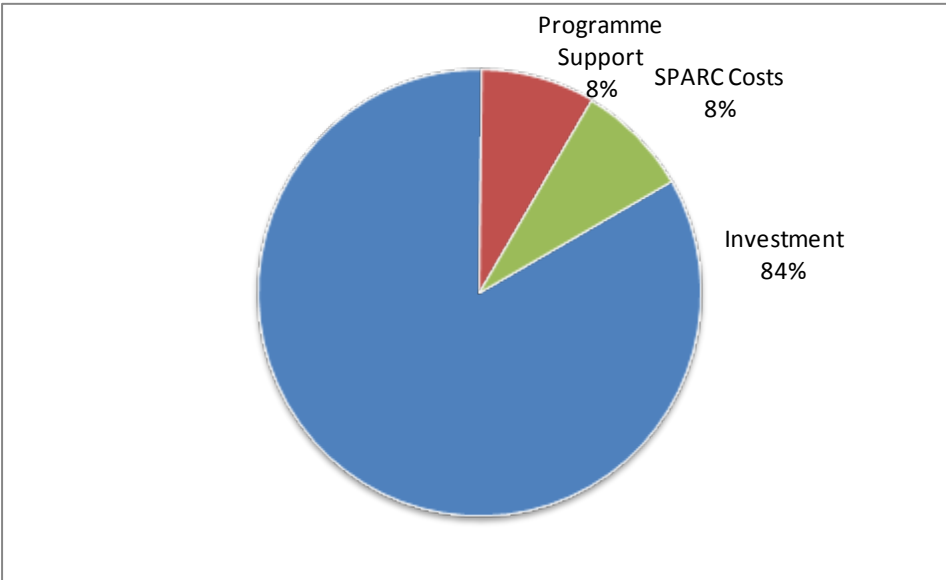


Table Two shows that in 2010/11, 84% of expenditure was directly invested into the sport and recreation sector (e.g. national governing bodies of national sport and recreational organisations and regional sports trusts). Direct investment in 2009/10 was 81% of total expenditure.

A further 8% of expenditure for 2010/11 (9% in 2009/10) was allocated to programme support and was used to deliver programmes that encourage New Zealanders to participate and win in sport and recreation. Programme support includes costs associated with the development of resources, training programmes and social marketing campaigns.

SPARC costs, that is, internal support costs associated with running SPARC, accounted for 8% of annual expenditure for 2010/11 (10% in 2009/10).

Table Three: Analysis of 2010/11 Investment

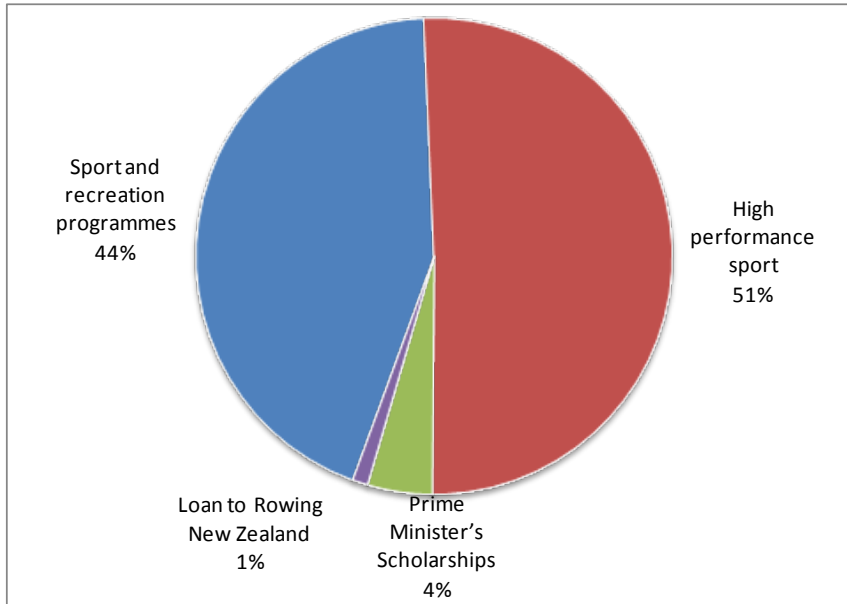


Table Three shows the output classifications (by appropriation) into which that 84% of expenditure invested directly into the sport and recreation sector in 2010/11 was made. Please note this table does not include Programme Support and SPARC costs, and that the total expenditure for each of these output classifications is further explained within the Cost of Service by Output section on pages 20 through 27.

Table Four: Analysis of 2010/11 Investment

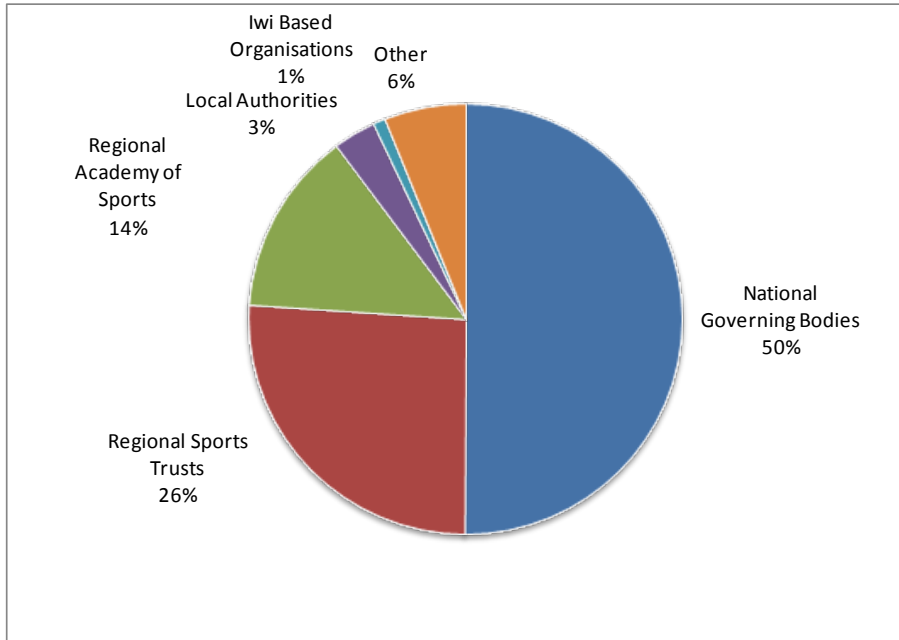


Table Four shows how the 84% of total expenditure invested directly into the sport and recreation sector in 2010/11 has been distributed between SPARC's partner organisations in the sector. In 2010/11 SPARC invested \$5.473 million (6%) into other partners including \$4.209 million for the construction of high performance infrastructure projects. A summary of SPARC's investment into the national governing bodies of sport and recreation organisations, regional academies of sport, iwi-based organisations, regional sport trusts and local authorities is further contained in Appendix 1 on pages 74 through 79.

FINANCIAL SUMMARY

For the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Operating revenue	111,025	108,376	106,394
Operating expenditure	107,983	124,475	89,919
Net operating surplus/ (deficit)	\$ 3,042	\$ (16,099)	\$ 16,475
Assets	35,423	15,475	32,496
Liabilities	2,813	2,038	2,928
Net assets	\$ 32,610	\$ 13,437	\$ 29,568

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

Both revenue and expenditure increased significantly between 2009/10 and 2010/11, largely as a result of a significant increase in Crown funding for high performance sport (\$10 million), and a resulting increase in high performance investment.

While the 2010/11 operating expenditure was greater than in 2009/10, it was significantly lower than that budgeted for in the 2010 -13 Statement of Intent. This variance against budget was primarily due to \$11 million of investment in high performance infrastructure projects being delayed until 2011/12, following delays in the infrastructure developments themselves.

Other less significant revenue and expenditure variances are explained in the following output expense statements.

SPARC's public equity at 30 June 2011 (\$32.610 million) was far greater than the \$5 million optimal level of public equity approved by the SPARC Board. Of the additional funds held, the majority has been approved and committed for specific purposes. \$16.658 million of the excess equity reflects funding received for high performance infrastructure investments which, due to project delays, will now be invested in 2011/12 and beyond. A further \$4.400 million has been approved by the Board for KiwiSport projects, Christchurch recovery initiatives and community sport investment. Some of these investment agreements will span a three year period and will be paid once investment agreements have been finalised.

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	Note	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
REVENUE				
Crown Funding	2	\$ 72,614	\$ 71,964	\$ 59,622
New Zealand Lottery Grants Board		\$ 37,062	\$ 35,262	\$ 43,254
Contract Revenue		\$ 0	\$ 0	\$ 2,728
Interest Received		\$ 1,290	\$ 600	\$ 740
Sundry Revenue		\$ 59	\$ 550	\$ 50
Total Operating revenue	3	\$ 111,025	\$ 108,376	\$ 106,394
COST OF SERVICES				
Programme Investment	32	\$ 90,418	\$ 105,382	\$ 73,226
Programme Support		\$ 8,668	\$ 9,594	\$ 7,769
SPARC Costs		\$ 8,897	\$ 9,499	\$ 8,924
Total Operating expenditure	4	\$ 107,983	\$ 124,475	\$ 89,919
Net operating surplus / (deficit)		\$ 3,042	\$ (16,099)	\$ 16,475
Loss on disposal of assets		\$ 0	\$ 0	\$ 18
Net profit / (loss)		\$ 3,042	\$ (16,099)	\$ 16,457
Other comprehensive income		\$ 0	\$ 0	\$ 0
Total Comprehensive Income		\$ 3,042	\$ (16,099)	\$ 16,457

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Note	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	7	\$ 7,961	\$ 11,673	\$ 11,424
Trade and other receivables	8	\$ 206	\$ 1,771	\$ 330
Inventories	9	\$ 113	\$ 100	\$ 160
Investments	10	\$ 24,759	\$ 0	\$ 19,200
Total Current assets		\$ 33,039	\$ 13,544	\$ 31,114
NON-CURRENT ASSETS				
Property, plant and equipment	11	\$ 975	\$ 975	\$ 1,068
Intangible assets	12	\$ 980	\$ 956	\$ 314
Loans	13	\$ 429	\$ 0	\$ 0
Total Non-current assets		\$ 2,384	\$ 1,931	\$ 1,382
Total Assets		\$ 35,423	\$ 15,475	\$ 32,496
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	14	\$ 1,784	\$ 884	\$ 1,895
Revenue received in advance	15	\$ 222	\$ 222	\$ 257
Employee benefits	16	\$ 807	\$ 932	\$ 776
Provisions	17	\$ 0	\$ 0	\$ 0
Total Current liabilities		\$ 2,813	\$ 2,038	\$ 2,928
Total Liabilities		\$ 2,813	\$ 2,038	\$ 2,928
Net assets		\$ 32,610	\$ 13,437	\$ 29,568
Represented by:				
Public equity		\$ 29,568	\$ 29,536	\$ 13,111
Total Comprehensive income		\$ 3,042	\$ (16,099)	\$ 16,457
Total Public equity	6	\$ 32,610	\$ 13,437	\$ 29,568

This financial 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 2011

	Note	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Opening Public equity		\$ 29,568	\$ 29,536	\$ 13,111
Total Comprehensive income		\$ 3,042	\$ (16,099)	\$ 16,457
Closing Public equity	6	\$ 32,610	\$ 13,437	\$ 29,568

This financial 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 2011

		Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash inflows				
Receipts from Crown revenue		\$ 72,614	\$ 71,964	\$ 59,622
Receipts from other revenue				
- New Zealand Lotteries Grants Board		\$ 37,062	\$ 35,262	\$ 43,254
- Contract revenue		\$ 0	\$ 0	\$ 2,667
- Sundry revenue		\$ 136	\$ 800	\$ 161
Interest Received		\$ 1,337	\$ 600	\$ 574
Total Cash inflows		\$ 111,149	\$ 108,626	\$ 106,278
Cash outflow				
Payments to suppliers				
- Programme Investment		\$ 85,674	\$ 106,132	\$ 73,852
- Other payments		\$ 7,470	\$ 8,841	\$ 8,709
Total Payments to suppliers		\$ 93,144	\$ 114,973	\$ 82,561
Payments to employees		\$ 8,866	\$ 10,153	\$ 8,351
Interest paid		\$ 0	\$ 0	\$ 0
Goods and services tax (net)		\$ 644	\$ 2,277	\$ (1,120)
Total Cash outflows		\$ 102,654	\$ 127,403	\$ 89,792
Net cash inflow / (outflow) from operating activities	21	\$ 8,495	\$ (18,777)	\$ 16,486

This financial 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 2011

		Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
CASH FLOW FROM INVESTING ACTIVITIES				
Cash inflows				
Disposal of fixed assets		\$ 0	\$ 0	\$ 16
Total Cash inflows		\$ 0	\$ 0	\$ 16
Cash outflow				
Purchase of property, plant and equipment	11	\$ 59	\$ 30	\$ 12
Purchase of intangible assets	12	\$ 931	\$ 960	\$ 188
Loans and advances drawdown	13	\$ 5,409	\$ 0	\$ 0
Acquisition of investments	10	\$ 5,559	\$ 0	\$ 19,200
Total Cash outflows		\$ 11,958	\$ 990	\$ 19,400
Net cash inflow / (outflow) from investing activities		\$ (11,958)	\$ (990)	\$ (19,384)
Net increase / (decrease) in cash held		\$ (3,463)	\$ (19,767)	\$ (2,898)
Opening cash balance as at 1 July		\$ 11,424	\$ 31,440	\$ 14,322
Closing cash balance as at 30 June		\$ 7,961	\$ 11,673	\$ 11,424
MADE UP OF				
Cash and cash equivalents	7	\$ 7,961	\$ 11,673	\$ 11,424
Total Cash and cash equivalents		\$ 7,961	\$ 11,673	\$ 11,424

This financial 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 2011

Reporting Entity

Sport and Recreation New Zealand (SPARC) is a Crown entity 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. SPARC's primary objective is to provide public services to the New Zealand public, rather than to make 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 ended 30 June 2011 and were approved by the Board on 31 October 2011.

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.

Measurement base

The financial statements have been prepared on a 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.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

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

NZ IAS 24 Related Party Disclosures (Revised 2009)

The effect of early adopting the revised NZ IAS 24 is:

- i) more information is required to be disclosed about transactions between the CSE and entities controlled, jointly controlled, or significantly influenced by the Crown;
- ii) commitments with related parties require disclosure; and
- iii) information is required to be disclosed about any related party transactions with Ministers of the Crown.

SPARC will adopt the revised standard for the year ended 30 June 2012.

Amendments to NZ IFRS 7 Financial Instruments: Disclosures

The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used, and requires the maturity analysis of derivative liabilities to be presented separately from non-derivative financial liability contractual maturity analysis. This new information is disclosed in note 27. The transitional provisions of the amendments do not require disclosure of comparative information in the first year of application. SPARC has elected to disclose comparative information

NZ IFRS 9 Financial Instruments

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting.

Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39.

The new standard is required to be adopted for the year ended 30 June 2014. SPARC has not yet assessed the effect of the new standard and does not expect it will be adopted early.

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 17 through 27.

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.

Programme investment (Grant) expenditure

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

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

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

Leases

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 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.

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 comprehensive income. 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.

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 nor intends to be exposed to any equity investment transactions during the periods covered by these financial statements.

Loans and advances

Loans and advances 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.

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 comprehensive income in the period when the write-down occurs.

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

SPARC has neither been exposed nor 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 comprehensive income.

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 comprehensive income.

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 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:

Plant and equipment	3 to 5 years	(20-33%)
Furniture and fittings	5 to 10 years	(10-20%)
Computer hardware	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 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 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 comprehensive income.

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.

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

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 comprehensive income 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.

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.

There have been no other changes to the treatment of GST since the date of the last audited financial statements.

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 ended 30 June 2011 are derived from the Statement of Intent 2010-13, as approved by the Board on 18 June 2010.

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 comprehensive income 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 material 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 2011, 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. Note that this delivery of new initiatives will be via SPARC directly, or via High Performance Sport New Zealand, a new Crown company wholly-owned by SPARC, which was created on 8 August 2011 through the merger of the High Performance Unit within SPARC and the Academies of Sport (North and South Island).

Operating expenditure and accumulated funds

SPARC has accumulated public equity funds from the current and also previous financial years through the generation of unbudgeted operating surpluses. As indicated within SPARC's 2011 - 14 Statement of Intent, SPARC anticipates reducing total accumulated funds to approximately \$5 million by 30 June 2014 through increased activity and levels of operating expenditure.

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 comprehensive income, 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 second hand 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 ended 30 June 2011:

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 and 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.

Impairment of loans and advances

The fair value of loans and advances are based on the discounted cash flows of the expected repayments for each loan and advance. Future cash flows are discounted using a rate appropriate to each loan and advance. SPARC has exercised its judgement in determining the appropriate discount rates for each loan and advance, having taken into account the interest rates, repayment terms and any other risks associated to each loan and advance.

SPARC will review the discount rates for each loan and advance on an annual basis. If the cash flow or discount rate assumptions were to change because of market conditions, the fair value could be different and could result in increases or reversals, in part or in full, of impairments to loans and advances at a future date.

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 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Crown Funding			
- Sport and Recreation Programmes	\$ 18,726	\$ 19,376	\$ 16,709
- High Performance Sport	\$ 48,338	\$ 48,338	\$ 38,663
- Sport Education Scholarships	\$ 4,250	\$ 4,250	\$ 4,250
- Loan to Rowing New Zealand	\$ 1,300	\$ 0	\$ 0
Total Crown funding	\$ 72,614	\$ 71,964	\$ 59,622
NZ Lottery Grants Board	\$ 37,062	\$ 35,262	\$ 43,254
Contract Revenue			
- Ministry of Education	\$ 0	\$ 0	\$ 2,667
- Ministry of Economic Development	\$ 0	\$ 0	\$ 60
- NZ Aid	\$ 0	\$ 0	\$ 1
Total Contract revenue	\$ 0	\$ 0	\$ 2,728
Interest Received	\$ 1,290	\$ 600	\$ 740
Sundry Revenue	\$ 59	\$ 550	\$ 50
Total Operating revenue	\$ 111,025	\$ 108,376	\$ 106,394

Major variations in the level of operating revenues between 2009/10 and 2010/11 are explained as follows;

Crown Funding

Total Crown funding increased by \$12.992 million between 2009/10 and 2010/11 as a net result of:

- An increase of \$2.017 million in Crown funding for sport and recreation programmes as further explained within the output class expense statement on page 20.
- An increase of \$10 million in Crown funding for high performance sport reflecting the Government's increased investment into high performance sport and infrastructure.
- A one-off Crown funding appropriation of \$1.3 million for a loan to Rowing New Zealand following the financial loss from running the 2010 Rowing World Championships at Lake Karapiro.

NZ Lottery Grants Board

Revenue from the NZ Lottery Grants Board (NZLGB) decreased \$6.192 million between 2009/10 and 2010/11 as a net result of:

- In 2009/10 SPARC received a distribution of NZLGB reserves of \$9.524 million. In 2010/11 a final distribution of NZLGB reserves of \$4.762 million was received.
- NZLGB's statutory distribution of NZ Lotteries profits to SPARC was \$1.430 million lower in 2010/11 than in 2009/10.

Contract Revenue

SPARC no longer provides contracted services on behalf of other Crown agencies and consequently no longer receives contract revenue.

Interest Received

Interest revenues generated from SPARC's cash and cash equivalents increased by \$0.550 million in 2010/11 as a result of the high level of funds held through the financial year (largely because of delays in high performance infrastructure projects).

Explanation of significant variances between actual revenues for 2010/11 and those budgeted for 2010/11 is further detailed in note 31 of the notes to the financial statements.

4. Operating expenditure

For the year ended 30 June 2011

	Note	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Programme investment	32	\$ 90,418	\$ 105,382	\$ 73,226
Programme support ¹		\$ 4,452	\$ 4,884	\$ 3,557
Personnel costs	5	\$ 9,528	\$ 10,601	\$ 9,117
Lease of premises		\$ 611	\$ 591	\$ 625
Lease of equipment		\$ 318	\$ 380	\$ 328
Depreciation	11			
- leasehold improvements		\$ 104	\$ 104	\$ 104
- plant and equipment		\$ 3	\$ 6	\$ 2
- computer hardware		\$ 9	\$ 14	\$ 16
- furniture and fittings		\$ 36	\$ 38	\$ 36
Amortisation				
- computer software	12	\$ 265	\$ 338	\$ 235
Total Depreciation and amortisation		\$ 417	\$ 500	\$ 393
Board members remuneration	24	\$ 174	\$ 160	\$ 156
Audit fees (Audit NZ)				
- for financial statement audit		\$ 53	\$ 60	\$ 53
- for other assurance services		\$ 14	\$ 0	\$ 0
Website development ²		\$ 0	\$ 0	\$ 282
Other operating expenditure		\$ 1,998	\$ 1,917	\$ 2,182
Total Operating expenditure		\$ 107,983	\$ 124,475	\$ 89,919

¹ **Programme support as reported in the Statement of Comprehensive Income and Output Class Allocation is made up as follows**

Programme support as above	\$ 4,452	\$ 4,884	\$ 3,557
Personnel costs directly attributed to programmes	\$ 4,216	\$ 4,710	\$ 3,930
Website development costs directly attributed to programmes	\$ 0	\$ 0	\$ 282
Total Programme support	\$ 8,668	\$ 9,594	\$ 7,769

² **Website Development is made up as follows;**

Sport and Recreation Programmes	\$ 0	\$ 0	\$ 282
Children and Young Peoples Lifestyles	\$ 0	\$ 0	\$ 0
Total Website development	\$ 0	\$ 0	\$ 282

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 expenditure disclosed above.

SPARC's operating expenditure for 2010/11 was \$107.983 million, \$18.064 million higher than operating expenditure in 2009/10. The majority of this variance relates to programme investment, with an increase of \$17.192 million on 2009/10. This increase includes an additional \$11.445 million high performance sport investment following the Government's decision to invest more into high performance sport and infrastructure. The programme investment increase also included an additional \$3.032 million being invested into KiwiSport in 2010/11.

Explanation of significant variances between actual expenditures for 2010/11 and those budgeted for 2010/11 is further detailed in note 31 of the notes to the financial statements.

5. Personnel costs

For the year ended 30 June 2011

		Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
	Note			
Salaries and wages		\$ 8,945	\$ 9,838	\$ 8,562
Other personnel costs		\$ 552	\$ 693	\$ 512
Increase / (decrease) in employee entitlements	16	\$ 31	\$ 70	\$ 43
Total Personnel costs		\$ 9,528	\$ 10,601	\$ 9,117

As at 30 June 2011 SPARC employed 78.8 full time employees (2010: 74.5 full time employees).

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

During the year ended 30 June 2011, 3 employees received compensation and other benefits in relation to cessation of employment totalling \$71,158. There was no provision made in the year ended 30 June 2010 for employee compensation.

During the year ended 30 June 2010, 15 employees received compensation and other benefits in relation to cessation of employment totalling \$246,883. Of this total, \$220,829 had been provided for in the year ended 30 June 2009.

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

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 2011 SPARC's gross employer contributions to Kiwisaver were \$108,901 (2010: \$90,127).

6. Accumulated funds

SPARC has accumulated funds over the current and previous financial years through the generation of unbudgeted operating surpluses. As mentioned in note 1 of the notes to the financial statements, and as indicated within SPARC's 2011 - 14 Statement of Intent, SPARC anticipates reducing total accumulated funds to approximately \$5 million by 30 June 2014 through increased activity and levels of operating expenditure.

7. Cash and cash equivalents

As at 30 June 2011

	Actual		Budget		Actual
	2011		2011		2010
	\$000		\$000		\$000
Bank balances and cash held	\$ 485	\$	373	\$	424
Short term investments (deposits < 90 days)					
- ANZ National Bank	\$ 0	\$	0	\$	5,000
- ASB Bank	\$ 0	\$	3,000	\$	0
- Bank of New Zealand	\$ 0	\$	0	\$	0
- Kiwibank	\$ 0	\$	4,000	\$	0
- Rabobank NZ	\$ 476	\$	0	\$	0
- Westpac	\$ 7,000	\$	4,300	\$	6,000
Total Short term investments	\$ 7,476	\$	11,300	\$	11,000
Total Cash and cash equivalents	\$ 7,961	\$	11,673	\$	11,424

As at 30 June 2011 the weighted average interest rate on short term investments was 3.11% (2010: 3.26%).

As at 30 June 2011 the above short term investments had an average maturity date of 0 days (2010: 4 days).

SPARC's deposits with investment maturity dates of 90 days or less and at fixed interest rates are disclosed in the statement of financial position as cash and cash equivalents.

SPARC's deposits with investment maturity dates greater than 90 days have been classified as investments and are further disclosed in note 10 of the notes to the financial statements.

Being fixed interest rate investments, there is no impact on the measurement of amortised cost.

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 2011

	Actual	Budget	Actual
	2011	2011	2010
	\$000	\$000	\$000
Trade receivables due from crown and related entities	\$ 44	\$ 0	\$ 91
Other trade receivables	\$ 162	\$ 883	\$ 239
Goods and services tax	\$ 0	\$ 888	\$ 0
Total Trade and other receivables	\$ 206	\$ 1,771	\$ 330

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

	2011			2010		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	206	0	206	330	0	330
Past due 1 - 30 days	0	0	0	0	0	0
Past due 31 - 60 days	0	0	0	0	0	0
Past due 61 - 90 days	0	0	0	0	0	0
Past due > 91 days	0	0	0	0	0	0
Total Trade and other receivables	206	0	206	330	0	330

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 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Inventory held for the use in provision of goods and services	\$ 39	\$ 30	\$ 55
Inventory held for sale	\$ 74	\$ 70	\$ 105
Total Inventories	\$ 113	\$ 100	\$ 160

The carrying amount of inventories held for distribution that are measured at the lower of cost or net realisable value as at 30 June 2011 amounted to \$39,207 (2010: \$55,394).

The write-down of inventories held for distribution amounted to \$nil (2010: \$nil). There have been no reversals of write-downs.

The write-down of commercial inventories amounted to \$nil (2010: \$nil). There have been no reversals of write-downs.

No inventories are pledged as security for liabilities.

10. Investments

As at 30 June 2011

	Actual	Budget	Actual
	2011	2011	2010
	\$000	\$000	\$000
Investments (deposits > 90 days)			
- ANZ National Bank	\$ 2,500	\$ 0	\$ 0
- ASB Bank	\$ 0	\$ 0	\$ 4,700
- Bank of New Zealand	\$ 11,000	\$ 0	\$ 0
- Kiwibank	\$ 6,000	\$ 0	\$ 7,000
- Rabobank NZ	\$ 0	\$ 0	\$ 2,500
- Westpac	\$ 5,259	\$ 0	\$ 5,000
Total investments	\$ 24,759	\$ 0	\$ 19,200

As at 30 June 2011 the weighted average interest rate on short term investments was 4.24% (2010: 4.84%).

As at 30 June 2011 the above short term investments had an average maturity date of 134 days (2010: 136 days).

SPARC's deposits with investment maturity dates greater than 90 days and at fixed interest rates have been classified as investments in the statement of financial position.

SPARC's deposits with investment maturity dates of 90 days or less and are further disclosed in note 7 of the notes to the financial statements.

Being fixed interest rate investments, there is no impact on the measurement of amortised cost. Interest accrued on these investments is included as trade debtors within note 8 of the notes to the financial statements.

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

11. Property, plant and equipment

For the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Leasehold Improvements			
Opening cost	\$ 938	\$ 938	\$ 938
Additions	\$ 0	\$ 0	\$ 0
Revaluation	\$ 0	\$ 0	\$ 0
Disposals	\$ 0	\$ 0	\$ 0
Closing cost	\$ 938	\$ 938	\$ 938
Opening depreciation	\$ 139	\$ 139	\$ 35
Depreciation for current year	\$ 104	\$ 104	\$ 104
Impairment	\$ 0	\$ 0	\$ 0
Disposals	\$ 0	\$ 0	\$ 0
Closing depreciation	\$ 243	\$ 243	\$ 139
Opening carrying value	\$ 799	\$ 799	\$ 903
Closing carrying value	\$ 695	\$ 695	\$ 799
Plant and Equipment			
Opening cost	\$ 43	\$ 53	\$ 43
Additions	\$ 8	\$ 10	\$ 0
Revaluation	\$ 0	\$ 0	\$ 0
Disposals	\$ 0	\$ 0	\$ 0
Closing cost	\$ 51	\$ 63	\$ 43
Opening depreciation	\$ 42	\$ 42	\$ 40
Depreciation for current year	\$ 3	\$ 6	\$ 2
Impairment	\$ 0	\$ 0	\$ 0
Disposals	\$ 0	\$ 0	\$ 0
Closing depreciation	\$ 45	\$ 48	\$ 42
Opening carrying value	\$ 1	\$ 11	\$ 3
Closing carrying value	\$ 6	\$ 15	\$ 1

11. Property, plant and equipment (continued)

For the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Computer Hardware			
Opening cost	\$ 83	\$ 103	\$ 139
Additions	\$ 51	\$ 10	\$ 12
Revaluation	\$ 0	\$ 0	\$ 0
Disposals	\$ 0	\$ 0	\$ (68)
Closing cost	\$ 134	\$ 113	\$ 83
Opening depreciation	\$ 71	\$ 72	\$ 88
Depreciation for current year	\$ 9	\$ 14	\$ 16
Impairment	\$ 0	\$ 0	\$ 0
Disposals	\$ 0	\$ 0	\$ (33)
Closing depreciation	\$ 80	\$ 86	\$ 71
Opening carrying value	\$ 12	\$ 31	\$ 51
Closing carrying value	\$ 54	\$ 27	\$ 12
Furniture and Fittings			
Opening cost	\$ 361	\$ 371	\$ 361
Additions	\$ 0	\$ 10	\$ 0
Revaluation	\$ 0	\$ 0	\$ 0
Disposals	\$ 0	\$ 0	\$ 0
Closing cost	\$ 361	\$ 381	\$ 361
Opening depreciation	\$ 105	\$ 105	\$ 69
Depreciation for current year	\$ 36	\$ 38	\$ 36
Impairment	\$ 0	\$ 0	\$ 0
Disposals	\$ 0	\$ 0	\$ 0
Closing depreciation	\$ 141	\$ 143	\$ 105
Opening carrying value	\$ 256	\$ 266	\$ 292
Closing carrying value	\$ 220	\$ 238	\$ 256
Total Property, plant and equipment	\$ 975	\$ 975	\$ 1,068

12. Intangible assets

For the year ended 30 June 2011

	Actual	Budget	Actual
	2011	2011	2010
	\$000	\$000	\$000
Computer Software			
Opening cost	\$ 1,598	\$ 1,617	\$ 1,410
Additions	\$ 931	\$ 960	\$ 188
Revaluation	\$ 0	\$ 0	\$ 0
Disposals	\$ 0	\$ 0	\$ 0
Closing cost	\$ 2,529	\$ 2,577	\$ 1,598
Opening amortisation	\$ 1,284	\$ 1,283	\$ 1,049
Amortisation for current year	\$ 265	\$ 338	\$ 235
Impairment	\$ 0	\$ 0	\$ 0
Disposals	\$ 0	\$ 0	\$ 0
Closing amortisation	\$ 1,549	\$ 1,621	\$ 1,284
Opening carrying value	\$ 314	\$ 334	\$ 361
Closing carrying value	\$ 980	\$ 956	\$ 314
Total Intangible assets	\$ 980	\$ 956	\$ 314

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

Work in progress of \$444,000 (2010: nil) is included within the additions reported above.

13. Loans and advances

As at 30 June 2011

	Actual 2011 \$	Budget 2011 \$	Actual 2010 \$
Rowing New Zealand			
Opening Balance	\$ 0	\$ 0	\$ 0
Increase in loan drawdown	\$ 1,300	\$ 0	\$ 0
Fair value movement on loan drawdown	\$ (871)	\$ 0	\$ 0
	\$ 429	\$ 0	\$ 0
AUT Millennium Trust			
Opening Balance	\$ 0	\$ 0	\$ 0
Increase in loan drawdown	\$ 4,109	\$ 0	\$ 0
Fair value movement on loan drawdown	\$ (4,109)	\$ 0	\$ 0
	\$ 0	\$ 0	\$ 0
Total Loans and Advances	\$ 429	\$ 0	\$ 0

During 2010/11 SPARC issued loans to two organisations:

- Rowing New Zealand, \$1.3 million to part fund the financial loss incurred by Rowing New Zealand following the 2010 Rowing World Championships being held at Lake Karapiro.
- AUT Millennium Trust, \$4.109 million to part fund the expansion of the MISH high performance centre in Mairangi Bay, Auckland.

The fair value movement on loans reflects the timing of their expected repayments and the interest free nature of the loans.

The fair value of the interest free loan to Rowing New Zealand has been recognised at \$428,505. Over the remaining life and repayment of the loan the fair value will be amortised back up to its full nominal value.

The loan to the AUT Millennium Trust is interest free and in perpetuity, and accordingly the loan has a nil fair value.

14. Trade and other payables

As at 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Trade payables due to crown and related entities	\$ 239	\$ 120	\$ 192
Other trade payables	\$ 899	\$ 611	\$ 381
Total Trade Payables	\$ 1,138	\$ 731	\$ 573
Goods and services tax	\$ 224	\$ 0	\$ 868
Accrued expenses	\$ 422	\$ 153	\$ 454
Total Trade and other payables	\$ 1,784	\$ 884	\$ 1,895

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

15. Revenue received in advance

As at 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Lease Incentive Payment	\$ 222	\$ 222	\$ 256
Sundry Revenue	\$ 0	\$ 0	\$ 1
Total Revenue received in advance	\$ 222	\$ 222	\$ 257

The lease of SPARC's Wellington premises included an owner contribution to fit-out of \$300,000. This lease incentive payment has been treated as revenue received in advance and is being amortised over the life of the lease.

16. Employee benefits

As at 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Annual leave provision	\$ 408	\$ 500	\$ 401
Sick leave provision	\$ 15	\$ 5	\$ 36
Remuneration accrued	\$ 384	\$ 427	\$ 339
Total Employee benefits	\$ 807	\$ 932	\$ 776

17. Provisions

As at 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Current Provisions			
Redundancy	\$ 0	\$ 0	\$ 0
Total Current Provisions	\$ 0	\$ 0	\$ 0
Total Provisions	\$ 0	\$ 0	\$ 0

Represented by:

Redundancy				
Opening provision	\$ 0	\$ 0	\$ 221	
Additional provisions made	\$ 0	\$ 0	\$ 0	
Amounts used	\$ 0	\$ 0	\$ (221)	
Closing provision	\$ 0	\$ 0	\$ 0	
Total Provisions	\$ 0	\$ 0	\$ 0	0

Redundancy

Following the cessation of Mission-On initiatives, a provision for the redundancy of 9 employees was made as at 30 June 2009. This provision has since been extinguished following the payment of actual redundancies during the year ended 30 June 2010.

18. Contingencies

Contingent liabilities

SPARC did not have any contingent liabilities as at 30 June 2011 (2010: \$nil).

Contingent assets

SPARC did not have any contingent assets as at 30 June 2011 (2010: \$nil).

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 2011 (2010: \$nil).

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

For the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Plant and equipment	\$ 8	\$ 10	\$ 0
Computer hardware	\$ 51	\$ 10	\$ 12
Furniture and fittings	\$ 0	\$ 10	\$ 0
Computer software	\$ 931	\$ 960	\$ 188
Total Capital Expenditure	\$ 990	\$ 990	\$ 200

20. Capital and lease commitments

As at 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Capital (funding) commitments approved and contracted			
Less than one year	\$ 65,273	\$ 30,000	\$ 30,552
One to two years	\$ 29,001	\$ 25,000	\$ 34,424
Three to five years	\$ 0	\$ 0	\$ 0
Over five years	\$ 0	\$ 0	\$ 0
Total Capital (funding) commitments approved and contracted	\$ 94,274	\$ 55,000	\$ 64,976
Non cancellable operating lease commitments			
Less than one year	\$ 895	\$ 673	\$ 847
One to two years	\$ 775	\$ 1,256	\$ 760
Three to five years	\$ 1,945	\$ 1,873	\$ 1,927
Over five years	\$ 1,040	\$ 416	\$ 1,665
Total Non cancellable operating lease commitments	\$ 4,655	\$ 4,218	\$ 5,199
Total Commitments	\$ 98,929	\$ 59,218	\$ 70,175

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 2011.

Non cancellable operating lease commitments include;

- lease of premises, \$4,161,600 (2010: \$4,785,841)
- lease of computer and office equipment, \$352,807 (2010: \$391,495)
- lease of vehicles, \$140,297 (2010: \$22,240)

A significant portion of the total non-cancellable operating lease expense relates to the lease of two floors of an office building in Wellington. The lease expires in February 2018.

SPARC has subleased a portion of its Wellington office space and has a commitment to receive \$42,880 in 2011/12.

Total future minimum lease payments to be made by SPARC under the non-cancellable lease for its Wellington office space at balance date are \$4,161,600 (2010 \$ 4,785,841).

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.

21. Reconciliation of net surplus / (deficit) to net cash flows from operating activities

For the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Net operating surplus / (deficit)	\$ 3,042	\$ (16,099)	\$ 16,475
Add / (deduct) non-cash items			
Depreciation and amortisation	\$ 417	\$ 500	\$ 393
Net fair value movement in financial assets	\$ 4,980	\$ 0	\$ 0
Total Non-cash items	\$ 5,397	\$ 500	\$ 393
	\$ 8,439	\$ (15,599)	\$ 16,868
Add / (deduct) movements in working capital items			
Trade and other receivables	\$ 124	\$ (1,748)	\$ 307
Inventories	\$ 47	\$ 70	\$ 40
Trade and other payables	\$ (146)	\$ (1,570)	\$ (551)
Provisions	\$ 0	\$ 0	\$ (221)
Employee benefits	\$ 31	\$ 70	\$ 43
Net movement in other working capital items	\$ 56	\$ (3,178)	\$ (382)
Net cash inflows / (outflows) from operating activities	\$ 8,495	\$ (18,777)	\$ 16,486

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 is 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 that are also members of governing bodies which are funded by SPARC, contracted by SPARC for services or in the business of supplying sport and recreation products or services in New Zealand are noted as follows:

Board Member	Organisation	Position	Value of Transactions	Outstanding Balances
Paul Allison	Halberg Trust	Trustee and Regional Chair	\$1,035,000 (2010: \$504,000)	\$0 (2010: \$0)
Nicki Turner	Halberg Trust	National Manager	\$1,035,000 (2010: \$504,000)	\$0 (2010: \$0)
Katie Sadleir	Accident Compensation Corporation	General Manager Corporate Services	\$41,181 (2010: \$51,540)	\$46,593 (2010: \$45,198)
Waimarama Taumaunu	Netball NZ	Silver Ferns Assistant Coach	\$2,045,419 (2010: \$1,279,277)	\$0 (2010: \$0)
Don Mackinnon	Swarbrick Beck Mackinnon	Partner	\$27,350 (2010: \$16,000)	\$0 (2010: \$0)

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.

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's staff are also required to disclose any interests they may have in any governing body which is funded by SPARC, contracted to SPARC for services or in the business of supplying sport and recreation products or services in New Zealand.

The following interests in investment partners have been disclosed in the employee interests register:

Staff Member	Organisation	Position	Value of Transactions	Outstanding Balances
John Reid (General Manager Community Sport and Recreation)	NZ Sports Turf Institute	Board member	\$0 (2010: \$75,000)	\$0 (2010: \$0)
Nicky Sherriff (Senior Advisor Policy)	Softball NZ	Board member	\$725,022 (2010: \$818,250)	\$0 (2010: \$0)

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.

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 2011 is as follows:

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Salaries and other short-term employee benefits	\$ 1,381	\$ 1,372	\$ 1,346
Post-employment benefits	\$ 0	\$ 0	\$ 0
Other long-term benefits	\$ 0	\$ 0	\$ 0
Termination benefits	\$ 0	\$ 0	\$ 0
Total Key management personnel compensation	\$ 1,381	\$ 1,372	\$ 1,346

Key management personnel include all board members, the chief executive, and 5 general managers (2010: 5 general managers).

24. Board member remuneration

The total value of remuneration paid to board and committee members for the year ended 30 June 2011 is as follows:

SPARC Board	Appointed	Term ends	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Paul Collins (Chairperson)	May 2009	Apr 2012	32	32	32
Katie Sadleir	Jul 2009	Jun 2012	0	16	16
Waimarama Taumaunu	Jul 2009	Jun 2012	16	16	16
Don Mackinnon	Jul 2009	Jun 2012	16	16	16
Bill Birnie	May 2009	Apr 2012	16	16	16
Rob Fisher	Jul 2005	Jun 2011	16	16	16
Donald Stewart	Apr 2007	Mar 2010	0	0	12
Paul Allison	Aug 2007	Sep 2010	16	4	16
Nicki Turner	Aug 2007	Sep 2010	8	4	16
New Board Members			0	40	0
			120	160	156

High Performance Committee	Appointed	Term ends	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Paul Collins (Chairperson)	Jun 2010	Jul 2011	14	0	0
Hamish Carter	Jun 2010	Jul 2011	10	0	0
Mark Weldon	Jun 2010	Jul 2011	10	0	0
Bill Birnie	Jun 2010	Jul 2011	10	0	0
Katie Sadleir	Jun 2010	Jul 2011	0	0	0
Don Mackinnon	Jun 2010	Jul 2011	10	0	0
			54	0	0
Total Board members remuneration			174	160	156

The High Performance Committee was established in June 2010 which included four SPARC Board members and two independent committee members.

The two independent high performance committee members were each remunerated \$10,000 in the year ended 30 June 2011 (2010: \$nil). There were no other payments to committee members who were not Board members during the year ended 30 June 2011 (2010: \$nil).

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 ended 30 June 2011 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 2011, are provided within \$10,000 bands, in the table below.

	Actual 2011 No. of employees	Budget 2011 No. of employees	Actual 2010 No. of employees
330,001 - 340,000	1	0	1
310,001 - 320,000	0	1	0
180,001 - 190,000	1	1	1
170,001 - 180,000	3	4	3
160,001 - 170,000	1	1	2
150,001 - 160,000	2	2	2
140,001 - 150,000	0	2	0
130,001 - 140,000	6	6	4
120,001 - 130,000	8(1)	14	9
110,001 - 120,000	6(1)	5	3(1)
100,000 - 110,000	6	5	6(1)
	34	41	31

* Please note that the above table includes those employees who ceased employment during the periods reported. For the year ended 30 June 2011, 2 employees who ceased employment during the period had received annual remuneration of greater than \$100,000, as indicated in brackets (2010: 2).

The chief executive's salary is within the band range \$330,001 to \$340,000 (2009/10 - \$330,001 to \$340,000).

During the year ended 30 June 2011, 3 employees received compensation and other benefits in relation to cessation of employment totalling \$71,158. There was no provision made in the year ended 30 June 2010 for employee compensation. During the year ended 30 June 2010, 15 employees received compensation and other benefits in relation to cessation of employment totalling \$246,883. Of this total, \$220,829 had been provided for in the year ended 30 June 2009.

During the 2010/11 financial year SPARC had a 2% general pay increase, (2009/10 – nil%).

26. Events after balance date

On 8 August 2011 the High Performance Unit of SPARC merged with the Academy of Sport (North and South Islands) to create High Performance Sport New Zealand, a new wholly owned subsidiary company of SPARC. This structural change does not impact the financial results reported in this Annual Report.

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 2011

	Note	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Cash and cash equivalents	7	\$ 7,961	\$ 11,673	\$ 11,424
Trade and other receivables	8	\$ 206	\$ 1,771	\$ 330
Investments	10	\$ 24,759	\$ 0	\$ 19,200
Loans and advances	13	\$ 429	\$ 0	\$ 0
Total Loans and receivables		\$ 33,355	\$ 13,444	\$ 30,954
Creditors and other payables	14	\$ 1,784	\$ 884	\$ 1,895
Total Financial liabilities measured at amortised cost		\$ 1,784	\$ 884	\$ 1,895

All of SPARC's financial liabilities are trade and other payables, with these trade and other payables being non-interest bearing and normally settled on 30-day terms, thus the carrying value of trade 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 approved registered banks.

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 nor 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 impose 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 2010/11 was \$9,975 (2009/10: \$9,975).

31. Explanation of significant variances against budget

Explanations for significant variations in SPARC's actual results for the year ended 30 June 2011 to budgeted figures in the Statement of Intent 2010-13 are as follows:

Statement of comprehensive income

Revenue

Total operating revenue for 2010/11 was \$2.649 million greater than budgeted, due largely to:

- a net increase in Crown funding of \$0.650 million relating to the funds to be loaned to Rowing New Zealand;
- \$1.800 million additional NZ Lottery Grants Board revenue as a result of increased profits from NZ Lotteries in 2010/11; and
- an increase in interest received on investments of \$0.690 million due to higher levels of investments held during the year following delays in infrastructure projects.

offset by:

- a \$0.491 million reduction in sundry revenue, as budgeted philanthropic contributions to high performance technology developments are now likely to be received in 2011/12.

Programme investment

Investment for 2010/11 was \$14.964 million less than that budgeted, due largely to:

- delays in some high performance infrastructure projects and associated investments. \$11 million of infrastructure investments budgeted for 2010/11 will now be made in the 2011/12 financial year.
- some KiwiSport and other sport and recreation programme investments have been contracted over a period of more than one year, as opposed to being budgeted within the 2010/11 year.

Programme support

Actual programme support costs for 2010/11 were \$0.926 million lower than budgeted, largely as a result of a delay in the roll-out of a major children and young people's survey which will be completed in 2011/12.

SPARC costs

SPARC costs were \$0.602 million lower than budgeted for 2010/11 as a result of SPARC's continued efforts to reduce its overhead costs.

Statement of financial position

Cash and cash equivalents

Cash and cash equivalents as at 30 June 2011 were \$3.712 million lower than budgeted primarily due to higher than anticipated funds invested in deposits with maturity dates greater than 90 days.

Investments

Investments are disclosed as those funds having been invested for greater than 90 days, which as at 30 June 2011 were \$24.759 million and had not been anticipated within the 2010/11 budget. The increased level of funds available to be invested is largely due to lower than anticipated programme investment expenditure during 2010/11, including infrastructure investments.

The majority of funds held at 30 June 2011 have been committed to high performance infrastructure investments in 2011/12.

Statement of changes in equity

Total comprehensive income

Total comprehensive income for 2010/11 was greater than budgeted by \$19.141 million due to the budget variances explained in the statement of comprehensive income above. As mentioned within 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 approximately \$5 million by 30 June 2014.

Statement of cash flows

Net cash inflows from operating activities were \$27.272 million higher than budgeted, primarily due to both an increase in revenue received and a lower than budgeted level of expenditure (particularly programme investments) as further explained within this note to the financial statements.

Net cash outflows from investing activities were \$10.968 million higher than budgeted as a result of the unbudgeted increase in net cash flows from operating activities and those funds having subsequently been invested.

32. Programme investment

For the year ended 30 June 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
<i>Programme investment as reported in the Statement of Financial Performance is made up of investments in to the following appropriations;</i>			
Sport and recreation programmes	\$ 39,741	\$ 42,407	\$ 34,779
High performance sport	\$ 45,853	\$ 58,725	\$ 34,408
Prime Minister's Scholarships	\$ 3,953	\$ 4,250	\$ 4,039
Loan to Rowing New Zealand	\$ 871	\$ 0	\$ 0
Total Programme investment	\$ 90,418	\$ 105,382	\$ 73,226

Programme investment as reported in the Statement of Financial Performance is made up of investments to the following organisations;

National Governing Bodies	\$ 45,384	\$ 40,500	\$ 37,863
Regional Sports Trusts	\$ 23,433	\$ 25,000	\$ 21,180
Regional Academy of Sports	\$ 12,407	\$ 15,000	\$ 11,127
Local Authorities	\$ 2,896	\$ 1,500	\$ 672
Iwi Based Organisations	\$ 825	\$ 750	\$ 779
Other	\$ 5,473	\$ 22,632	\$ 1,605
Total Programme investment	\$ 90,418	\$ 105,382	\$ 73,226

* Please note that a breakdown of investments made to individual organisations is contained in Appendix 1, however please also note that the information contained within Appendix 1 has not been audited and as such do not form part of these financial statements.

Appendix 1:

ALLOCATION OF INVESTMENT FUNDS

1 July 2010 – 30 June 2011

Comparative figures in Appendix 1 have been provided as they were included in the 2009/10 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 2009 / 2010	Organisation	Total 2010 / 2011
\$ 4,422,019	Rowing New Zealand	\$ 6,470,646
\$ 4,501,857	BikeNZ	\$ 5,330,345
\$ 2,462,520	Yachting New Zealand	\$ 3,321,534
\$ 1,891,965	Triathlon New Zealand	\$ 2,327,460
\$ 1,727,101	Athletics New Zealand	\$ 2,143,872
\$ 2,019,616	Swimming New Zealand	\$ 2,057,647
\$ 1,168,315	Netball NZ	\$ 2,043,550
\$ 1,693,636	Hockey NZ	\$ 1,909,330
\$ 918,457	Paralympics New Zealand	\$ 1,495,401
\$ 843,900	New Zealand Football	\$ 1,330,700
\$ 1,264,524	NZ Rugby Union	\$ 1,275,562
\$ 961,300	Equestrian Sports New Zealand	\$ 1,230,805
\$ 1,426,800	NZ Cricket	\$ 1,118,757
\$ 1,016,000	NZ Rugby League	\$ 1,055,400
\$ 1,279,650	New Zealand Canoeing Federation	\$ 991,175
\$ 450,000	Halberg Trust	\$ 950,000
\$ 735,000	NZ Golf Incorporated	\$ 744,442
\$ 692,000	Softball New Zealand	\$ 734,775
\$ 465,000	Basketball New Zealand	\$ 694,000
\$ 544,467	Snow Sports NZ Incorporated	\$ 578,153
\$ 704,600	Special Olympics New Zealand	\$ 550,000
\$ 118,730	GymSports New Zealand	\$ 531,175
\$ 450,000	Surf Life Saving New Zealand	\$ 445,000
\$ 699,267	Bowls New Zealand	\$ 436,275
\$ 428,717	Squash New Zealand	\$ 410,000
\$ 11,000	Touch New Zealand	\$ 355,000
\$ 155,000	Outdoors New Zealand Incorporated	\$ 325,000
\$ 227,500	International Taekwon-Do Foundation (ITFNZ)	\$ 262,600
\$ 250,000	NZ Olympic Committee	\$ 250,000
\$ 266,026	Volleyball NZ Inc	\$ 217,800

A. Investing in National Governing Bodies (continued)

Total 2009 / 2010	Organisation	Total 2010 / 2011
\$ 125,000	YMCA New Zealand	\$ 193,000
\$ 191,000	NZ Recreation Association	\$ 172,000
\$ 91,500	Surfing New Zealand	\$ 170,000
\$ 166,000	Motorsport NZ (Inc)	\$ 166,000
\$ 55,000	NZ Outdoor Instructors Association	\$ 160,250
\$ 103,695	Skate NZ	\$ 155,000
\$ -	Education Outdoors New Zealand Incorporated	\$ 150,000
\$ 81,000	Badminton NZ	\$ 130,000
\$ 33,600	Boxing New Zealand Inc	\$ 125,850
\$ 175,000	New Zealand Shooting Federation	\$ 125,000
\$ 95,000	New Zealand Water Polo Association	\$ 120,000
\$ 610,657	New Zealand Tennis	\$ 115,475
\$ 43,750	Croquet New Zealand	\$ 112,500
\$ -	New Zealand Rafting Association Incorporated	\$ 110,000
\$ 80,000	PENZ	\$ 110,000
\$ 111,000	Motorcycling NZ	\$ 100,000
\$ 100,000	NZ Sports Hall of Fame	\$ 100,000
\$ 163,875	Taekwondo New Zealand Incorporated	\$ 93,900
\$ 97,000	Shearing Sports New Zealand (Inc)	\$ 90,000
\$ 80,000	Scout Association of NZ	\$ 80,000
\$ 78,685	NZ Judo Federation	\$ 78,800
\$ 70,000	NZ Girl Guides Association	\$ 70,000
\$ 64,000	NZ Indoor Bowls	\$ 64,000
\$ 50,000	NZ Alpine Club	\$ 53,000
\$ 50,000	Outward Bound Trust of NZ	\$ 50,000
\$ 2,000	University Sport New Zealand	\$ 50,000
\$ 22,000	Boys' Brigade NZ	\$ 50,000
\$ 50,000	Table Tennis New Zealand	\$ 50,000
\$ 70,000	Karate New Zealand	\$ 45,000
\$ 25,417	Olympic Weightlifting New Zealand	\$ 43,333
\$ 42,000	NZ Pony Clubs Association	\$ 42,000
\$ 37,000	NZ Riding for the Disabled	\$ 37,000
\$ 36,000	Kart Sport New Zealand	\$ 36,000
\$ 20,000	NZ Orienteering Federation	\$ 35,000
\$ 9,800	NZ Curling Association	\$ 34,600
\$ 22,000	Diving New Zealand	\$ 34,020
\$ 100,000	New Zealand Indoor Sports Incorporated	\$ 32,500
\$ 27,600	Flying New Zealand	\$ 27,600
\$ 18,500	New Zealand AFL Inc	\$ 25,000
\$ -	Nga Kaihoe o Aotearoa	\$ 25,000
\$ 24,000	Blind Sport New Zealand	\$ 24,000
\$ 130,000	Sir Edmund Hillary Outdoor Pursuits Centre	\$ 22,500
\$ 108,460	Wrestling New Zealand	\$ 20,400
\$ 10,200	NZ Darts Council	\$ 20,400
\$ -	New Zealand Mountain Safety Council Inc	\$ 20,000
\$ 20,000	Marching New Zealand	\$ 20,000

A. Investing in National Governing Bodies (continued)

Total 2009 / 2010	Organisation	Total 2010 / 2011
\$ 126,250	Archery New Zealand Inc	\$ 20,000
\$ 20,000	Speedway New Zealand	\$ 20,000
\$ 1,500	NZ Water Ski Association	\$ 19,200
\$ 11,705	Synchro Swim New Zealand	\$ 18,900
\$ 16,800	Gliding New Zealand	\$ 16,800
\$ 15,000	NZ Power Boat Association	\$ 15,000
\$ 12,000	Deaf Sports Federation of New Zealand	\$ 12,000
\$ 12,000	NZ Ice Hockey Association	\$ 12,000
\$ 44,000	Spirit of Adventure Trust	\$ 11,000
\$ 50,000	YWCA	\$ 10,543
\$ 10,000	New Zealand Confederation of Billiard Sports Inc	\$ 10,000
\$ 10,000	New Zealand Polocrosse Inc	\$ 10,000
\$ 21,500	New Zealand Powerlifting Federation	\$ 9,000
\$ 6,000	Ice Speed Skating New Zealand	\$ 6,000
\$ 24,000	Federated Mountain Clubs of NZ	\$ 6,000
\$ 6,000	New Zealand Petanque Association	\$ 6,000
\$ 6,000	New Zealand Ice Skating Association	\$ 6,000
\$ 75,000	NZ Sports Turf Institute	\$ -
\$ 30,000	Te Araroa Trust	\$ -
\$ 29,000	NZ Mountain Guides Association	\$ -
\$ 26,000	Girls Brigade NZ (Inc)	\$ -
\$ 25,000	The Young New Zealanders' Challenge	\$ -
\$ 37,863,460	National Governing Bodies Total	\$ 45,383,976

B. Investing in Regional Sport Trusts

Total 2009 / 2010	Organisation	Total 2010 / 2011
\$ 1,952,643	Sport Canterbury West Coast	\$ 2,755,928
\$ 2,087,960	Counties Manukau Sport	\$ 2,142,018
\$ 1,835,077	Sport Waikato	\$ 2,006,602
\$ 1,633,819	Sport Wellington	\$ 1,920,656
\$ 1,403,695	Sport Auckland	\$ 1,830,726
\$ 1,612,536	Sport Bay of Plenty	\$ 1,750,921
\$ 1,214,912	Sport Waitakere	\$ 1,459,519
\$ 1,603,668	Harbour Sport	\$ 1,392,958
\$ 1,248,374	Sport Northland	\$ 1,283,130
\$ 1,136,945	Sport Hawkes Bay	\$ 1,223,607
\$ 1,019,122	Sport Otago	\$ 1,037,626
\$ 975,643	Sport Tasman	\$ 976,507
\$ 903,584	Sport Taranaki	\$ 973,240
\$ 870,843	Sport Manawatu	\$ 803,006
\$ 557,506	Sport Southland	\$ 656,531
\$ 598,116	Sport Wanganui	\$ 652,572
\$ 522,798	Sport Gisborne Tairāwhiti	\$ 567,141
\$ 3,111	RST Alliance	\$ -
\$ 21,180,352	Regional Sports Trusts Total	\$ 23,432,687

C. Investing in Regional Academies of Sport

Note: Investment totals for regional academies of sport include all direct investment including Prime Minister's Sport Scholarships.

Total 2009 / 2010	Organisation	Total 2010 / 2011
\$ 7,516,960	NZ Academy Of Sport - Nth Incorporated	\$ 8,860,074
\$ 3,609,613	NZ Academy Of Sport - South Island Incorporated	\$ 3,547,272
\$ 11,126,573	Regional Academies of Sport Total	\$ 12,407,346

D. Investing in Local Authorities

Total 2009 / 2010	Organisation	Total 2010 / 2011
\$ 479	Dunedin City Council	\$ 1,000,000
\$ -	Wellington City Council	\$ 720,000
\$ 75,407	Auckland City Council	\$ 215,250
\$ 25,130	Far North District Council	\$ 165,130
\$ 70,081	Tasman District Council	\$ 150,081
\$ -	Rotorua District Council	\$ 100,000
\$ 46,000	Hamilton City Council	\$ 46,000
\$ -	New Plymouth District Council	\$ 43,950
\$ 37,825	Hutt City Council	\$ 37,825
\$ 28,322	Waimakariri District Council	\$ 28,322
\$ 20,007	Gisborne District Council	\$ 20,007
\$ 19,500	Gore District Council	\$ 19,500
\$ 19,147	Marlborough District Council	\$ 19,147
\$ 15,150	Selwyn District Council	\$ 15,150
\$ 14,985	Whakatane District Council	\$ 14,985
\$ 14,588	Taupo District Council	\$ 14,588
\$ 12,798	Southland District Council	\$ 12,798
\$ 12,317	Ashburton District Council	\$ 12,317
\$ 11,918	South Taranaki District Council	\$ 11,918
\$ 10,330	Queenstown Lakes District Council	\$ 10,330
\$ 10,180	Masterton District Council	\$ 10,180
\$ 9,500	Christchurch City Council	\$ 9,821
\$ 9,500	Mackenzie District Council	\$ 9,500
\$ 9,500	Stratford District Council	\$ 9,500
\$ 9,500	Grey District Council	\$ 9,500
\$ 9,500	Opotiki District Council	\$ 9,500
\$ 9,500	Chatham Islands Council	\$ 9,500
\$ 9,500	Otorohanga District Council	\$ 9,500
\$ 9,500	Wairoa District Council	\$ 9,500
\$ 9,500	Central Hawkes Bay District Council	\$ 9,500
\$ 9,500	Kaikoura District Council	\$ 9,500
\$ 9,500	Clutha District Council	\$ 9,500
\$ 9,500	Tararua District Council	\$ 9,500
\$ 9,500	Central Otago District Council	\$ 9,500
\$ 9,500	Kaipara District Council	\$ 9,500
\$ 9,500	Ruapehu District Council	\$ 9,500
\$ 9,500	Waimate District Council	\$ 9,500
\$ 9,500	Hurunui District Council	\$ 9,500
\$ 9,500	Waitaki District Council	\$ 9,500
\$ 9,500	Waitomo District Council	\$ 9,500
\$ 9,500	Westland District Council	\$ 9,500
\$ 9,500	Buller District Council	\$ 9,500
\$ 9,500	Carterton District Council	\$ 9,500
\$ 9,500	South Wairarapa District Council	\$ 9,500
\$ 9,500	Rangitikei District Council	\$ 9,500
\$ 672,165	Local Authorities Total	\$ 2,895,800

E. Investing in Iwi-based Organisations

Total 2009 / 2010	Organisation	Total 2010 / 2011
\$ 225,000	Te Papa Takaro O Te Arawa	\$ 230,000
\$ 174,000	He Oranga Pounamu	\$ 170,000
\$ 58,998	Te Wharekura O Rakaumanga	\$ 85,000
\$ 87,000	Mataatua Sports Trust	\$ 85,000
\$ 69,000	Tuwharetoa - Te Whaiora Sports	\$ 85,000
\$ 69,000	Ngati Hine Health Trust	\$ 85,000
\$ 69,000	Te Hauora o Turanganui a Kiwa	\$ 85,000
\$ 18,000	Te Runanga O Turanganui a Kiwa	\$ -
\$ 9,000	Te Runanga o Te Whanau	\$ -
\$ -	Maori Education Trust	\$ -
\$ 778,998	Iwi Based Organisations Total	\$ 825,000

F. Other Investments

Total 2009 / 2010	Organisation	Total 2010 / 2011
\$ 501,997	Schools	\$ 308,247
\$ 1,102,623	Other Organisations	\$ 1,055,853
\$ -	AUT Millennium Ownership Trust	\$ 4,109,376
\$ 1,604,620	Other Investments Total	\$ 5,473,476

Appendix 2:

FUNCTIONS OF SPARC

(as detailed in the Sport and Recreation New Zealand Act 2002)

Functions

The functions of the Agency are to:

- (a) develop and implement national policies and strategies for physical recreation and sport:
- (b) allocate funds to organisations and regional bodies in line with its policies and strategies:
- (c) promote and advocate the importance of participation in physical activity by all New Zealanders for their health and well-being:
- (d) promote and disseminate research relevant to physical recreation and sport:
- (e) provide advice to the Minister on issues relating to physical recreation and sport:
- (f) promote and support the development and implementation of physical recreation and sport in a way that is culturally appropriate to Maori:
- (g) encourage participation in physical recreation and sport by Pacific peoples, women, older New Zealanders, and people with disabilities:
- (h) recognise the role of physical recreation and sport in the rehabilitation of people with disabilities:
- (i) facilitate the resolution of disputes between persons or organisations involved in physical recreation and sport:
- (j) 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:
- (k) 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:
- (l) provide advice and support for organisations working in physical recreation and sport at national, regional, and local levels:
- (m) facilitate co-ordination between national, regional, and local physical recreation and sport organisations:
- (n) represent the Government's policy interests in physical recreation and sport internationally.

Appendix 3:

ROLES OF HIGH PERFORMANCE COMMITTEE

The role of the High Performance Committee is to:

- carry out any functions delegated by the Board of SPARC that are associated with high performance sport;
- create a new distinctive identity for New Zealand's high performance sport system;
- develop a new high performance strategy and oversee its implementation;
- decide on SPARC's investments in high performance sport;
- oversee SPARC's partnerships with the New Zealand Olympic Committee (NZOC) and New Zealand Academy of Sport (NZAS); and
- develop and oversee SPARC's partnerships with private interests (Public/Private Partnerships - PPPs).

ROLES OF STANDING COMMITTEES

Audit, Finance and Risk Management Committee

The role of the Audit, Finance and Risk Management Committee 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:

- matters related to Information Technology (IT), IT strategy, and the implementation of major projects;
- 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 KPMG. 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

The role of the Remuneration Committee is to act on behalf of the Board and oversee all material aspects of SPARC remuneration policies and practices - 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:

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

Sports Disputes Tribunal

The Tribunal is an independent body that determines certain types of disputes for the sports sector. The Sports Tribunal was established in 2003 by the Board of SPARC under the name of the Sports Disputes Tribunal of New Zealand.

The aim of the Tribunal is to ensure that national sport organisations and other parties to a sports dispute, such as athletes, have access to an affordable, just and speedy means of resolving a sports dispute.

Appendix 4:

ORGANISATIONAL HEALTH AND CAPABILITY

SPARC seeks to be a good employer (as defined in section 118 of the Crown Entities Act 2004). SPARC actively promotes the principles of equal employment opportunities (EEO) to ensure it develops a culture which values staff and provides an opportunity for all to contribute to and share in the success of the organisation.

People

As at 30 June 2011, SPARC had 78.8 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 sports administrators to high performance athletes. To provide high quality policy and support, SPARC's staff need a diverse set of skills and knowledge.

For this reason, SPARC's staffing includes high performance sport specialists, athletes and coaches, technical specialists from within the sport, government and commercial sectors, and specialist researchers.

SPARC regularly monitors how engaged its 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 for 2010/11 (as measured by this independent survey) was 83%, with an 89% response rate. The employee engagement value at 83% is similar to the previous year and is within SPARC's employee engagement target of 82-85% whilst the response rate has increased by one percent exceeding the 85% response target. Analysis of the survey results will continue to help inform initiatives in 2011/2012 to improve employee engagement, particularly in the areas of ensuring SPARC's brand values are reflected in the day to day running of the organisation, that individual staff feel that their job is valued, that the roles of other teams are clearly understood and there is an increased take up of learning and development opportunities.

Staff turnover for SPARC for the year ended 30 June 2011 was 16.7% which is comparable to the Public Service turnover statistics for the same period.

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.

Recruitment and selection practices have been strengthened by the development of a policy aimed at ensuring SPARC recruits the best possible people for roles and provides equal opportunities for all existing and potential employees.

SPARC has a Preferred Supplier Agreement in place in order to ensure high quality recruitment and to achieve cost savings.

A managers' tool kit has been developed to assist managers in these processes.

An induction package is available to support new employees in their first ninety days at SPARC.

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. Development plans for all staff are an integral part of SPARC's Performance Planning and Development processes.

Remuneration

SPARC uses job evaluations provided by the Hay Group to set job bands. SPARC reviews salaries annually as part of its performance management process.

Flexible Work Environment

SPARC applies flexible working arrangements, in line with the Employment Relations (Flexible Working Arrangements) Amendment Act 2007. Arrangements include offering part-time work and allowing employees to work from home, as appropriate. This 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.

A confidential external counselling service is available to all employees.

SPARC also has policies, procedures, and a culture that actively encourages 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. The implementation of this plan is monitored by the SPARC Senior leadership Team.

Physical assets such as office accommodation and computers are leased.

Obituary: Paul Ackerley

SPARC lost a much-loved colleague with the passing of Paul Ackerley after a short illness on Tuesday 3 May 2011.

As a highly-respected member of SPARC's Community Sport and Recreation team, Paul worked with national and regional sports organisations to develop coaches and coaching in New Zealand. Through this work, many people benefited from Paul's expertise, professionalism and genuine passion and interest for their work. Consequently he was highly regarded by many in the sector and widely acknowledged for his knowledge and the enthusiasm and dedication he gave to his role.

Paul's sporting achievements are without question. He was a member of the gold medal winning men's hockey team at the 1976 Montreal Olympics and coach of the New Zealand women's hockey team that won a bronze medal at the 1998 Kuala Lumpur Commonwealth Games.

Away from sport Paul was a keen recreational fly fisherman and was always happy to share this passion with colleagues and friends.

His personal qualities spoke volumes about why Paul enjoyed success in all aspects of his life. He embodied ideals such as genuineness, hard-work, interest in others, teamwork and loyalty. He was a truly humble man with a real gift for working with people. In particular, Paul enjoyed the team environment and was always happy to share his knowledge and contribute to the overall success of his team, both within SPARC and in the wider sport sector.

While SPARC will feel Paul's loss for some time, we also acknowledge the tremendous loss felt by the people he was most passionate about, his family.