

Briefing to the Incoming Ministers for Arts, Culture & Heritage

NAU MAI, PIKI MAI

Mā te mahitahi, ka tipu nga toi mō te katoa

By working together we can grow the arts for everyone

Ia manuia le fai o le faiva

May the fishing go well

Our warmest congratulations on your appointment to the Arts, Culture and Heritage portfolio.

As the national arts development agency of Aotearoa, we live and breathe the arts. We know their transformational power – how they touch our lives, inspire and challenge us, connect our whānau and families, help build stronger and more prosperous communities, and help define our identity.

Behind all of this lies a dedicated, passionate community of artists, arts practitioners, arts groups and arts organisations. Right now, across Aotearoa, they too are facing the greatest challenge we've experienced in generations.

The arts community has been one of the hardest hit by COVID-19. Through our response to this unprecedented crisis, Creative New Zealand invested an additional \$28 million in the arts sector over the 2019/20 year. We drew heavily on our reserves to do so and are grateful for the additional investment from the Government we received for 2020/21 through the Arts and Culture COVID Recovery Programme.

This additional support is helping us ensure the arts community's immediate survival. It's also helping us position the arts community to contribute to recovery in the short-term.

It's inevitable though that the 'long tail' of COVID-19 will be with us for some time. This will require us to remain agile and responsive. With the reduction in our reserves, and the bulk of additional new Government investment being for one-year only, our capacity to meet sector needs and increased demand beyond the current year will be significantly constrained.

The arts have a significant role to play in New Zealand's recovery, and there is an opportunity now to embed the value of the arts and its contribution to wellbeing through a long-term Government strategy for the arts, culture and creativity, as well as a long-term

investment plan for Vote Arts Culture and Heritage beyond the COVID recovery funds. We would like to discuss with you how the much needed mahi on these important opportunities could be progressed. This would help deliver transformational, lasting change for the community and maintain the momentum afforded by the additional investment in Budget 2020.

Through our response to COVID-19, and implementation of programmes such as the Pasifika Festivals Initiative, we've shown we can move with pace, and meet the needs of the sector and deliver on the Government's priorities.

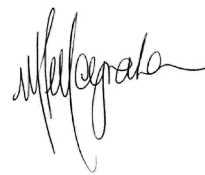
The following briefing provides a high-level overview of:

- our response to COVID-19 to date and our current programme
- the challenges and opportunities in our operating environment, and what this means as we head towards the 2021/22 year
- background information on Creative New Zealand – our role, purpose, structure, programmes distribution and governance.

We look forward to meeting and discussing our briefing with you at your earliest convenience, and we're more than happy to provide you with further information on matters of interest inside.

We're also excited to join with you in building a stronger arts sector, creating bold and imaginative art, for the benefit of all New Zealanders.

Nāku iti noa, nā



Michael Moynahan

Chair, Arts Council



Caren Rangi, ONZM, FCA

Deputy Chair, Arts Council

CREATIVE NEW ZEALAND IN 2019/20

OUR PURPOSE

TO ENCOURAGE, PROMOTE AND SUPPORT THE ARTS IN NEW ZEALAND, FOR THE BENEFIT OF ALL NEW ZEALANDERS.

\$70.2

MILLION

Total directly invested in the arts in 2019/20, up \$28 million on 2018/19

\$28.1

MILLION

Invested through our Phase 1 COVID-19 Emergency Response (April to July 2020)

3,290

GRANTS

Grants made through our Phase 1 COVID-19 Emergency Response

2,641

ARTISTS

Artists and arts practitioners provided with income support through the Phase 1 COVID-19 Emergency Relief Grants

66

PERCENT

'First time' applicants supported through the Phase 1 COVID-19 Resilience Grants

93

PERCENT

Phase 1 Emergency Response Package funds that went to individuals and organisations outside our Investment programmes

71:29

RATIO

Between Lottery Grants Board and Government funding

12.5

PERCENT

Operating costs as percentage of total expenditure

61.8

FTE

Full-time equivalent staff

83

Organisations in our Investment programmes

67/67

Territorial authorities who distribute funding through the Creative Communities Scheme

164,813

Participations in the arts

2,078

NEW

Artworks funded

88

PERCENT

New Zealanders who believe the arts are good for you

73

PERCENT

New Zealanders who have attended at least one arts event or venue in the last 12 months

OUR VISION

DYNAMIC AND RESILIENT NEW ZEALAND ARTS, VALUED IN AOTEAROA AND INTERNATIONALLY.

CURRENT OPERATING CONTEXT – COVID-19

1. COVID-19 has had a major impact on the arts sector and the wider community. The arts has been particularly hard hit as the sector relies on people gathering – both to develop work and to engage audiences and participants in that work. It is only at Alert Level 1 and below that the arts sector can operate anywhere near viably.
2. Even then, many organisations are significantly affected by restrictions on international travel, including festivals that rely on international acts, New Zealand arts organisations that generate revenue from international touring, and those organisations that rely on an international workforce, such as an orchestra bringing in a guest conductor.
3. While Aotearoa is returning to some sense of a ‘new normal’, uncertainty remains in relation to the implications of COVID-19 and the ‘long-tail’ it will have, including:
 - The potential for **further movement back up the Alert Levels**, either nationally or locally, or ‘yo-yoing’ between Alert Levels.
 - **Restrictions on gatherings** at Alert Level 2, which makes presentation of work to an audience for most not economically viable.
 - **Uncertainty affecting organisation’s future planning and risk appetite**, and therefore their ability to generate public value.
 - **Recessionary impacts**: including people’s ability and willingness to spend, as well as impacts on philanthropy, community and gaming trust funding and business sponsorship.
 - **Retrenchment in local authority funding**: particularly in Auckland, and other councils affected by reductions in non-rates revenue.
 - **Increasing costs** over time to comply with COVID-19 Public Health Response Act orders and notices.
4. Responding to the COVID-19 crisis remains our key focus. The Arts Council is implementing a three-phase response (further information is included on page 8, Our COVID-19 Response).
 - **Audience behaviour**: loss of confidence, and the potential for this to accelerate longer-term changes to how audiences engage with the arts, including online and through virtual experiences.
 - **Restrictions on international travel**: the impact of limitations on international movement, given border restrictions are likely to be in place for some time.
 - The challenges and opportunities associated with adapting to **new ways of working** – including digital creation, delivery and engagement.
 - **Phase 1: COVID-19 Emergency Response Package** (March to July 2020) – addressed the immediate needs of the sector through an additional investment of \$28.079 million.
 - **Phase 2: COVID-19 Response Plan (2020/21)** – supporting the sector’s survival in the wake of COVID-19 and supporting the sector to contribute to recovery – this plan includes additional money received through Budget 2020 through several initiatives.
 - **Phase 3: Planning for 2021/22** – developing a sustainable and fit-for-purpose forward programme that reflects the new COVID-19 operating environment, the projected drop in revenue for 2021/22, and the depletion of accumulated reserves.

CHALLENGES, OPPORTUNITIES AND PRIORITIES

Challenges

Challenges facing Creative New Zealand

Challenges	Implications
The long-tail of COVID-19	Unknown – we have limited financial capacity to respond (para 6).
Increasing demand and new expectations arising from our COVID-19 response	Expected – we have limited financial capacity to respond (para 12). Review overall programme as part of Phase 3 COVID-19 Response (para 18).
Our 2021/22 financial outlook	Review overall programme as part of Phase 3 COVID-19 Response (para 18). Resume work commenced in 2019 on funding stability (para 20). Minimise the impact of revenue fluctuations through equity policy (para 22).

5. The key challenges facing Creative New Zealand over the coming twelve months are outlined below.
- The long-tail of COVID-19 – some impacts won't be seen now, but there are potentially difficult times ahead.
 - Increasing demand for our services, and new expectations from the sector as a result of our COVID-19 response work.
 - Implications of all this for our 2021/22 financial outlook, particularly if we return to 'regular' funding levels.
 - Funding instability, and the lack of ability to address long-term issues with a high-level of 'variable revenue' through the Lottery Grants Board Te Pua Tahua (LGB).

The long tail of COVID-19

6. Creative New Zealand is expecting the impact of COVID-19 on the 83 arts organisations funded on a multi-year basis through the Toi Tōtara Haemata and Toi Uru Kahikatea Investment programmes to potentially be greater in 2021/22 than in the current year.

7. These organisations form the core of New Zealand's arts infrastructure, are the major employers within the sector, and have significant reach in terms of the number of arts experiences and services they provide to New Zealanders.
8. These organisations have managed through 2019/20 and 2020/21 largely by reducing the services they deliver. Organisations have been unable to present work and therefore deliver public value above Alert Level 1 and there is ongoing uncertainty which is hampering future planning.
9. By December 2020, we'll have a better indication of the likely impacts on these organisations in 2021/22. We'll be analysing programme and budget information from the 83 arts organisations for the 2021 calendar year, as well as processing applications received from these organisations to our Phase 2 COVID-19 response programmes (**Capability Fund, Adaption Fund, and Resilience Fund**).
10. As a result of our significant investment in the Phase 1 emergency response, and resulting depletion of accumulated reserves, Creative New Zealand has limited financial capacity to respond to the needs of these organisations over and above our regular investment in 2021/22.
11. Creative New Zealand has also been working for some time to diversify the portfolio of Investment organisations, primarily to increase the number of Māori- and Pasifika-led organisations. This will be difficult to achieve in a constrained funding environment.

Increasing demand for our services, and new expectations

12. We are experiencing strong demand for grant funding. This accelerated during COVID-19 as artists, arts practitioners and arts organisations (outside of the Investment programmes) sought to maintain their practice and generate income.
13. In the seven weeks of our emergency response, we received **triple the number of applications** (4,558) that would normally be received in a year across our funding programmes. On average 1,480 applications are received annually across all funding programmes (average based on the last

four years). Of the 4,558 applications received to the Arts Continuity Grants and Emergency Response Grants programmes, almost 3,000 (or nearly 66 percent) were from **'first-time' applicants**.

14. In total Creative New Zealand invested \$27.572 million in Grants in 2019/20 (including Emergency Relief Grants). With additional funding through Budget 2020, we're budgeting to invest \$16.583 million in 2020/21. This compares with \$6.609 million in 2016/17; \$7.273 million in 2017/18; and \$10.121 million in 2018/19.
15. Investment in Grants has been increasing to meet strong demand and ensure high-quality applications can be supported. Over recent years, Creative New Zealand has also introduced fair pay guidelines and in 2020/21 introduced the Annual Arts Grants programme, providing greater funding stability for organisations outside the Investment programmes (Toi Tōtara Haemata and Toi Uru Kahikatea Investment programmes). Success rates for Arts Grants average approximately **33 percent**.



17. As a result of the significant investment in our Phase 1 emergency response, and resulting depletion of accumulated reserves, we have limited financial capacity to respond to the needs of those reliant on grant funding for their income in 2021/22.

Creative New Zealand's 2021/22 financial outlook

18. As set out in paragraph 38, we're reviewing our overall programme for 2021/22 taking into account the following:
 - The projected drop in revenue from **\$93.623 million** in 2020/21 to **\$69.931 million** in

2021/22 – with a portion of this (approximately \$6 million) allocated to 'tagged initiatives' arising from the Arts and Culture COVID Recovery Programme.

- The depletion of our organisation's reserves through our Phase 1 emergency response – and therefore the 'unaffordability' of Creative New Zealand's core 'pre-COVID' programme.
 - Ongoing funding instability as a result of Creative New Zealand's reliance for 70 percent of our revenue on variable LGB funding.
 - Increasing investment in Grant funding, and new expectations created through the Phase 1 emergency response.
 - The potential long-tail of the COVID-19 crisis.
 - The imperative to diversify the portfolio of Investment organisations.
19. This work will be undertaken over the coming months and inform planning for the 2021/22 financial year.

Funding instability

20. In 2019, consistent with the 2017 Labour Party Manifesto, Manatū Taonga Ministry for Culture & Heritage commenced work on options for addressing Creative New Zealand's funding instability resulting from the 30:70 split between Vote funding and funding from the New Zealand Lotteries Commission (Lotto NZ) via LGB, which fluctuates year to year in both forecasts and the actual quantum of LGB payments.
21. Funding instability makes it challenging for us to plan for long-term investment in the arts, and deliver on our strategic intentions and, in particular, to confidently enter into long-term funding arrangements with arts organisations (in particular through our Investment organisations with two to six year funding agreements).
22. Work on options for addressing funding instability was not concluded at the time, and the Arts Council wishes to see this work re-commenced with the view to finding a workable long-term solution. In the meantime, the Arts Council will continue to maintain an equity policy aimed at mitigating the risks associated with variable revenue.

¹ Withheld under section 9(2)(f)(iv) of the Official Information Act 1982, to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials."

Sector-facing challenges

Challenges	How we are responding
Upskilling the sector for the digital world	In conjunction with other agencies, exploring the potential establishment of a digital arts development agency or a digital capability initiative.
Improving the sustainability of arts sector careers	Developing a pay policy.
	Facilitate the development of industry-led pay guidelines.
Increasing the diversity and reach of those accessing and benefiting from our services	Complete a report against our Diversity in the Arts Policy (2015).
	Consider recommendations arising from the diversity report and implications for our Diversity in the Arts Policy.
	Continue to implement our key strategies, including <i>Te Hā o ngā Toi—Māori Arts Strategy 2019–2024</i> and the <i>Pacific Arts Strategy 2018–2023</i> .
	Implement our Ngā Toi ā Rohe – Arts in the Regions Initiative and consider further ways to develop the arts in the regions.
Embedding the value of the arts across government	Supporting the delivery of the Ministry-led COVID Recovery Programme and implementing our Phase 2 Advocacy Response Plan.
Central/local government coordination and collaboration	Investigate the potential establishment of a local/central accord addressing roles and responsibilities for maintaining New Zealand’s local and regional arts infrastructure as exists in other jurisdictions.

23. From a sector perspective, the economic and social impacts of COVID-19 have highlighted areas of work that need to be progressed to meet the challenges of a COVID and post-COVID world. We believe the following gaps or challenges warrant our and/or wider Government attention over the next three years.

- **Addressing digital creation, distribution, access, and capability:** considering how we can support the arts sector to better develop and exploit the opportunities associated with digital

creation, distribution and audience engagement in the arts through a capability building initiative (using additional funding received in Budget 2020 from the Manatū Taonga Ministry for Culture & Heritage-led **Capability Fund**) and/or the potential establishment of a digital arts development agency. Scoping work is currently **underway** in conjunction with other partners.

- **Progressing work on sustainable careers and the resilience of the sector:** Developing our understanding of, and support for, resilience in the arts sector, both organisational and individual, including progressing initiatives aimed at improving the sustainability of arts sector careers. These initiatives include:
 - developing a pay policy to establish best-practice principles for those working in the arts (to complement our existing fair pay guidelines for grants).
 - facilitating an industry-led process to develop pay guidelines to set benchmarks for what creative professionals in various roles and at various career stages should be paid.

This work will be **commenced in 2020/21**.

- **Further addressing the diversity and reach or inclusivity of who is accessing and benefiting from our services:** Driving from our Diversity in the Arts Policy 2015, building our understanding of the diversity and reach of what we fund and starting to consider how we can address issues around equity and access to support and more broadly to access to the arts. This work is **underway**.
- **Continuing to implement key strategies:** Including *Te Hā o ngā Toi—Māori Arts Strategy 2019–2024* and the *Pacific Arts Strategy 2018–2023*. This work is **ongoing**.
- **Embedding the value of the arts across government – with a wellbeing focus:** Building on the advocacy work undertaken as part of our Phase 1 COVID-19 emergency response, with a focus on the role of the arts in supporting wellbeing. This work is **ongoing**.
- **Investigating the potential for more formalised co-ordination and collaboration across local/central government:** The impetus for identifying mechanisms for improved collaboration between central and local government has been amplified

through COVID-19, with retrenchment evident in local government funding as a result of councils experiencing reductions in non-rates income, leaving critical arts and culture infrastructure vulnerable. Other jurisdictions including Australia have similar instruments in place to clarify the respective roles of different parts of government.

Opportunities

Opportunities	How we can help
Advance the development a national arts (/culture/creativity) strategy	Facilitate a future-focused conversation with the arts sector on the challenges and opportunities of a COVID and post-COVID world.
Arts and Culture COVID Recovery Programme	<p>Continue to provide advice on the development of the Manatū Taonga Ministry for Culture & Heritage-led Cultural Sector Regeneration Funds.</p> <p>Maintain an open dialogue on issues and challenges we see arising in the arts sector as the COVID-19 crisis continues to unfold.</p>

24. Opportunities arising from the current environment include the following:

- **Developing a national arts strategy:** The opportunity, this term, to advance the development a national arts (/culture/creativity) strategy – this should include a long-term investment plan for Vote Arts Culture and Heritage beyond the COVID recovery funds. Such an approach would assist in the Government’s priority to ‘build back better’. The aim being to embed the value of arts and culture across government from a wellbeing perspective.
- **Maximising the opportunities associated with the Arts and Culture COVID Recovery Programme:** This programme represents the most significant investment in the arts sector in twenty years. The Arts Council is committed to providing the best advice on how this funding can best be utilised deliver support and drive transformation in the sector.

Our priorities

25. In order to respond to the challenges and opportunities ahead, the Arts Council’s priorities for the year ahead, are outlined below.

- Continuing to respond to COVID-19 context as it may change or evolve.
- Delivering on the new expectations arising from additional investment in Creative New Zealand over 2020/21 – including the new roles Creative New Zealand is assuming in relation to the Pasifika Festivals Initiative, capability development in a COVID-19 world, and through the Mātauranga Māori Te Awe Kōtuku Initiative.
- Providing support for the wider Arts and Culture COVID Recovery Programme, including major new funding opportunities.
- Developing a sustainable operating model for Creative New Zealand following our spending down of our reserves through the COVID-19 emergency response and the trend of increasing demand.

OUR COVID-19 RESPONSE

Phase 1 COVID-19 Emergency Response

26. In response to the emerging COVID-19 crisis, in March 2020, the Arts Council established an Emergency Response Fund (ERF) on the basis that an extraordinary response from Creative New Zealand was necessary to address the immediate and devastating impacts of the pandemic on the arts sector. The Council also suspended existing contestable programmes on the basis that a significant amount of planned activity could no longer occur due to restrictions on movement, gatherings and international travel, and to redirect resources to the Emergency Response Fund.
27. At this time, the Arts Council could not know the dimensions or longevity of the COVID-19 crisis or how the sector would respond to the three programmes established under the ERF. The Council did however know that COVID-19 would represent the largest crisis experienced by the sector.
28. The initial ERF was set at **\$4.5 million** comprising lotteries 'windfall' funds. This was increased to **\$16 million**, comprising funds reprioritised from the 2019/20 budget and funding from Creative New Zealand's (equity) reserves. In response to overwhelming demand across the new programmes, in particular Arts Continuity Grants and Emergency Relief Grants, the Arts Council increased the ERP to **\$29 million**, drawing further on the organisation's reserves, which had been built up over time primarily as a result of 'windfall' lottery profits.
29. In total, Creative New Zealand invested **\$70.238 million** in the arts sector in 2019/20. This investment was **\$22.3 million** higher than in the previous year and included **\$16.8 million** from equity reserves.
30. In March 2020, the Arts Council established two new Phase 1 COVID-19 response programmes comprising three funding opportunities.
- **Resilience Grants** for eligible artists, arts practitioners, arts groups and arts organisations (non-Investment clients) to help them recover, maintain and develop their practice in a completely changed environment. There were two grants available within this package of support:
 - **Arts Continuity Grant** – supported short-term arts projects by artists and arts organisations (including groups and collectives) that could be delivered within a changed and evolving environment as a result of COVID-19.
 - **Emergency Relief Grant** – provided temporary relief for independent artists and arts practitioners, who may be part of arts organisations (including groups and collectives), had received Government support (COVID-19 Work and Income Wage Subsidy) and who met the eligibility criteria.
 - **Short-term Relief for Investment Clients**, for existing Investment clients and in addition to existing funding, with priority given to those materially negatively impacted by COVID-19, to help them stabilise their businesses and remain viable.
31. By the end of March 2020 artists and arts practitioners across the country had no work and there was significant uncertainty about when this would resume, creating high levels of anxiety, stress and need. Arts organisations faced widespread cancellations and the same uncertainty about the future.
32. As a result, in the period from 14 April to 29 May 2020, we received **triple the number of applications we would normally receive in a year** across our funding programmes and by mid-July had paid out over **\$28 million**. The funding provided to the sector is set out in Table 1 below.

Table 1: Creative New Zealand's COVID-19 Emergency Response Package

Programme	Applications Received	Amount Sought	Applications Supported	Amount Paid	Percentage of funds
Resilience Grants					
Emergency Relief Grant	2,994	-	2,641	\$9,972,296	36%
Arts Continuity Grant	1,545	\$36.022 million	637	\$16,037,190	57%
Short-Term Relief for Investment Clients	19	\$3.505 million	12	\$2,069,828	7%
Total	4,558	\$39.527 million	3,290	\$28.079 million	

33. In terms of the **diversity and reach** of the applications received and resulting investment:
- of the approximately **\$28.079 million** that went out in Phase 1, \$2.1 million (or **7 percent**) went to Investment clients and \$26 million (or **93 percent**) went to individuals, groups and organisations **outside the portfolio**
 - of the approximately 4,500 applications received to the Arts Continuity Grants and Emergency Response Grants programmes, almost 3,000 (or **nearly 66 percent**) were from **'first-time' applicants**
 - around 650 of these 'first-time' applications were made to the Arts Continuity Grant programme (**42 percent** of all applications to that programme), with the balance to Emergency Relief Grants or to both programmes
 - for Arts Continuity Grants, **65 percent** of funding went through the General Arts Pool, **25 percent through the Māori Arts Pool**, and **10 percent through the Pacific Arts Pool**
 - of the 2,641 individuals who have received a grant through the Emergency Relief Grants, **15 percent self-identified as Māori**, and **7 percent self-identified as Pasifika**
 - an overwhelming number of recipients of an Emergency Response Grant (45 percent) were from Auckland, demonstrating the high numbers of artists who make their living in this region.

Phase 2 COVID-19 Response Plan

34. Our Phase 2 COVID-19 Response Plan, covering the 2020/21 financial year, includes a combination of the following:
- Our core programme offer.
 - New programmes or expansions of existing programmes utilising the additional \$25 million received in Budget 2020.
 - Initiatives as part of the Government's Arts and Culture COVID Recovery Programme that have been devolved to Creative New Zealand, such as the **Pasifika Festivals Initiative**.
- Initiatives as part of the COVID-19 Recovery Programme with funding partially devolved to Creative New Zealand, including funding under the **Mātauranga Māori Te Awe Kōtuku Initiative**.
35. We are planning to invest **\$85.731 million** in the arts sector in 2020/21.
36. **Table 2 on the next page** (page 10) summarises how the additional funding received in Budget 2020 is currently allocated over and above revenue received through Vote: Arts, Culture and Heritage and the LGB in 2020/21. Creative New Zealand has indicated that the \$25 million one-off increase may be reallocated across programmes in response to demand/need. Currently allocations are consistent with Creative New Zealand's 2020 Budget bid.
37. Creative New Zealand's twelve month Phase 2 programme is available at: www.creativenz.govt.nz/funding-calendar

Phase 3: Planning for 2021/22

38. Creative New Zealand is funded through a combination of Vote funding and funding from Lotto NZ via the LGB. We receive 15 percent of the net profits of Lotto NZ. This results in significant variability in our revenue year to year.
39. To manage variations in revenue and to ensure Creative New Zealand can maintain its contractual commitments (approximately \$31.8 million in 2020/21 or 37 percent of revenue (and \$29.2 million in 2021/22 or 48 percent of revenue) is committed through multi-year funding agreements), the Arts Council has maintained an Equity Policy that requires that 'accumulated funds do not drop below 15 percent of total revenue in the third planning year'. Due to the significant increase in 'one-off' revenue in **2020/21** and the drop in accumulated funds, the Arts Council reviewed its Equity Policy to require that 'accumulated funds for the 2020/21 budget should not drop below \$6 million for 2020/21'.
40. This variability in income led to the Arts Council accumulating reserves, which had climbed to \$27.47 million by 30 June 2019. Prior to COVID-19, the Arts Council had a plan to reduce the reserves, and as a result was running operating deficits.
41. These reserves were significantly reduced during the Phase 1 emergency response, which was funded through a combination outlined in **Table 3 on the next page** (page 10).

Table 2: Allocation of additional Crown funding in 2020/21

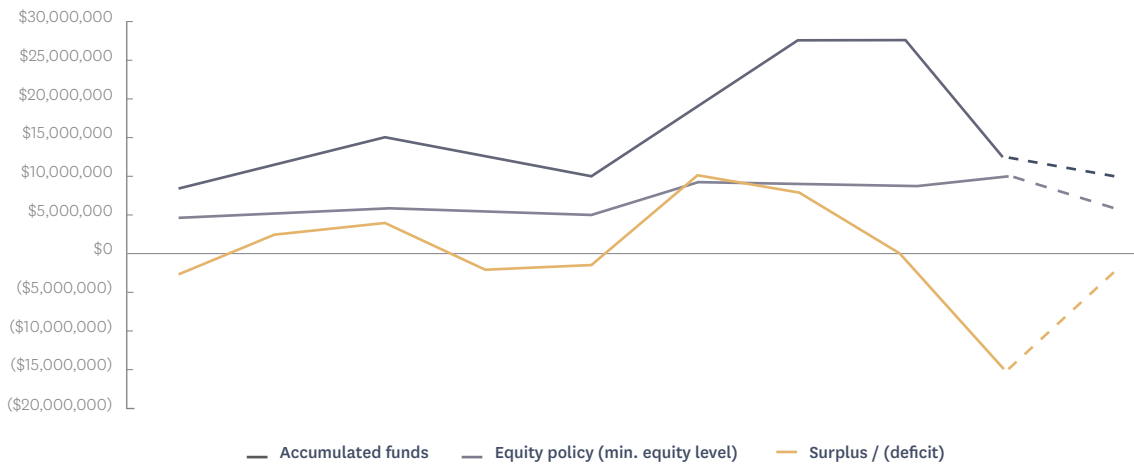
Additional Crown funding	2020/21
One-off funding – \$25 million:	
Toi Tōtara Haemata and Toi Uru Kahikatea Investment programmes:	\$16 million
Adaptation Fund and Capability Fund	\$7.5 million
Resilience Fund	\$6 million
Unallocated funding – to be reviewed based on demand/need in second half of financial year	\$2.5 million
Grants:	
Arts Grants and Annual Arts Grants (includes tagged funding for Māori and Pasifika artists, arts practitioners and arts organisations)	\$5.8 million
Initiatives and Pilots:	
Ngā Toi ā Rohe – Arts in the Regions initiative (includes Ngā Toi ā Rohe and the Arts in the Region Touring Fund)	\$0.9 million
Creative Communities Scheme	\$1.8 million
Operating costs	\$0.5 million
TOTAL	\$25 million
Other funding arising from the Arts and Culture COVID Recovery Programme:	
Capability Fund – \$2 million allocated over two years	\$0.9 million
Pasifika Festivals Initiative – \$12 million allocated over three years	\$3.8 million
Mātauranga Māori Te Awe Kōtuku Initiative – \$2.828 million allocated over two years	\$1.375 million
Operating costs	\$345,000
Total	\$6.42 million
TOTAL ADDITIONAL FUNDING FOR 2020/21	\$31.42 million

Table 3: Funding the Phase 1 COVID-19 Emergency Response Fund

Equity reserves	\$16.8 million
Re-prioritisation of existing programmes	\$8.3 million
Lottery ‘windfall’ funds	\$3 million
TOTAL	\$28.1 million

42. **Figure 1 below** shows the impact of the investment in the Phase 1 emergency response on Creative New Zealand's equity position.
43. With the organisation's reserves depleted, and an anticipated drop in revenue from \$93.623 million in 2020/21 to \$69.931 million in 2021/22, with a portion of this committed to specific initiatives under the Arts and Culture COVID Recovery Programme, Creative New Zealand will need to review its overall programme to meet projected revenue.
44. This work will be undertaken over 2020/21 ahead of the 2021/22 planning year.

Figure 1: Surplus/deficit versus minimum equity versus accumulated funds 2011/12–2020/21 (budgeted) and projections to 2022/23

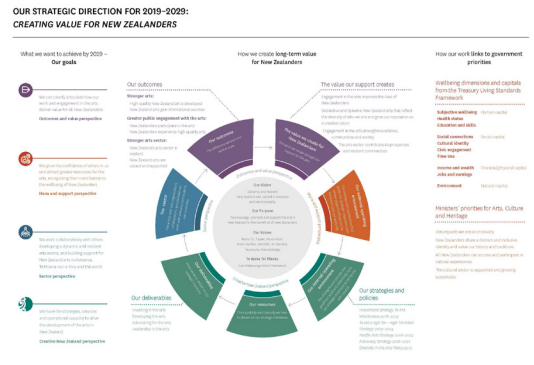


Note: For 2021/22 and 2022/23, projections are based on returning to equity policy settings that require 'accumulated funds do not drop below 15 percent of total revenue in the third planning year'.

OUR STRATEGIC CONTEXT

Our strategic framework – the public value creation model

45. In 2019, the Arts Council adopted a new public value model (Creating value for New Zealanders) for describing how Creative New Zealand creates long-term value for New Zealanders through its support for the arts. Using this model, for the first time, the Council has articulated the value it believes the arts deliver for individuals, whānau, communities and society. We have considered what we need to do to increase that value and ensure all New Zealanders – regardless of where they live and who they are – share in those benefits.
46. Creating value for New Zealanders describes, through four perspectives and seven segments, the environment we operate in, the relationships between the parts of the system, and how they work together to deliver value. At the heart is our vision, our purpose, our values and Te Waka Toi Pātaka (our Mātauranga Māori Framework).
47. The model should be read as a ‘virtuous circle’, where strengthening one segment will lead to the strengthening of the next and so on. Over time, our aim is to strengthen and grow each segment of the circle, to increase the value the arts can deliver for all New Zealanders.
48. The model can be explained simply through the graphic below (the full model is represented in the diagram on page 19).



Our goals

49. As part of a new ten-year strategy (set out in our *Statement of Intent 2019–2029*), the Council established four goals that will enable us, by working with the sector and our partners, to achieve our outcomes.

Goal: We can clearly articulate how our work and engagement in the arts deliver value for all New Zealanders

Goal: We grow the confidence of others in us, and attract greater resources for the arts, recognising their contribution to the wellbeing of New Zealanders

Goal: We have the strategies, services and operational capacity to drive development of the arts in New Zealand

Goal: We work collaboratively with others developing a dynamic and resilient arts sector, and building support for New Zealand arts in Aotearoa, Te Moana-nui-a-Kiwa and the world



IMPLEMENTING OUR KEY STRATEGIES

Investment Strategy Te Ara Whakamua 2018–2023

50. In 2018 we released our *Investment Strategy Te Ara Whakamua 2018–2023*, which outlines the direction our investment in the arts will take over the five years to 2023. The strategy was put in place to empower the Arts Council to develop an arts investment portfolio fit for the future needs of the arts in New Zealand.
51. The Investment Strategy recognised and responded to the ways in which Aotearoa is changing, such as demographic changes, including increasing diversity, the role of iwi and Māori, the imperative to deliver to under-served communities, and the disruptive effects of technology.
52. The strategy comprises **seven investment principles** and **three investment features** to guide our investment direction and choices.
53. Over time, our investment will increasingly emphasise the strategy’s three features – **Diversity and reach, Dynamic arts, Resilient arts sector** – and be characterised by the seven principles.
54. Since it was launched, we have reviewed all our programmes against the **principles** and **features** resulting in changes across our major investment categories including the Investment programmes (Toi Tōtara Haemata and Toi Uru Kahikatea Investment programme), Grants, and Creative Communities Scheme.

Te Hā o ngā Toi—Māori Arts Strategy 2019–2024

55. *Te Hā o ngā Toi* is our strategy to advance the aspirations of ngā toi Māori artists and practitioners, for the benefit of all New Zealanders, over the five years to 2024. It sets out how we’ll focus our development efforts to shift hearts and minds and partner for effective outcomes, so that ngā toi Māori thrives at home and on the global stage. Te Hā o ngā Toi is underpinned by a Mātauranga Māori Framework which incorporates knowledge – knowledge creativity, knowledge transfer and knowledge reclamation.

56. The strategy’s moemoeā/vision is: **Ngā toi Māori is visible everywhere and highly valued, as part of New Zealand’s distinct identity, which is admired globally.**
57. The strategy has two strands: **Joining with others and Effecting change ourselves:**

Joining with others:

- **Partner with other Crown organisations and leading cultural agencies** Working together to co-create an ecosystem that supports ngā toi Māori

Effecting change ourselves:

- **Advance ngā toi Māori practice development** Strengthening ngā toi Māori and ngā toi Māori practitioners’ reputation for excellence
- **Increase public engagement with ngā toi Māori** Promoting engagement, access and visibility
- **Build a stronger sector to advance ngā toi Māori aspirations** Developing the sector’s support for ngā toi Māori and mātauranga Māori

Pacific Arts Strategy 2018–2023

58. The *Pacific Arts Strategy* is helping direct and prioritise our investment in Pacific arts for the five years to 2023, to better support the Pacific arts community. The strategy embraces the essence of Pasifika peoples and cultures, with a vision for: **Powerful Pacific arts, led by passionate and skilled Pasifika people, for Aotearoa, Te Moana-nui-a-Kiva and the world.**
59. The strategy also looks to achieve three key outcomes:
- Pacific arts are bold and dynamic, and have a big impact on the lives of the people they touch.
 - Pacific arts are nurtured and nourished through a connected, resilient Pacific arts community in Aotearoa.
 - Pacific arts reach, inspire and are valued by more people and communities, everywhere.
60. The strategy embraces the essence of Pasifika peoples and cultures, gathered around four

concepts. These strategic pou provide a living map to guide us in a continuing journey, from ancient navigation towards the future.

- **Tagata** – the people, the heart of the strategy.
- **Vaka** – the vessels for our journey and the potential for more vaka to join our fleet in the future.
- **Va** – the meaningful spaces between people, places, cultures, time and dimensions, tangible and intangible – adorning this space includes accepting talanoa that may challenge how things are done, to enable new ways and new thinking to emerge, and to innovate for the benefit of Pasifika peoples and wider communities.
- **Moana** – Te Moana-nui-a-Kiva, the ocean homeland of Pasifika peoples that is the fluid bridge between a new home in Aotearoa, other lands and opportunities, and to the global Digital Moana of new tools and technology.

Advocacy Strategy 2016–2021

61. The *Advocacy Strategy* sets the high-level direction that Creative New Zealand will take – working together with the arts sector – to make the case for the arts.
62. The strategy has **three aims**.
 - (a) **New Zealanders are highly engaged with the arts.**
 - (b) **Support for the arts is broadened.**
 - (c) **The arts sector’s voice is further empowered.**
63. Under the strategy, we work with our allies to deliver messages around the value of the arts to our identified audiences. These messages seek to positively influence our audiences’ actions and, in turn, help meet the Strategy’s aims. The Strategy sets out five key advocacy messages which cover the range of positive impacts the arts have on our lives.
64. The Advocacy Strategy is due to be reviewed in 2021.

BACKGROUND INFORMATION

About Creative New Zealand

65. The Arts Council of New Zealand Toi Aotearoa (which operates under the trading name of Creative New Zealand) is an autonomous Crown entity continued by the Arts Council of New Zealand Toi Aotearoa Act 2014 (the Act).
66. As an autonomous Crown entity, Creative New Zealand must have regard to government policy when directed by the responsible Minister. Under section 107 of the Crown Entities Act 2004, Creative New Zealand is also subject to directions to support a whole of government approach.
67. Under the Act, the Minister **may not** direct Creative New Zealand in relation to cultural matters – enshrining an **‘arms-length’ principle** in relation to funding allocation decisions.
68. Creative New Zealand carries out its statutory functions with funds provided by the Government through Vote: Arts, Culture and Heritage and LGB.

Our role

69. As the national arts development agency, we invest in, develop, advocate for, and provide leadership in the arts – working to encourage, promote, and support the arts in New Zealand for the benefit of all New Zealanders. This is our statutory purpose, set out in our Act.
70. The Act defines arts as ‘all forms of creative and interpretative expression’. We fund a wide variety of artforms – craft/object art, dance, interarts, literature, multi-disciplinary arts, music, theatre and visual arts – along with ngā toi Māori (Māori arts) and Pacific arts.
71. The medium-term strategic direction set out in our ***Statement of Intent 2019–2029*** continues Creative New Zealand’s vision for dynamic and resilient New Zealand arts, valued in Aotearoa and internationally. A copy of this strategic direction is at the back of this briefing.

72. We deliver services under one output class: Promotion and Support of the Arts. We have four service delivery areas or deliverables:

- **Investing in the arts**
- **Developing the arts**
- **Advocating for the arts**
- **Leadership in the arts**

which deliver to the following outcomes:

- **Stronger arts, as shown by:**
 - high-quality New Zealand art is developed
 - New Zealand arts gain international success
- **Greater public engagement with the arts, as shown by:**
 - New Zealanders participate in the arts
 - New Zealanders experience high-quality arts.
- **Stronger arts sector, as shown by:**
 - New Zealand’s arts sector is resilient
 - New Zealand arts are valued and supported

73. Our work is structured around eight investment categories, which represent the major programmes we run. These categories represent our four deliverable areas of **Investing in the arts, Developing the arts, Advocating for the arts** and **Leadership in the arts**, and include:

- Toi Tōtara Haemata Investment Programme
- Toi Uru Kahikatea Investment Programme
- Grants
- Creative Communities Scheme
- International Programme
- Capability Building Programme
- Advocacy
- Initiatives and Pilots.

Our purpose

74. In achieving our statutory purpose, Creative New Zealand is required to:
 - recognise the cultural diversity of the people of New Zealand
 - recognise in the arts the role of Māori as tāngata whenua

- recognise the arts of the Pacific Island peoples of New Zealand
- recognise and uphold the following principles:
 - **participation**, by supporting initiatives that encourage participation in the arts;
 - **access**, by supporting the availability of projects of merit to communities or sections of the population that would otherwise not have access to them;
 - **excellence and innovation**, by supporting activities of artistic and cultural significance that develop the creative potential of artists and artforms;
 - **professionalism**, by maintaining and developing a professional arts infrastructure, at both the national and community levels; and
 - **advocacy**, by promoting New Zealand's arts and artists locally, nationally and internationally.

79. Under the Act, the Council has a minimum of four members with knowledge of ngā toi Māori (Māori arts), te ao Māori (a Māori world view) and tikanga Māori (Māori protocol and culture). These members are appointed in consultation with the Minister for Māori Development. Under our Act, they form a committee to advise the Council on matters relevant to the Council's functions in relation to Māori, and any other functions the Council delegates to the committee.

80. Two Arts Council members are appointed with knowledge of the arts and the traditions or cultures of Pasifika in New Zealand, in consultation with the Minister for Pacific Peoples.

81. More information on Arts Council members is available on our website: www.creativenz.govt.nz/about-creative-new-zealand/our-council

Our structure

75. Creative New Zealand's governing board is the 13-member Arts Council. The Council is responsible for setting the policy and strategic direction of Creative New Zealand; allocating budgets for funding programmes and initiatives; making funding decisions on key investment programmes; and monitoring the overall performance of Creative New Zealand.

76. As at 31 October 2020, Creative New Zealand has 66 staff (64.5 full-time equivalent staff) based in Wellington and Auckland.

Our expenditure in 2019/20

77. **Table 4 on the next page** (page 17) sets out expenditure over 2018/19 and 2019/20, including for 2019/20 Creative New Zealand's Phase 1 COVID-19 Emergency Response Package.














Arts Council membership

78. The Minister for Arts, Culture & Heritage appoints the members of the Arts Council, along with the Chair and Deputy Chair. A list of current Council members is set out in **Table 5** (page 18).

Table 4: Expenditure across Creative New Zealand's Investment Categories, including the 2019/20 Phase 1 COVID-19 Emergency Response Package

Service delivery area / deliverable	Description	2018/19 % total expenditure into the arts	2018/19 \$ million	2019/20 % total expenditure into the arts	2019/20 \$ million
Investing in the arts					
Investment programmes	Toi Tōtara Haemata and Toi Uru Toi Uru Kahikatea Investment programme – supporting arts organisations for periods of up to six years	57.0	27.342	45.4	31.868
Grants	Project-based support for arts organisations and individual artists and arts practitioners (including Arts Grants and Special Opportunities)	21.0	10.071	8.0	5.636
Creative Communities Scheme	Small grants scheme supporting participation in the arts at a local level. Funding is devolved to the 67 territorial authorities to distribute in their local communities	7.1	3.392	5.6	3.945
International Programme	Includes support for the Venice Biennale and artists touring or presenting overseas	5.0	2.394	2.6	1.852
Developing the arts					
Capability Building Programme	Initiatives designed to build capability in artists and arts organisations to extend skills, build markets, develop audiences and engage internationally	2.2	1.054	1.0	0.688
Initiatives and Pilots	Initiatives and pilots developed to enable us to drive and support change and development, pilot new ideas and enable experimentation	6.4	3.069	2.6	1.835
Advocating for the arts					
Advocacy	Promoting the value of the arts and empowering the arts sector to make the case for the arts	1.1	0.542	0.9	0.647
Leadership in the arts					
	Providing leadership to ensure the arts sector is well positioned collectively to respond to change	0.2	0.11	0.1	0.92
COVID-19 Emergency Response Package					
Investment programmes – Short-term Relief	Additional support for Investment clients aimed at those materially negatively impacted by COVID-19, to help them stabilise their businesses and remain viable	-	-	2.5	1.739
Grants – Arts Continuity Grants	Supporting short-term arts projects, or the stage of a project, that can be delivered within a changed and evolving environment as a result of COVID-19	-	-	17.1	11.993
Initiatives and pilots – Emergency Relief Grants	A contribution toward loss of income for eligible artists and arts practitioners, who may be part of arts organisations (including groups and collectives) experiencing loss of income and opportunity, and who had received the Government's COVID-19 Wage Subsidy.	-	-	14.2	9.943
Leadership in the arts					
	Providing leadership to ensure the arts sector is well positioned collectively to respond to change			-	-
TOTAL		100.0	47.974	100.0	70.238

Table 5: Arts Council Membership as at November 2020

	Member	Current term/First appointed	Current term Expires
	Michael Moynahan Chair Wellington/Auckland	1 May 2017 as Chair 15 December 2014 as Member	30 April 2020*
	Caren Rangi, ONZM, FCA Deputy Chair Hawke's Bay Pasifika representative	29 July 2020 1 May 2017 as Deputy Chair 1 May 2014 as Member	30 June 2021
	Michael Prentice Christchurch Chair Audit and Risk Committee	29 July 2020 1 May 2014	30 June 2021
	Garth Gallaway Christchurch	29 July 2020 1 May 2017	30 June 2021
	Luamanuvao Dame Winnie Laban, QSO Wellington Pasifika representative	1 October 2020 1 May 2014 as a Member	30 September 2021
	Dean Whiting Wellington Māori representative Chair Komiti Māori	1 May 2019 18 August 2017	31 March 2022
	Briar Grace-Smith, ONZM Kapiti Māori representative	1 May 2019	31 March 2022
	Roger King Hawke's Bay	9 December 2019 1 July 2016	30 September 2022
	Riria Hotere-Barnes Te Awamutu Māori representative	9 December 2019	30 September 2022
	Janine Morell-Gunn Christchurch	9 December 2019	30 September 2022
	John Ong Wellington	9 December 2019	30 September 2022
	Robyn Hunt Wellington	25 February 2020	31 January 2023
	Kura Moeahu Wellington Māori representative	25 February 2020	31 January 2023

* Continues(-ed) in office despite the end of appointment term, pursuant to the Crown Entities Act 2004.

OUR STRATEGIC DIRECTION FOR 2019–2029: CREATING VALUE FOR NEW ZEALANDERS

What we want to achieve by 2029 – Our goals

Outcomes and value perspective

We can clearly articulate how our work and engagement in the arts deliver value for all New Zealanders.

Mana and support perspective

We grow the confidence of others in us and attract greater resources for the arts, recognising their contribution to the wellbeing of New Zealanders.

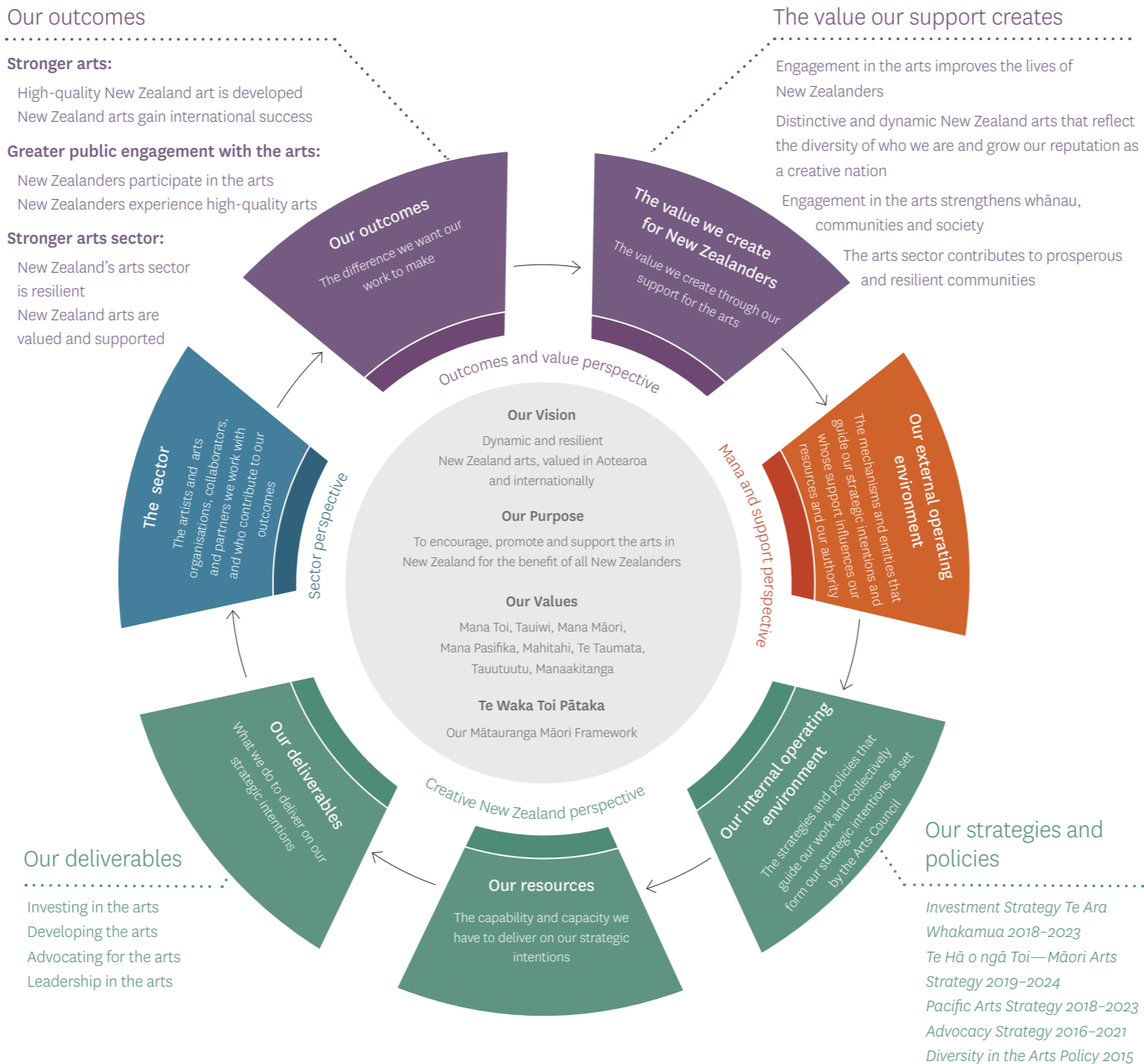
Sector perspective

We work collaboratively with others developing a dynamic and resilient arts sector, and building support for New Zealand arts in Aotearoa, Te Moana-nui-a-Kiwa and the world.

Creative New Zealand perspective

We have the strategies, services and operational capacity to drive the development of the arts in New Zealand.

How we create long-term value for New Zealanders



How our work links to government priorities

Wellbeing dimensions and capitals from the Treasury's Living Standards Framework

- Subjective wellbeing** Human capital
- Health status**
- Education and skills**
- Social connections** Social capital
- Cultural identity**
- Civic engagement**
- Time use**
- Income and wealth** Financial/physical capital
- Jobs and earnings**
- Environment** Natural capital

Ministers' priorities for Arts, Culture and Heritage

- Valuing who we are as a country*
- New Zealanders share a distinct and inclusive identity and value our history and traditions
- All New Zealanders can access and participate in cultural experiences
- The cultural sector is supported and growing sustainably