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This Statement of Performance Expectations documents planned activity, performance targets and forecast financial information for the Arts Council of New Zealand Toi Aotearoa (Creative New Zealand) for the period 1 July 2019 to 30 June 2020.

It is presented in accordance with sections 149B to 149M of the Crown Entities Act 2004.

A handwritten signature in black ink, appearing to read 'Michael Moynahan', written in a cursive style.

Michael Moynahan

Chair, Arts Council of New Zealand
26 June 2019

A handwritten signature in black ink, appearing to read 'Caren Rangi', written in a cursive style with a long horizontal line extending to the right.

Caren Rangi ONZM

Deputy Chair, Arts Council New Zealand
26 June 2019

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INTRODUCTION

KUPU ARATAKI

FOREWORD KUPU WHAKATAKI

We're pleased to present our Statement of Performance Expectations for 2019/20, the first annual plan under our new Statement of Intent 2019–2029.

Our new strategy introduces our public value model, *Creating value for New Zealanders*. Through this model, we have, for the first time in our overarching strategy, articulated the value we believe the arts deliver for individuals, whānau, communities and society. We've also 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.

While we recognise the change we hope to achieve will take time, this year will present exciting opportunities to create value for New Zealanders and the arts.

Over the 2019/20 year, we'll continue to implement our *Investment Strategy Te Ara Whakamua 2018–2023* to guide the way we support the arts in New Zealand. We'll also advance ngā toi Māori and Pacific arts through two new dedicated strategies.

Guided by our strategies, we'll advance initiatives for young people and youth arts, arts in the regions and innovation in the arts, as well as continuing our support across all our major programmes.

Through our advocacy work, we'll focus on developing our relationships with local government and the benefits of the arts for our health and wellbeing. In 2019/20, this work will be supported by an increased focus on our role as a leader in the arts sector, helping to ensure the sector is well positioned to collectively respond to change.

Delivering better services to the arts sector remains a priority in 2019/20, as does ensuring our processes are recognised as fair and transparent.

Our new strategic focus explicitly recognises the role of the sector and our external authorising environment as essential elements in how we create value.

We acknowledge the role of our artists in sharing their creativity and presenting their work to audiences across New Zealand and internationally. We also acknowledge the many staff and volunteers who support those artists and arts organisations.

We thank our funders – the Crown, through the Ministry for Culture and Heritage, and the New Zealand Lottery Grants Board – for investing in and recognising the potential of the arts to contribute to the wellbeing of New Zealanders. The \$1 million in additional funding from the Crown from this year onwards is particularly welcomed, and is the first such baseline increase in a decade.

Our valued partners, including iwi, local government, community trusts and private patrons are also fundamental to building a strong and resilient arts sector.

Finally, we acknowledge New Zealanders for supporting and participating in the arts in communities across New Zealand.

Every day the arts inspire us and delight us. They enable us to express ourselves creatively and help us make sense of the world. The arts strengthen individual, whānau, community and societal wellbeing. We're proud to contribute to these outcomes through our support for artists, arts practitioners and arts organisations in Aotearoa.



Stephen Wainwright

Chief Executive, Creative New Zealand

26 June 2019



Michael Moynahan

Chair, Arts Council of New Zealand

26 June 2019

ABOUT OUR PLAN TA TĀTAU MAHERE

—
**Creative
New
Zealand
has one
output class
– Promotion
and support
of the arts**
—

Creative New Zealand is the national arts development agency of Aotearoa. We encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders. More information about our organisation is on page 50.

Each year, we publish a Statement of Performance Expectations (SPE) that outlines our planned activity, performance targets and forecast financial information for the relevant financial year.

The SPE sits under the new *Statement of Intent 2019–2029* (SOI) and describes how this year's work will contribute to achieving the strategic direction set out in the SOI.

This SPE covers the 2019/20 financial year (ie, 1 July 2019 to 30 June 2020) and comprises two parts.

- **Non-financial planning and performance** – describes our work for the year ahead through our new performance framework. The framework is derived from the new 10-year strategic direction and explained in further detail on page 14.
- **Financial planning and performance** – provides our financial statements for the 2019/20 year and the notes to those statements.

We will report against these two parts in the Annual Report for 2019/20.

Creative New Zealand has one output class – Promotion and support of the arts – which is a reportable class for the purposes of the Crown Entities Act 2004. Under this, we'll work to achieve our four goals and create value for New Zealanders (see our strategic direction for 2019–2029: *Creating value for New Zealanders* on page 6).

No output classes have been given reporting exemptions by the Minister of Finance. We do not propose to supply any class of outputs in 2019/20 that are not a reportable class of outputs.

We operate under one central government output expense: Promotion and Support of the Arts and Film. The Ministry for Culture and Heritage is our monitoring department. Responsibility for oversight and funding of Creative New Zealand has been delegated by the Minister for Arts, Culture and Heritage, Rt Hon Jacinda Ardern, to the Associate Minister for Arts, Culture and Heritage, Hon Carmel Sepuloni.

We are principally funded through Vote: Arts, Culture and Heritage and the New Zealand Lottery Grants Board (NZLGB). In 2019/20, Creative New Zealand expects to receive:

- \$16.689 million from the Crown through Vote: Arts, Culture and Heritage
- an estimated \$40.350 million from the NZLGB. This figure takes into account Lotto New Zealand's forecast payment to the NZLGB for 2019/20, along with the average payment from the NZLGB to Creative New Zealand over the previous six years. The budgeted 2019/20 payment from the NZLGB will be confirmed in July 2019.

Given the potential for change in the level of funding we receive from the NZLGB, and the timing of the NZLGB's funding advice with respect to our own planning and reporting cycle, we may need to amend this SPE during the 2019/20 year as circumstances require. We will consult with the Associate Minister for Arts, Culture and Heritage should changes be required.

OUR PERFORMANCE FRAMEWORK

TE TŪTUKI I A MĀTAU MAHI

Our new SOI outlines Creative New Zealand's strategic direction over the 2019 to 2029 period. Our performance framework is derived from that strategic direction.

As we look toward the next 10 years, we've revised our strategic direction to focus on increasing the long-term value we're creating for New Zealanders through our support for the arts.

What's different?

Our previous SOI 2016–2021 was a five-year strategy that focused on three elements: Our foundation, Our focus and Our future. It mainly looked at the role of Creative New Zealand, including inputs (our resources), the outputs or services we provided (our deliverables), and the outcomes we were seeking.

Our new SOI introduces our public value model *Creating value for New Zealanders*. The model takes a more holistic view of what's required to generate value for New Zealanders through our support for the arts. The model explicitly recognises the sector's role and our external operating environment as essential elements in how we create value. It also articulates the value that our support for the arts generates for New Zealanders. Alongside this, the core elements of our previous strategy remain: our vision and outcomes, our deliverables and goals, underpinned by our purpose and values.

Under our new strategy, we've added a new outcome: *Stronger arts sector*. This aligns with our Investment Strategy feature *Resilient arts sector* and reflects the work we do to build the capability of the arts sector and to advocate for the value of the arts.

We've also added a new deliverable, *Leadership in the arts*, which refers to the role we play in providing leadership to ensure the arts sector is well positioned to respond to challenges and change.

We've also included a series of indicators in 2019/20. These relate to important areas of interest that can be used to show change over time. For example, under

the Sector perspective of the *Creating value for New Zealanders* model, we've developed indicators to track the health of the sector. These indicators include areas that are not necessarily within Creative New Zealand's control but where movement may prompt us to take action. Our full set of performance measures and indicators are explained in detail on pages 7-10.

Our new direction

Our new strategy comprises three parts.

- **How we create long-term value for New Zealanders** – what we want to achieve (our vision) and how we create value (our *Creating value for New Zealanders* model), underpinned by our legislative mandate (our purpose), how we work (our values) and Te Waka Toi Pātaka, our Mātauranga Māori Framework.
- **What we want to achieve by 2029 – Our goals:**
 - ▶ We can clearly articulate how our work and engagement in the arts delivers value for all New Zealanders.
 - ▶ We grow the confidence of others in us and attract greater resources for the arts, recognising their contribution to the wellbeing of New Zealanders.
 - ▶ 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.
 - ▶ We have the strategies, services and operational capacity to drive the development of the arts in New Zealand.

- **How our work links to government priorities** – aligning the value we create with Ministers’ priorities for the Arts, Culture and Heritage portfolio and the Treasury’s Living Standards Framework.

Our performance framework for 2019/20 reflects the changes we’ve made to our strategic direction and includes the measures and indicators we’ll use to track our performance in 2019/20 and progress against our 10-year strategy.

Our strategic direction for 2019–2029 and our performance framework for 2019/20 are set out on the following pages.

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.

Outcomes and value perspective

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.

Mana and support perspective

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.

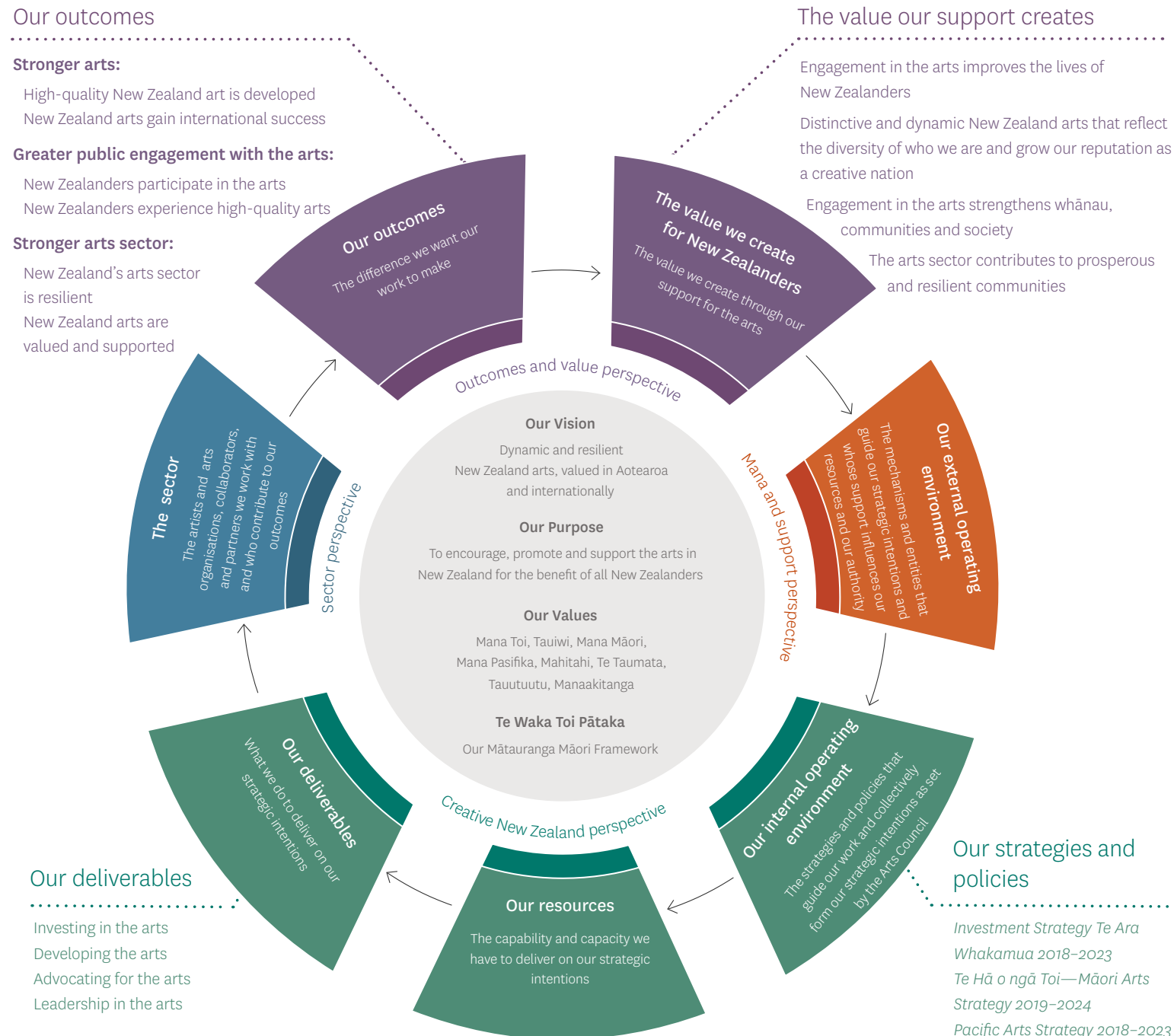
Sector perspective

Creative New Zealand perspective

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

Creative New Zealand perspective

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

Our strategies and policies

Investment Strategy Te Ara Whakamua 2018–2023
Te Hā o ngā Toi—Māori Arts Strategy 2019–2024
Pacific Arts Strategy 2018–2023
Advocacy Strategy 2016–2021
Diversity in the Arts Policy 2015

OUR PERFORMANCE FRAMEWORK FOR 2019/20



Our Vision: Dynamic and resilient New Zealand arts, valued in Aotearoa and internationally	What we want to achieve by 2029 – Our goals	How will we achieve our goals?	How will we know we're successful?
	<p>Goal: Outcomes and value perspective – We can clearly articulate how our work and engagement in the arts deliver value for all New Zealanders</p>	OUTCOMES AND VALUE PERSPECTIVE	
<p>Stronger arts</p>		<p>High-quality New Zealand art is developed Number of new New Zealand works developed</p>	<p>New Zealand arts gain international success Number of individuals and organisations funded by Creative New Zealand to engage internationally Number of international arts activities and events funded by Creative New Zealand</p>
<p>Greater public engagement with the arts</p>		<p>New Zealanders participate in the arts Number of participants in arts activities funded by Creative New Zealand</p>	<p>New Zealanders experience high-quality arts Number of attendances at arts activities and events funded by Creative New Zealand</p>
<p>Stronger arts sector</p>		<p>New Zealand's arts sector is resilient Percentage of investment organisations that meet or exceed expectations set in their funding agreements across the three dimensions of quality of artistic programme; financial health; organisational health</p>	<p>New Zealand arts are valued and supported Maintain or increase average 'other' (non-Creative New Zealand) investment per organisation Index rating for how New Zealanders perceive the value of the arts to New Zealand (New Zealanders and the Arts survey data)</p>
<p>The value we create for New Zealanders – The value we create through our support for the arts</p>		Indicators of long-term impact	
<p>Engagement in the arts improves the lives of New Zealanders:</p> <ul style="list-style-type: none"> • The arts contribute to personal wellbeing. • The arts contribute to healthier people. • The arts contribute to education and skills development. • The arts create a more highly skilled workforce. • The arts develop creative people who provide new approaches to solving problems. 		<p>Life satisfaction correlated to engagement in cultural activity (Stats NZ General Social Survey)</p> <p>Rating for the arts improve how I feel about life in general (New Zealanders and the Arts survey data)</p>	

Our Vision: Dynamic and resilient New Zealand arts, valued in Aotearoa and internationally

What we want to achieve by 2029 – Our goals

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

How will we achieve our goals?

How will we know we're successful?

OUTCOMES AND VALUE PERSPECTIVE

Our outcomes – The difference we want our work to make

Outcome measures

Distinctive and dynamic New Zealand arts that reflect the diversity of who we are and grow our reputation as a creative nation:

- The arts contribute to our diverse identities and shared sense of national identity.

Index rating for how New Zealanders perceive the quality of our arts (New Zealanders and the Arts survey data)

Rating for the arts help define who we are as New Zealanders (New Zealanders and the Arts survey data)

Rating of importance of art and artistic achievements in defining New Zealand (Stats NZ General Social Survey)

Engagement in the arts strengthens whānau, communities and society:

- The arts contribute to social inclusion and cohesion by connecting people and communities.
- The arts contribute to our identity as individuals, whānau, community(ies) and as a nation.
- The arts support a strong democracy.

Index rating for correlation of belonging to a group, club or organisation to a sense of life satisfaction and feeling that life is worthwhile (Stats NZ General Social Survey)

Index rating for how engagement in the arts strengthens communities, society and our identity (New Zealanders and the Arts survey data)

The arts sector contributes to prosperous and resilient communities:

- The arts sector provides jobs and careers for artists and practitioners.
- The arts play a role in rejuvenating and making cities and communities great places to live.
- The arts contribute to New Zealand's economy.

Percentage of total employment (arts-related industries) (Stats NZ, An Economic Profile of the Arts in NZ 2015)

Percentage of territorial authorities with an arts and culture policy (Creative New Zealand survey data)

Rating for the arts contribute positively to the economy (New Zealanders and the Arts survey data)

Household spending on the arts (Stats NZ, An Economic Profile of the Arts in NZ 2015)

Percentage of arts-related industries that contribute to gross domestic product (Stats NZ 2015)



Our Vision: Dynamic and resilient New Zealand arts, valued in Aotearoa and internationally

What we want to achieve by 2029 – Our goals

Goal: 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

How will we achieve our goals?

How will we know we're successful?

MANA AND SUPPORT PERSPECTIVE

Our external operating environment:

The mechanisms and entities that guide our strategic intentions and whose support influences our resources and authority

INDICATORS OF CONFIDENCE IN CREATIVE NEW ZEALAND'S PERFORMANCE

Maintain or improve audit management ratings for management control, financial systems and service performance information

Percentage of clients who are satisfied with the overall service received from Creative New Zealand

Rating on the Colmar Brunton Corporate Reputation Index



Our Vision: Dynamic and resilient New Zealand arts, valued in Aotearoa and internationally

What we want to achieve by 2029 – Our goals	How will we achieve our goals?	How will we know we're successful?	
<p>Goal: Creative New Zealand perspective – We have the strategies, services and operational capacity to drive the development of the arts in New Zealand for the benefit of all New Zealanders</p>	CREATIVE NEW ZEALAND PERSPECTIVE		
		Core activity measures	Annual priorities
	Our deliverables – What we do to deliver on our strategic intentions		
	Investing in the arts – Investing in artists, art practitioners and arts organisations and their projects in a fair, transparent and strategic way	Percentage of investment organisations that meet or exceed expectations against key performance indicators set in individual funding agreements (Investment programme success rate) Percentage of completed projects that meet or exceed expectations in funding agreements	Implementing the <i>Investment Strategy Te Ara Whakamua 2018–2023</i> Measuring the success of our investment
	Developing the arts – Developing the arts sector's capacity to succeed and undertaking initiatives to develop the arts	Percentage of clients who agree capability building programmes align with their needs and priorities Percentage of clients who rank capability building initiatives as extremely or very effective, relevant and helpful Percentage of completed projects for targeted initiatives to develop the arts delivered to the sector that have met or exceeded our expectations	Implementing the Arts in the Regions initiative
	Advocating for the arts – Promoting the value of the arts and empowering the arts sector to make the case for the arts	Percentage of advocacy actions described in the annual advocacy action plan that have met or exceeded our expectations	Enhancing understanding of the value of the arts for health and wellbeing Growing our relationship with local government
	Leadership in the arts – Providing leadership to ensure the arts sector is well positioned collectively to respond to change	Percentage of participants in key meetings, hui, fono held by Creative New Zealand who rate them overall as mostly or very useful/relevant Number of research projects that advance knowledge or discussion about the arts in New Zealand	Providing leadership to ensure the arts sector is well positioned to respond to challenges and change
	Our resources – The capability and capacity we have to deliver on our strategic intentions		
	Public money	Total level of investment by Creative New Zealand in the arts Maintain operating costs in line with policy set by the Arts Council (being between 15% and 16% of total expenditure)	N/A
	Our people and expertise	Improve on 'Best Workplaces' survey overall performance index Improve on 'Good employer reporting' overall compliance index	Improving staff capability
Our operational capacity	Percentage of funding decisions made within specified timeframes Percentage of applications externally assessed	Refining our systems	

Our Vision: Dynamic and resilient New Zealand arts, valued in Aotearoa and internationally	What we want to achieve by 2029 – Our goals	How will we achieve our goals?	How will we know we're successful?	
	Goal: Creative New Zealand perspective – We have the strategies, services and operational capacity to drive the development of the arts in New Zealand for the benefit of all New Zealanders	CREATIVE NEW ZEALAND PERSPECTIVE		
		Core activity measures		Annual priorities
Our internal operating environment – The strategies and policies that guide our work and collectively form our strategic intentions as set by the Arts Council		Implementing <i>Te Hā o ngā Toi — Māori Arts Strategy 2019–2024</i> Implementing the <i>Pacific Arts Strategy 2018–2023</i> Demonstrating Creative New Zealand's support for a diverse range of arts		
	The strategies and policies that guide our work and collectively form our strategic intentions	N/A		



Our Vision: Dynamic and resilient New Zealand arts, valued in Aotearoa and internationally	What we want to achieve by 2029 – Our goals	How will we achieve our goals?	How will we know we're successful?	
	Goal: 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.	SECTOR PERSPECTIVE		
		The sector: The artists and arts organisations, collaborators and partners we work with and who contribute to our outcomes		
INDICATORS OF SECTOR HEALTH AND PERFORMANCE				
Artistic health Percentage of investment organisations that meet or exceed expectations for quality of artistic programme measures				
Financial health Percentage of investment organisations that meet or exceed expectations for financial health measures				
Employment Percentage of organisations paying at or above not for profit average for chief executives (Strategic Pay survey) Average median total income for creative professionals versus median total income for New Zealanders earning a salary or wage (Profile of Creative Professionals survey)				
Funding Average private support (sponsorship, philanthropy and trust funding) per investment organisation Annual level of local authority investment in 'culture' (Stats NZ) Average annual government per person expenditure on arts				
The market Percentage of New Zealanders in the market for culture (Audience Atlas survey) Percentage of New Zealanders engaged in the arts (New Zealanders and the Arts survey)				
Our relationships Number of active relationships (including co-investment, regular meetings, shared projects) Creative New Zealand maintains with organisations that have shared interests, including government, local government, trusts and other partners				

THE YEAR AHEAD TE TAU KEI MUA I A TĀTOU

We have an exciting year ahead planned, which will involve encouraging, promoting and supporting the arts in New Zealand for the benefit of all New Zealanders.

On top of our main programmes other major areas of work are described below. We also include an outline of the Associate Minister for Arts, Culture and Heritage's expectations of us, and the challenges we face in the year ahead.

Our new path forward

The *SOI 2019–2029* reflects a significant shift in focus within government and in our own thinking about what we're trying to achieve. Central to this is the Treasury's focus on raising the living standards of all New Zealanders by taking account of a broad set of wellbeing indicators. We've also adopted a new model for describing how we create long-term value for New Zealanders through our support for the arts.

For the first time, we've articulated the value we believe the arts deliver for individuals, whānau, communities and society, and we've considered what we need to do to increase that value.

We've established four new goals that will enable us, through working with the sector and our partners, to achieve our outcomes of *Stronger arts*, *Greater public engagement with the arts* and a *Stronger arts sector*. Over time, these goals will help grow the contribution of the arts to improve the lives of all New Zealanders.

We're presenting a 10-year strategy, recognising that the sort of change we're seeking takes time. We will, however, review the SOI at least every three years for its continuing relevance. We've had the chance to talk with the arts sector, other partners and members of the public to get their views on our strategic direction. The response we received has given us confidence that we're heading in the right direction.

Implementing our strategies

Over recent years, we've developed several strategies, including our *Investment Strategy Te Ara Whakamua 2018–2023* and strategies to advance ngā toi Māori and Pacific arts. In 2019/20, we'll continue to implement the Investment Strategy, using it as the main tool for guiding investment decisions in the arts sector and to improve the sector's understanding of the policies, guidelines and criteria that underpin our investment decisions.

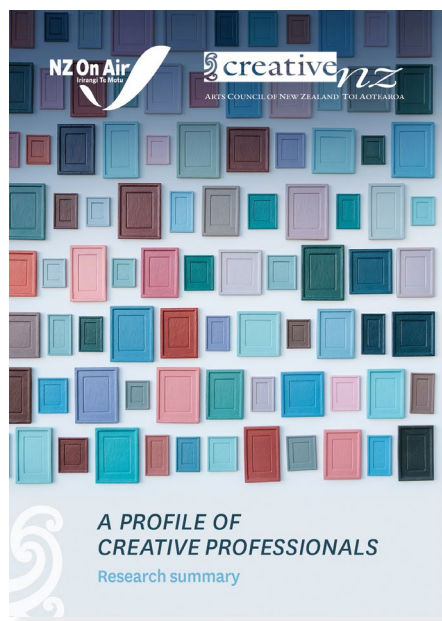
The Investment Strategy is linked to many of the deliverables discussed below and on the following pages.

In 2018/19, we aligned our Toi Tōtara Haemata and Toi Uru Kahikatea investment programmes with our Investment Strategy. Over time, we'll be asking our Investment clients to better reflect the diversity of New Zealand's population and its arts practices. We also expect to extend the reach of our investment to make arts attendance and participation accessible to more communities.

This year, we'll implement the recommendations arising from the Grants and Creative Communities Scheme investment category reviews that we carried out in 2018/19. We'll also complete reviews of the Capability Building Programme and International Programme investment categories, to ensure all our investment is shifting to match our Investment Strategy outcomes.

Aligned with the Investment Strategy, we'll increase our focus on under-represented communities. We'll continue to implement the Young New Zealanders in the Arts Toi Rangatahi initiative, which provides investment that supports young New Zealanders to value, access and participate in the arts. In 2018/19, we developed the Arts in the Regions initiative. This focuses on enabling communities across New Zealand to engage in the arts and reach under-represented communities.

**A Profile
of Creative
Professionals
research, in
partnership
with NZ On
Air, was
completed
and shared
with the
sector in
2018/19**



The first stage of Creative New Zealand's *A Profile of Creative Professionals* research, in partnership with NZ On Air, was completed and shared with the sector in 2018/19. The research explores the sustainability of careers in the creative sector, and opportunities to better support creative professionals in their careers. Additional Crown funding of \$1 million into our baseline from 2019/20 onwards will support our efforts to provide a fairer wage for artists and arts practitioners, which will help improve working conditions.

Building relationships with our partners

Our advocacy work will continue as we build on our work from previous years to strengthen our relationship with local government as a significant co-investor and funder of the arts. We'll also keep developing our relationships with Māori and Pacific groups, under the action plans for *Te Hā o ngā Toi—Māori Arts Strategy 2019–2024* and the *Pacific Arts Strategy 2018–2023*.

In 2019/20, we'll support this work with an increased focus on our role as a leader in the arts sector, helping to ensure the sector is well positioned to collectively respond to change.

Ministerial expectations

By convention, the Associate Minister for Arts, Culture and Heritage writes to the Arts Council each year outlining expectations for the forthcoming performance year. For 2019/20, the following expectations have been conveyed and our response to these is also described. An overarching expectation is that of 'no surprises'. We're committed to informing the Associate Minister in a timely manner about matters of significance as they relate to the arts.

Actions we'll take in recognising sector priorities:

- We recognise we have an important role in delivering to the Government's outcomes, specifically the Ministers' priorities for arts, culture and heritage. We have an important role in delivering to these independently and in collaboration with others.
- We'll articulate the impact of our contributions to the sector outcomes for New Zealanders, and our delivery to cultural wellbeing and the Living Standards Framework through our accountability documents and reporting.
- We'll regularly report against the new set of cultural indicators developed in 2018/19, with the purpose of contributing to a picture of communities' access to, and participation in, cultural activities.

With regard to specific Creative New Zealand direction:

- Guided by our *Investment Strategy Te Ara Whakamua 2018–2023*, we'll ensure that our reserves policies are robust and funding is distributed into the sector in a timely way.
- We'll continue to work to embed the *Pacific Arts Strategy* and *Te Hā o ngā Toi—Māori Arts Strategy*, while looking for opportunities to make arts and culture more accessible to Māori, Pacific peoples and those of other ethnicities.

- We'll continue expanding opportunities for children and youth, especially those from lower socio-economic backgrounds, to access and participate in arts activities.
- We'll support the Government's sector outcomes by testing approaches that deliver better access to under-served communities. This includes the Young New Zealanders in the Arts Toi Rangatahi initiative and the Arts in the Regions initiative, which focus on enabling communities across New Zealand to engage in the arts.
- We'll support sustainable careers in the cultural sector through increased development opportunities for arts practitioners at different stages of their careers. Additional Crown investment of \$1 million into our baseline will help contribute to a 'fairer wages for artists and arts practitioners' initiative from 2019/20 onwards.
- We'll contribute to work that the Ministry for Culture and Heritage is leading to improve access and support sustainable cultural sector careers, and we'll continue to provide arts sector information and expertise to help the Ministry's work over the year.

With regard to governance:

- We'll continue to provide best practice governance, self-evaluation of governance practices, consistency with the Institute of Directors' best practice, and alignment with the State Service Commission's *It Takes Three* framework (see Our organisation on page 50 for further details on our organisational policies). The Arts Council undertakes an annual self-evaluation exercise that helps identify areas for improvement. The results of the self-evaluation are reported to the Associate Minister for Arts, Culture and Heritage each year.
- We'll provide information on performance against planning documents, and quality and timely information on risks and opportunities.

**The SOI
reflects a
significant
shift in
focus within
government
and in
our own
thinking
about what
we're trying
to achieve**

Challenges in the year ahead

Fluctuations in our funding may create uncertainty for the sector. Our funding comes from two principal sources: the Crown, through Vote Arts Culture and Heritage, and the NZLGB. Funding through the NZLGB can vary significantly because it's based on lottery profits. As a result, this funding could decline. To mitigate this risk, we maintain a level of reserves that would enable us to minimise the effect a funding reduction could have on the arts sector.

Further challenges are set out in the section What might hamper our progress on page 16.

S2

NON-FINANCIAL PLANNING AND PERFORMANCE

WHAKAMAHERE UTU KORE MAHI

OUR PROGRESS WHAKAAHU WHAKAMUA

Measuring and reporting on progress in achieving our goals will be a critical part of our success. An open and transparent approach allows our stakeholders to see what we're doing to create value for New Zealanders in the arts and how we've done it. This will help inform what we might do next.

What gets measured

The performance framework in this SPE outlines what we'll be measuring in 2019/20. This will be a mix of measures that, when taken together, provide a balanced picture of our performance. We'll report against these measures in our 2019/20 Annual Report.

In terms of our four deliverables – that is, what we do to deliver on our strategic intentions – our measures will be a combination of two things:

- **Annual priorities** – these are a mix of new projects and ongoing work, and tend to be more innovative or high-profile in nature than core activities. It's likely that each SPE will have different annual priorities as we make progress towards meeting our goals.
- **Core activities** – these are more business as usual activities, such as running investment and grant programmes, delivering capability building initiatives, and carrying out advocacy or leadership activities. At times, we have included internally-focused measures as we aim to demonstrate how our internal operating capability directly contributes to the value we provide for our clients.

We'll track our progress and report against our annual priorities and core activities, as well as talk about how these are helping us reach our goals. Reporting on annual priorities is against milestones identified for each priority. Reporting on core activities focuses on measures like dollars, numbers and percentages. Over 2019/20, we'll also monitor and report on progress against our major strategies and policies, including the *Investment Strategy Te Ara Whakamua 2018–2023*, *Te Hā o Ngā Toi—Māori Arts Strategy 2019–2024*, *the Pacific Arts Strategy 2018–2023* and the *Diversity in the Arts Policy 2015*. These strategies contribute directly to our outcomes, and we'll

demonstrate how their implementation is progressing through our quarterly reporting to the Minister and in our 2019/20 Annual Report.

We've also included a series of indicators – these relate to significant areas of interest that can be used to show change over time. For example, under the Sector perspective of the *Creating value for New Zealanders* model, we'll be developing indicators to track the health of the sector. These indicators include areas that are not necessarily within Creative New Zealand's control but where movement may prompt us to take action.

We also measure the broader results of our work under our outcomes. For example, the *Greater public engagement with the arts* outcome is shown by:

- New Zealanders participating in the arts (ie reported participant numbers across our major funding programmes)
- New Zealanders experiencing high-quality arts (ie audience numbers from activity funded through our major funding programmes).

We're also aiming to improve the quality of our measures over time. For example, measures relating to New Zealand arts gaining international success (under the *Stronger arts* outcome) currently focus on the level of activity we support rather than whether the outcome has been achieved. We're looking to make these measures more meaningful and relate them directly to the outcomes we're seeking.

In our reporting, we'll also talk about how our day-to-day work links to our vision, to Ministers' priorities for the Arts, Culture and Heritage portfolio, as well as how our work contributes to the creation of public value through the *Creating value for New Zealanders* model.

What might hamper our progress

Like any organisation, we need to understand what might prevent us from achieving our aims and then seek to mitigate these risks. It's useful to think about this as we move to implement a new strategic direction. The Arts Council, through its Audit and Risk Committee, has responsibility for governance oversight of risk management and compliance.

Fluctuations in our funding may create uncertainty for the sector. Our funding comes from two principal sources: the Crown, through Vote Arts Culture and Heritage, and the NZLGB. Funding through the NZLGB can vary significantly, because it's based on lottery profits. As a result, this funding could decline over the next decade. To mitigate this risk, we maintain a level of reserves that would enable us to minimise the effect a funding reduction could have on the arts sector.

The arts sector's capacity could fail to grow, leading to stagnation and a greater chance of failure. This could happen either through our own programmes not meeting the needs of the sector, or the sector not capitalising on the opportunities provided. To evaluate the effectiveness of our programmes we conduct regular reviews, in consultation with the sector, and make any necessary changes.

Support from other partners (including investors) and members of the public might be less than is needed to create a strong arts sector. This would result in the sector finding it harder to create dynamic arts experiences and to become more resilient. One of our four deliverables is Advocating for the arts. Our advocacy work promotes and develops a broader support base for the arts, and enables the arts sector to keep advocating on its own behalf.

Our performance may not meet the needs of the sector or develop the confidence of others in us. This would result in reduced client and customer satisfaction. In 2018, we implemented a new operating model to ensure we're better placed to meet the needs of the sector, and we're part-way through reviewing all our programmes to align with our Investment Strategy.

**We
implemented
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sector**

HOW WE CREATE LONG-TERM VALUE FOR NEW ZEALANDERS PĒHEA TE HANGA I TĒTAHI UARATANGA ROA MŌ NGĀ TĀNGATA O AOTEAROA

Introducing: Creating value for New Zealanders



Creating value for New Zealanders is our public value model that shows how we deliver long-term value to New Zealanders through our support for the arts. The diagram on page 6 is the central element, comprising the segmented circle and explanatory boxes. It has four perspectives and seven segments, which describe 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.

The model should be read as a virtuous circle, where strengthening one segment will lead to the strengthening of the next, and so on. Our aim, over time, is to strengthen and grow each segment of the circle, to increase the value the arts can deliver for all New Zealanders.

By strengthening our mana and support, with government, our stakeholders and the public, we will secure the resources we need to deliver our services. We can then develop policies and strategies to guide how we deploy those resources through the services we provide to support the arts. By collaborating with, and investing in, the arts sector, we will achieve the outcomes we're seeking and, through their engagement in the arts, create value for New Zealanders, communities across Aotearoa and society as a whole. When we create value and contribute to a strong sector, our mana and support grows further.

We describe each of the four perspectives in more detail in our SOI, which can be found on our website at www.creativenz.govt.nz/SOI_2019-29



OUR GOALS A MĀTOU WHĀINGA

Our four goals describe what we want to achieve by 2029. The goals are aligned to the four perspectives in the *Creating value for New Zealanders* model (see page 6). By strengthening each perspective we aim to increase the value we deliver for New Zealanders.

We achieve our goals through the services we provide, which we call our deliverables: Investing in the arts, Developing the arts, Advocating for the arts and Leadership in the arts. More information about our deliverables is detailed on page 23.



Outcomes and value perspective

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

What we'll focus on over the next three years

- We'll build an evidence base for how the arts contribute value to New Zealanders.
- We'll promote the value the arts contribute to New Zealanders' wellbeing.
- We'll be recognised as a powerful advocate for the arts.

Why this goal?

The outcomes and value perspective is made up of our outcomes and the value we create for New Zealanders.

Our outcomes describe the difference we want our work to make. As an arts development agency, we achieve our outcomes by working with others. We do this through investing in artists arts practitioners and arts organisations that deliver arts experiences and services to New Zealanders. We also do this through our work developing, advocating for and providing leadership in the arts.

We measure our success towards achieving these outcomes in our Annual Report. These reports are available at: www.creativenz.govt.nz/about-creative-new-zealand/corporate-documents

Our outcomes link to government priorities – aligning the value we create with Ministers' priorities for the Arts, Culture and Heritage portfolio and the Treasury's Living Standards Framework. Our major strategies and policies contribute directly to our outcomes and we'll demonstrate how their implementation is progressing through our quarterly reporting to the Minister and in our 2019/20 Annual Report.

We introduced a new outcome in 2019 and are now working towards achieving three outcomes in total.

Outcome | Stronger arts as shown by:

- High-quality New Zealand art is developed
- New Zealand arts gain international success

Strong arts come from artists, arts practitioners and arts organisations that have the ability and opportunity to generate high-quality work. This work reflects who we are as a nation and engages audiences in New Zealand and internationally.

We work to ensure high-quality New Zealand arts are developed by enabling artists, arts practitioners and arts organisations to:

- develop their artforms, the quality of their work, and their artistic skills and capabilities
- be innovative in their arts practice

- create work that excites, challenges, inspires and resonates with audiences.

International engagement contributes to strong arts by strengthening New Zealand arts practice and broadening the reach of our arts. We work to ensure New Zealand artists, arts practitioners and arts organisations can:

- develop their practice in relation to the international arts environment, including through cultural and artistic exchange
- develop international markets and audiences to expand their reach onto the world stage, and improve their financial sustainability
- promote New Zealand and its arts to international audiences.

Outcome | Greater public engagement with the arts *as shown by:*

- New Zealanders participate in the arts
- New Zealanders experience high-quality arts

We seek to achieve greater public engagement with the arts, recognising their ability to contribute to our personal wellbeing and the broader wellbeing of whānau, communities and society. The arts inspire, delight and provoke us. They help people understand, interpret and adapt to the world, they enable us to express our identities and help build social cohesion.

We work to ensure New Zealanders have as many opportunities as possible to participate in the arts, including to:

- express themselves artistically
- celebrate, practise, transmit and develop their diverse artistic traditions and cultural heritage
- develop links between communities.

We work to broaden the opportunities for all New Zealanders to experience high-quality arts, including by:

- ensuring access to a diverse range of arts experiences
- investing in under-served communities.

Outcome (new for 2019) | Stronger arts sector *as shown by:*

- New Zealand's arts sector is resilient
- New Zealand arts are valued and supported

A strong arts sector is the foundation from which artists, arts practitioners and arts organisations can produce high-quality arts and provide opportunities for public engagement with the arts.

We will work collaboratively to build the resilience of the arts sector so it can adapt to challenges and embrace opportunities, while recognising the ways in which our country and the needs of its people are changing.

The value New Zealanders place on the arts is critical for building the resilience of the sector. We will champion the arts and the value they create for New Zealanders, in order to attract greater support for, and investment in the arts.

How will we measure progress towards our outcomes?

The critical outcome measures on the next page will demonstrate our achievements for the year when reported in the 2019/20 Annual Report.

Outcome measures:

Ref.	Name	2017/18 Actual	2018/19 Forecast ¹	2019/20 Target	Note
Outcome: Stronger arts					
G1.1	High-quality New Zealand art is developed: Number of new New Zealand works developed	1,878	2,500	≥2,500	The number of new New Zealand works includes those funded through the Toi Tōtara Haemata, Toi Uru Kahikatea, and Grants investment categories. The number is largely driven by available resources, applications received and amounts funded. We ensure high-quality New Zealand art is funded through robust application and assessment processes.
G1.2	New Zealand arts gain international success: Number of individuals and organisations funded by Creative New Zealand to engage internationally	161	150	≥180	These proxy measures will demonstrate that an increasing number of New Zealand artists and arts organisations are presenting successfully on the world stage. Targets fluctuate across years, in line with biennial international events.
G1.3	New Zealand arts gain international success: Number of international arts activities and events funded by Creative New Zealand ²	1,318	1,000	≥1,000	
Outcome: Greater public engagement in the arts					
G1.4	New Zealanders participate in the arts: Number of participants in arts activities funded by Creative New Zealand	265,673	192,000	≥232,000	Participation includes the active involvement of individuals, groups and/or communities in the making or presentation of art. It applies to professional, emerging and non-professional artists, including those involved in cultural and recreational activities.
G1.5	New Zealanders experience high-quality arts: Number of attendances at arts activities and events funded by Creative New Zealand	2,192,372	2,000,000	≥2,200,000	This measure refers to audience numbers, including paid audiences, readers, viewers and attendances at free events.

1 The 2019/20 outcome forecasts differ from those stated in the Statement of Performance Expectations 2018/19 due to significant improvements in the way we captured outcome data in 2017.

2 Arts activities' capture a variety of works that Creative New Zealand funds (eg, plays, concerts, dance performances, exhibitions, workshops, masterclasses, publications). 'Events' capture the number of opportunities audiences have toW experience arts activities (eg, each time a play, concert, dance performance, workshop, masterclass occurs; each day an exhibition is open to the public; each sale or publication).

Ref.	Name	2017/18 Actual	2018/19 Forecast ¹	2019/20 Target	Note
Outcome: Stronger arts sector					
G1.6	New Zealand's arts sector is resilient: Percentage of investment organisations that meet or exceed expectations set in their funding agreements across the three dimensions: quality of artistic programme; financial health; organisational health	97%	≥95%	≥95%	Using our investment clients as a proxy for the arts sector, we can demonstrate a resilient arts sector by measuring the organisations' artistic, financial and organisational health. Artistic performance includes performance against audience numbers. These were measured separately in 2018/19 and prior years.
G1.7	New Zealand arts are valued and supported: Maintain or increase average 'other' (non-Creative New Zealand) investment per organisation	New in 2018/19	Baseline developed in 2019	Baseline developed in 2019	Using our investment clients as a proxy for the arts sector, we can demonstrate support for the sector by measuring the level of revenue organisations generate from sources other than Creative New Zealand.
G1.8	Index rating for how New Zealanders perceive the value of the arts to New Zealand	53%	Survey not carried out in 2018/19	≥53%	This rating is based on the results of three individual measures in the New Zealanders and the Arts 2017 survey. ³ An increase is an indication New Zealand arts are increasingly valued and supported.

We've described how, through our support for the arts, we aim to achieve our outcomes of Stronger arts, Greater public engagement with the arts and a Stronger arts sector. The question then becomes to what end? What impact do these outcomes have on individuals, whānau, communities and society? How do we *create value for New Zealanders* through our support for the arts?

Internationally, there's a growing body of evidence on the contribution of the arts to a broad range of wellbeing outcomes. Our challenge is to build an evidence base to support these outcomes within a New Zealand context. This work will enable us to demonstrate the sector's contribution to the wellbeing dimensions and capitals in the Treasury's Living Standards Framework.

³ The three measures are: The arts should receive public funding; My community would be poorer without the arts; and The arts help improve New Zealand society.

How will we measure the state of the sector?

The statements in the table below demonstrate some of the ways the arts create value and contribute to the wellbeing of New Zealanders. In 2019/20, we have introduced indicators for the long-term public value we believe we can create for New Zealanders. While we recognise that the success of these indicators is often out of Creative New Zealand's control, we'll continue to monitor them to identify where we can add value and contribute to growth or improvement in the sector. While not all of these indicators will be tracked annually, they will provide an indication of the state of the sector over time.

Public value statements and indicators:

Ref.	Indicator	Data source and frequency	Result as at 30 June 2019	Desired trend	Rationale
Public Value Statement: Engagement in the arts improves the lives of New Zealanders as shown by:					
The arts contribute to personal wellbeing.					
The arts contribute to healthier people.					
The arts contribute to education and skills development.					
The arts create a more highly skilled workforce.					
The arts develop creative people who provide new approaches to solving problems.					
11	Life satisfaction correlated to engagement in cultural activity	Stats NZ General Social Survey – biennial	83%	↑	Life satisfaction correlates to engagement in cultural activity, ie, engagement in the arts improves New Zealanders' perceptions about their lives.
12	Rating for the arts improve how I feel about life in general	New Zealanders and the Arts survey data – three yearly	41%	↑	
Public Value Statement: Distinctive and dynamic New Zealand arts that reflect the diversity of who we are and grow our reputation as a creative nation as shown by:					
The arts contribute to our diverse identities and shared sense of national identity.					
13	Index rating for how New Zealanders perceive the quality of our arts	New Zealanders and the Arts survey data – three yearly	59%	↑	These indicators demonstrate New Zealanders' positive view of the quality of the arts.
14	Rating for the arts help define who we are as New Zealanders	New Zealanders and the Arts survey data – three yearly	54%	↑	
15	Rating of importance of art and artistic achievements in defining New Zealand	Stats NZ General Social Survey – biennial	69%	↑	
Public Value Statement: Engagement in the arts strengthens whānau, communities and society as shown by:					
The arts contribute to social inclusion and cohesion by connecting people and communities.					
The arts contribute to our identity as individuals, whānau, community(ies) and to our identity as a nation.					
The arts support a strong democracy.					
16	Index rating for correlation of belonging to a group, club or organisation (arts or culture) to a sense of life satisfaction and feeling that life is worthwhile	(Stats NZ General Social Survey – biennial)	88%	↑	Engagement with others in the arts has a positive correlation with life satisfaction and stronger communities, society and identity.
17	Index rating for how engagement in the arts strengthens communities, society and our identity	(New Zealanders and the Arts survey data – three yearly)	56%	↑	

Ref.	Indicator	Data source and frequency	Result as at 30 June 2019	Desired trend	Rationale
Public Value Statement: The arts sector contributes to prosperous and resilient communities as shown by:					
The arts sector provides jobs and careers for artists and practitioners.					
The arts play a role in rejuvenating and making cities and communities great places to live.					
The arts contribute to New Zealand's economy.					
I18	Percentage of total employment (arts-related industries)	An economic profile of the arts in New Zealand ⁴ (Stats NZ, 2015)	0.56%	↑	No one indicator can stand alone, however, together they aim to provide an indication of how the arts contribute to New Zealand's economy.
I19	Percentage of territorial authorities with an arts and culture policy	(Creative New Zealand survey data – annual)	40%	↑	
I10	Rating for the arts contribute positively to the economy	(New Zealanders and the Arts survey data – three yearly)	59%	↑	
I11	Household spending on the arts	An economic profile of the arts in New Zealand (Stats NZ, 2015)	\$538 million	↑	
I12	Arts-related industries contribution to gross domestic product	An economic profile of the arts in New Zealand (Stats NZ, 2015)	0.24%	↑	



Mana and support perspective

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

What we'll focus on over the next three years

- We'll be recognised as a high-performing, trusted arts development agency.
- We'll be proactive in providing advice to government on matters affecting the arts in New Zealand.
- We'll make the case for greater support for the arts, based on their contribution to New Zealanders' wellbeing.

Why this goal?

The mana and support perspective reflects the entities and mechanisms that confer on us the legitimacy and authority we need to undertake our work, and

whose support influences our resources. By growing the confidence of others in us, we'll be in a stronger position to advocate for greater resources and support for the arts. Through our leadership and advocacy roles, we'll be proactive in championing the arts across government, local government, the private sector and other partners, including through providing trusted advice to government.

How will we measure progress under this goal?

In 2019/20 we've introduced two direct measures and an indicator that, together, aim to demonstrate the mana we hold with those who support us and enable us: New Zealanders, the arts sector, our clients and partners, our funders, our ministers and the agencies responsible for ensuring we operate effectively and efficiently. We'll monitor the feedback from our clients, Audit New Zealand and the New Zealand public and aim to improve our performance over time to grow their confidence in us.

No.	Measure/indicator	Data source	2017/18 result	2019/20 Target	Rationale
G2.1	Audit management ratings for management control, financial systems and service performance information	Audit Management Report – annual	Very good Very good Good	Very good Very good Very Good	This measure demonstrates the confidence held in us by those we are externally accountable to.
G2.2	Percentage of clients who are satisfied with the overall service received from Creative New Zealand	Creative New Zealand Satisfaction Survey – annual	64.2%	≥65%	This measure demonstrates our reputation with our clients, customers and the sector.
G2.3	Rating on the Colmar Brunton Corporate Reputation Index (CRI)	Colmar Brunton CRI – annual	103	≥103	This indicator demonstrates our reputation with the New Zealand public. Based on our 2017/18 result, Creative New Zealand has an above-average reputation (with the average score being 100), sitting at 21st out of 50 organisations listed.



Creative New Zealand perspective

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

What we'll focus on over the next three years

- We'll use our *Investment Strategy Te Ara Whakamua 2018–2023, Te Hā o ngā Toi — Māori Arts Strategy 2019–2024* and the *Pacific Arts Strategy 2018–2023* to guide investment decisions.
- We'll increase our focus on delivery to underserved communities and building the resilience of the arts sector.
- We'll improve service delivery and be recognised for having processes that are fair and transparent.

Why this goal?

The Creative New Zealand perspective is made up of our internal operating environment, our resources and our deliverables. This perspective includes the strategies and policies that guide our work and the capability and capacity that enable us to deliver on our strategic intentions. Our work in this area consists of a mix of annual priorities and our core activities. We'll track our progress and report against our annual priorities and core activities, as well as talk about how these are helping us reach this goal.

Our *deliverables* are what we'll do to deliver on our goals and contribute to our outcomes. We have four deliverables.

1. **Investing in the arts:** Investing in artists, art practitioners and arts organisations and their projects in a fair, transparent and strategic way.

Funding from Creative New Zealand supports professional development opportunities as well

as the creation, presentation and distribution of art throughout New Zealand and overseas. Most of Creative New Zealand's work is delivered through its main investment categories. Information about investment categories is available on our website: www.creativenz.govt.nz/find-funding

2. **Developing the arts:** Developing the arts sector's capacity to succeed, and undertaking initiatives to develop the arts

Creative New Zealand provides opportunities for arts organisations and individual artists and practitioners to build their skills and capability, with the goal of developing the arts sector's capacity to succeed. Investment in capability building delivers to Creative New Zealand's outcomes of stronger arts communities, artists and organisations.

3. **Advocating for the arts:** Promoting the value of the arts and empowering the arts sector to make the case for the arts

Creative New Zealand advocates for the benefits of the arts to a variety of audiences, including government agencies and local authorities. We also provide research and resources to the arts sector, to help allies carry out their own advocacy around those benefits.

4. **Leadership in the arts:** Providing leadership to ensure the arts sector is well positioned collectively to respond to change

Our activities that align with this deliverable include:

- convening the sector to discuss issues, goals and recent work through events such as Nui te Kōrero and the Pacific Arts Summit
- developing the research, strategies and policies that seek to advance the arts
- providing expertise and mana when advice is sought, such as our involvement in the development of city, district and regional arts strategies, and providing advice to government on matters affecting our functions
- being consistent with our legislative mandate, upholding and promoting the rights of artists and people to freedom in the practice of the arts.

Our resources describe the capability and capacity we have as an organisation to deliver on our strategic intentions. This includes the public money we receive, our people and expertise, and our operational capacity.

Our internal operating environment describes the strategies and policies that collectively form our strategic intentions as set by the Arts Council, our governing body. It includes our Statement of Intent, alongside the following strategies and policies we have developed in consultation with the sector.

- *Investment Strategy Te Ara Whakamua 2018–2023*: Guides our arts investment over the next five years to ensure we build an investment portfolio that meets the future needs of the arts in Aotearoa.
- *Te Hā o ngā Toi — Māori Arts Strategy 2019–2024*: A ‘by Māori for Aotearoa’ Māori arts strategy that outlines how we will work and partner with others over the next five years to advance ngā toi Māori and ngā toi Māori artists and practitioners for the benefit of all New Zealanders.
- *Pacific Arts Strategy 2018–2023*: Outlines how we will prioritise our investment in the development of Pacific arts over the next five years, for Aotearoa, Te Moana-nui-a-Kiva and the world.
- *Advocacy Strategy 2016–2021*: Sets out the Arts Council’s five-year strategy to create, in partnership with the arts sector, a compelling case for the value of the arts to New Zealanders.
- *Diversity in the Arts Policy 2015*: States our commitment to recognise, promote and celebrate diversity in the arts.

How will we measure progress under this goal?

Annual priorities:

Our annual priorities cover a mix of new projects and ongoing work across our deliverables, internal operating environment and resources, and tend to be more innovative or high profile in nature than core activities. We will report against milestones identified for each annual priority in 2019/20.

Ref.	Name	Description	Key actions and milestones	Achievement result 2019/20
Deliverables				
Investing in the arts				
AP1	Implementing the <i>Investment Strategy Te Ara Whakamua 2018–2023</i>	We will align our programmes, systems and processes with the principles and features of our new Investment Strategy.	<ul style="list-style-type: none"> Implement the Investment Strategy: <ul style="list-style-type: none"> → within the Capability Building Programme by 30 June 2020 → within the International Programme by 30 June 2020. Implement the recommendations arising from the Investment programmes review by 30 June 2020. Implement the recommendations arising from the Grants review by 30 June 2020. 	Our investment shifts to match the Investment Strategy features of diversity and reach, dynamic arts and a resilient arts sector.
AP2	Measuring the success of our investment	We will ensure our investments are aligned to our strategic intentions, as set out in our strategies and policies.	An investments monitoring plan will be developed by 30 June 2020.	A monitoring plan is in place to ensure our investments are aligned to our strategic intentions, as set out in our strategies and policies.
Developing the arts				
AP3	Implementing the Arts in the Regions initiative	We will implement a new initiative enabling communities across New Zealand to engage in the arts, with a focus on under-represented communities.	<ul style="list-style-type: none"> Initiative to be implemented and funding granted to successful applicants by 30 June 2020. 	We broaden the reach of the arts to under-represented communities around New Zealand.
Advocating for the arts				
AP4	Enhancing understanding of the value of the arts for health and wellbeing	We will focus on boosting awareness of one of our key messages under the <i>Advocacy Strategy 2016–2021</i> : 'The arts matter for happy and healthy people'.	<ul style="list-style-type: none"> Opportunities for building understanding around the impact of the arts on health and wellbeing are scoped and explored by 30 September 2019. Relevant advocacy actions are delivered by 30 June 2020. 	A wide range of advocacy audiences, including groups, the public and media, engage with our messages around the value of the arts to health and wellbeing.
AP5	Growing our relationship with local government	We will continue to enhance our relationship with local government, as important investors in the arts in Aotearoa.	<ul style="list-style-type: none"> Milestones to be confirmed through the Advocacy Action Plan 2019/20, by September 2019. Relevant advocacy actions are delivered by 30 June 2020. 	Local government's responsiveness to the arts increases, including through new and refreshed arts plans and strategies, and the arts featuring as a key enabler in more local authority long-term plans.

Ref.	Name	Description	Key actions and milestones	Achievement result 2019/20
Leadership in the arts				
AP6	Providing leadership to ensure the arts sector is well positioned to respond to challenges and change	We will convene the arts sector to discuss issues, goals and recent work.	<ul style="list-style-type: none"> • Deliver Nui Te Kōrero in June 2020. • Deliver Regional Pacific Arts Fono by 30 June 2020. • Deliver a national ngā toi Māori hui by 30 June 2020. 	The arts sector is better positioned to respond to challenges and change.
Our resources				
Our people and expertise				
AP7	Improving staff capability	We will identify the areas of capability critical to Creative New Zealand's success and the key learning and development activities needed to support this.	<ul style="list-style-type: none"> • Improving staff capability around te ao Māori (the Māori world) through a new cultural learning programme by 30 June 2020. • Improving staff capability around the Pacific world through a new cultural learning programme by 30 June 2020. 	Staff capability continues to grow in areas that are critical to success, including Māori and Pacific responsiveness.
Our operational capacity				
AP8	Refining our systems	We will continue to refine our systems, so as to improve service delivery and operational efficiency for ourselves and our customers.	<ul style="list-style-type: none"> • Development of service standards by 30 June 2020. • Website and web portal development project completed by 30 June 2020. 	We have a better understanding of the impact our work is having, with reduced costs to our business and fewer compliance costs for our clients and customers.
Our internal operating environment				
AP9	Implementing <i>Te Hā o ngā Toi—Māori Arts Strategy 2019–2024</i>	We will implement <i>Te Hā o ngā Toi—Māori Arts Strategy 2019–2024</i> , which sets the direction for our future support for ngā toi Māori (Māori arts).	• Implementation as per the key actions for 2019/20 in <i>Te Hā o Ngā Toi—Māori Arts Strategy 2019–2024</i> implementation plan.	<ul style="list-style-type: none"> • Māori arts development directions are acted on, informed by the arts sector and in line with the Investment Strategy. • Strategic direction is reflected in Creative New Zealand's funding programmes and processes.
AP10	Implementing the <i>Pacific Arts Strategy 2018–2023</i>	We will continue to implement the <i>Pacific Arts Strategy 2018–2023</i> , which sets the direction for our future support for Pacific arts.	• Implementation as per the key actions for 2019/20 in the <i>Pacific Arts Strategy</i> implementation plan 2018–2020.	<ul style="list-style-type: none"> • Pacific arts development directions are acted on, informed by the arts sector and in line with the Investment Strategy. • Strategic direction is reflected in Creative New Zealand funding programmes and processes.
AP11	Demonstrate Creative New Zealand's support for a diverse range of arts	We will report data annually in accordance with the <i>Diversity in the Arts Policy 2015</i> .	• Report diversity data in accordance with our policy by 30 June 2020.	We can demonstrate how our investment supports a diverse range of arts in New Zealand.

Core activity measures:

Our core activities are more business as usual activities, such as running investment programmes, delivering capability building initiatives, and carrying out advocacy or leadership activities. Reporting on core activities focuses on the success of these activities. Below are the critical measures that will demonstrate our achievements for the year when reported in the 2019/20 Annual Report.

Ref.	Name	2017/18 Actual	2018/19 Forecast	2019/20 Target	Note
Deliverables					
Investing in the arts					
G3.1	Percentage of investment organisations that meet or exceed expectations against key performance indicators set in individual funding agreements (Investment programme success rate)	97%	≥96%	≥97%	This measure reports on Investment clients' delivery against the key performance indicators in individual funding agreements. It includes all Tōtara and Kahikatea clients with continuous funding agreements.
G3.2	Percentage of completed projects that meet or exceed expectations set in their funding agreements	99%	≥99%	≥99%	This measure reports on evaluated completion reports for project-based funding: Project-funded Kahikatea clients; Grants and special opportunities; International and capability building programme grants; and other project-based funding.
Developing the arts					
G3.3	Percentage of clients who agree capability building programmes align with their needs and priorities	≥82%	≥85%	≥85%	These measures are based on the Organisational Development Model survey, a self-assessment tool for Investment clients to review their organisation's strengths and weaknesses and to track progress over time. The survey results help us tailor capability building initiatives that respond to areas of need. The survey is completed annually.
G3.4	Percentage of clients who rank capability building initiatives as extremely or very effective, relevant and helpful	≥74%	≥75%	≥75%	
G3.5	Percentage of capability building initiatives delivered to the sector that have met or exceeded our expectations	≥92%	≥92%	≥92%	This measure focuses on Creative New Zealand's assessment of the immediate results of individual capability building initiatives against the relevant objectives set for each initiative.
Advocating for the arts					
G3.6	Percentage of advocacy actions described in the annual advocacy action plan that have met or exceeded our expectations	54%	≥90%	≥90%	This measure focuses on Creative New Zealand's assessment of the immediate results of individual advocacy actions, as set out in the relevant annual advocacy action plan. Advocacy actions include: advocacy updates and briefings to the sector (eg, research), new or significant updates to advocacy tools and individual submissions to local and central government agencies.

Ref.	Name	2017/18 Actual	2018/19 Forecast	2019/20 Target	Note
Leadership in the arts					
G3.7	Percentage of participants in key meetings, hui, fono held by Creative New Zealand who rate them overall as mostly or very useful/relevant	73%	New in 2019/20	≥73%	This measure is new in 2019/20. The target is based on the participant feedback on the 2018 Nui Te Kōrero event.
Our resources					
Public money					
G3.8	Total level of investment by Creative New Zealand in the arts	\$39,887,000	\$44,724,000 (budget)	\$49,476,000 (budget)	Trends in our funding delivery are reported in detail each year in our Annual Report. We report on our significant trend information, which helps to evaluate change over time and influence our future decision-making.
G3.9	Maintain operating costs in line with policy set by the Arts Council	15.4 %	≤16%	≤16%	Arts Council policy sets the operating costs between 15 percent and 16 percent of total expenditure.
Our people and expertise					
G3.10	Improve on 'Best Workplaces' survey – overall performance index	69%	≥74%	≥74%	This measure is an average of the survey's section scores, covering areas like quality and performance focus, communication and co-operation, and learning and development.
G3.11	Improve on 'Good employer' reporting – overall compliance index	82%	100%	100%	The Human Rights Commission's annual 'Good employer' reporting ⁵ includes elements such as leadership, culture, recruitment, employee development and workplace diversity. Together with our 'Best Workplaces' rating, this indicator provides a health check of our organisation.
Our operational capacity					
G3.12	Percentage of funding decisions made within specified timeframes	84%	100%	100%	Both measures are proxy indicators for fairness and transparency within our funding decision-making processes. Independent external peer assessment informs decision-making on all funding and development opportunities. Service standards will be developed in 2019/20 (Annual Priority AP8, page 26) to help us
G3.13	Percentage of applications externally assessed	New in 2019/20	New in 2019/20	100%	

5 The Human Rights Commission reviews and analyses the reporting of good employer obligations by Crown entities in their annual reports. It also monitors their progress towards equal employment opportunities (EEO) and provides good employer guidance. The Commission's annual good employer review gives Crown entities an indicator report showing their reporting progress. Refer to www.good-employer.hrc.co.nz/#2018/report/all-entities



Sector perspective

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

What we'll focus on over the next three years

- We'll develop our role as a leader and enabler in the arts, helping to ensure the arts sector is well positioned to adapt to present and future challenges.
- We'll work proactively with others to build a resilient arts sector, including developing sustainable careers for artists and arts practitioners.
- We'll strengthen our relationships and grow partnerships across the arts sector, government, local government, iwi and Māori, Pacific groups, other investors and international partners, to build support for the arts.

Why this goal?

The sector perspective describes who we work with, the players who help achieve our outcomes and, ultimately, who deliver value for New Zealanders.

When we talk about 'the sector', we mean the clients, collaborators and partners we work with. Our clients are the artists, arts practitioners and arts organisations that receive our funding and create artworks, deliver activities and provide services.

We're continuing to grow our relationships with investors and partners who recognise the value of the arts. This includes central government agencies, local government, philanthropic trusts, iwi and Māori, Pacific groups, patrons, volunteers and the wider creative sector.

How will we measure progress under this goal?

In 2019/20, we have introduced indicators that, together, aim to provide a picture of the state of the sector over time. While we recognise that the success of these indicators is often out of Creative New Zealand's control, we will monitor them and identify where we may add value and contribute to growth or improvement. No one indicator can stand alone in this perspective; however, together, they aim to provide an indication of the state of the sector over time.

Sector perspective indicators:

Ref.	Indicator	Data source and frequency	Result as at 30 June 2019	Desired trend	Rationale
Artistic Health					
I13	Percentage of Investment organisations that meet or exceed expectations for quality of artistic programme measures.	Creative New Zealand management reports – annual	100%	Maintain	The quality of our Investment organisations’ artistic programmes is a proxy measure of the artistic health in New Zealand. Maintaining excellence in this area has a material impact on the health of the sector.
Financial health					
I14	Percentage of investment organisations that meet or exceed expectations for financial health measures.	Creative New Zealand management reports – annual	95%	↑	Investment organisations receive around two-thirds of Creative New Zealand’s investment in the arts. Their financial health is a proxy measure of the financial health of the arts sector.
Employment					
I15	Median chief executive salary in a small arts organisation compared with the not for profit median.	Strategic Pay Survey – annual	86%	↑	This indicator demonstrates pay rates within surveyed arts organisations versus the not for profit sector.
I16	Median total income for creative professionals versus median total income for New Zealanders earning a salary or wage.	Profile of Creative Professionals survey – 2019	\$35,800	↑	The median total income for New Zealanders earning a salary or wage is \$51,800.
Funding					
I17	Average private support (sponsorship, philanthropy and trust funding) per investment organisation.	Creative New Zealand management reports – annual	Baseline to be developed by 31 December 2019.		Together, these indicators provide a picture of the funding to the arts through three main revenue streams: private investment and local and central government funding. Increasing support from all three areas indicates a valued and supported sector. Creative New Zealand will continue to work in its advocacy and leadership roles to demonstrate the value of the arts.
I18	Annual level of local authority investment in ‘culture’.	Stats NZ local authority statistics – annual	\$384,111	↑	
I19	Average annual government per person expenditure on arts.	Creative New Zealand desk research (as at 30 June 2016)	\$141	↑	

The market

I20	Percentage of New Zealanders in the market for culture.	Audience Atlas survey – three yearly	97%	↑	These indicators track the New Zealand public's appetite for arts in New Zealand. Through ensuring diversity and reach, access and dynamic arts we aim to increase New Zealander's appetite for the arts in New Zealand.
I21	Percentage of New Zealanders engaged in the arts.	New Zealanders and the Arts survey – three yearly	80%	↑	

Our relationships

I22	Number of active relationships (including co-investment, regular meetings, shared projects) Creative New Zealand maintains with organisations that have shared interests, including government, local government, trusts and other partners.	Creative New Zealand management reports – annual	≥100	↑	Through our collaborations, we will share knowledge and resources with key partners to achieve our goal to develop a dynamic and resilient arts sector.
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S3

FINANCIAL PLANNING AND PERFORMANCE
WHAKAMAHERE PŪTEA MAHI

FINANCIAL PLANNING AND PERFORMANCE

WHAKAMAHERE PŪTEA MAHI

This section provides our prospective financial statements for the 2019/20 year and the notes to those statements.

The prospective financial statements in this section are based on policies and approvals in place as at 30 June 2019 and are exclusive of goods and services tax (GST) (except for payables and receivables, which are GST inclusive).

The prospective financial statements form part of the SPE and the basis for end-of-year reporting in the financial statements contained in the Annual Report 19/20. Actual results presented in the Annual Report 19/20 may vary from the information presented here, and the variations may be material.

Figures shown in these prospective financial statements are based on the following:

- June 2018 – actual figures from the Annual Report 2017/18
- June 2019 – forecast figures based on the actual figures as at 31 May 2019
- June 2020 – budget based on the budget approved by the Arts Council on 26 June 2019.

Financial planning and performance context

The main focus for Creative New Zealand, and one that informs this plan, continues to be on balancing revenue variability with the provision of as much reasonable certainty as we can muster in our investment and service delivery.

In 2016/17 and 2017/18, a surge in lottery profits (delivered by the New Zealand Lottery Grants Board) saw Creative New Zealand receive an additional \$19.0 million of revenue over original forecasts (\$11.8 million and \$7.2 million respectively). This windfall served to position Creative New Zealand extremely well for the future and followed two years of reduced revenue in 2014/15 and 2015/16, when compared with 2013/14.

We have an equity policy that enables us to shield the sector from the unpredictable nature of lottery revenue. Figure 1 on the next page shows our longer-term accumulated funds that will now be actively reduced to enable our investment in the arts sector to increase even further in the future.

The Arts Council has developed and published an Investment Strategy to give the arts sector and other arts investors increased clarity on the future direction of Creative New Zealand's funding. *The Investment Strategy Te Ara Whakamua 2018–2023* is guiding Creative New Zealand's investment direction, to ensure it builds an investment portfolio to meet the future needs of the arts in Aotearoa.

We will continue to implement our Investment Strategy over the 2019/20 year to guide the way we support the arts in New Zealand. We will also advance ngā toi Māori and Pacific arts through our two new dedicated strategies.

Guided by our strategies, we will also advance initiatives for young people and youth arts and arts in the regions, as well as continuing our support across all our major programmes.

Figure 2 shows our longer-term revenue and expenditure trends. These show a gradual increase in our investment in the arts sector over time and the volatility of our revenue. Having remained at the same level for 10 years, our operating costs are increasing as we develop more specialist skills within the organisation. This is allowing us to deliver better services to those we interact with, as well as to make greater use of external advice in our funding and decision-making processes.

Figure 1: Surplus/deficit versus minimum equity versus accumulated funds 2011/12–2021/22

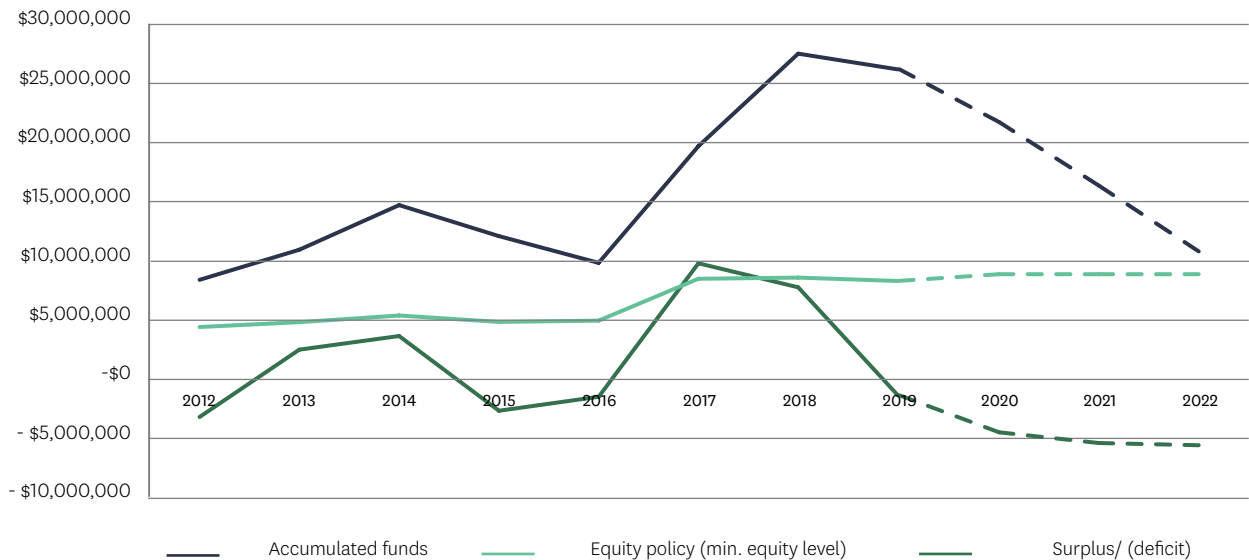
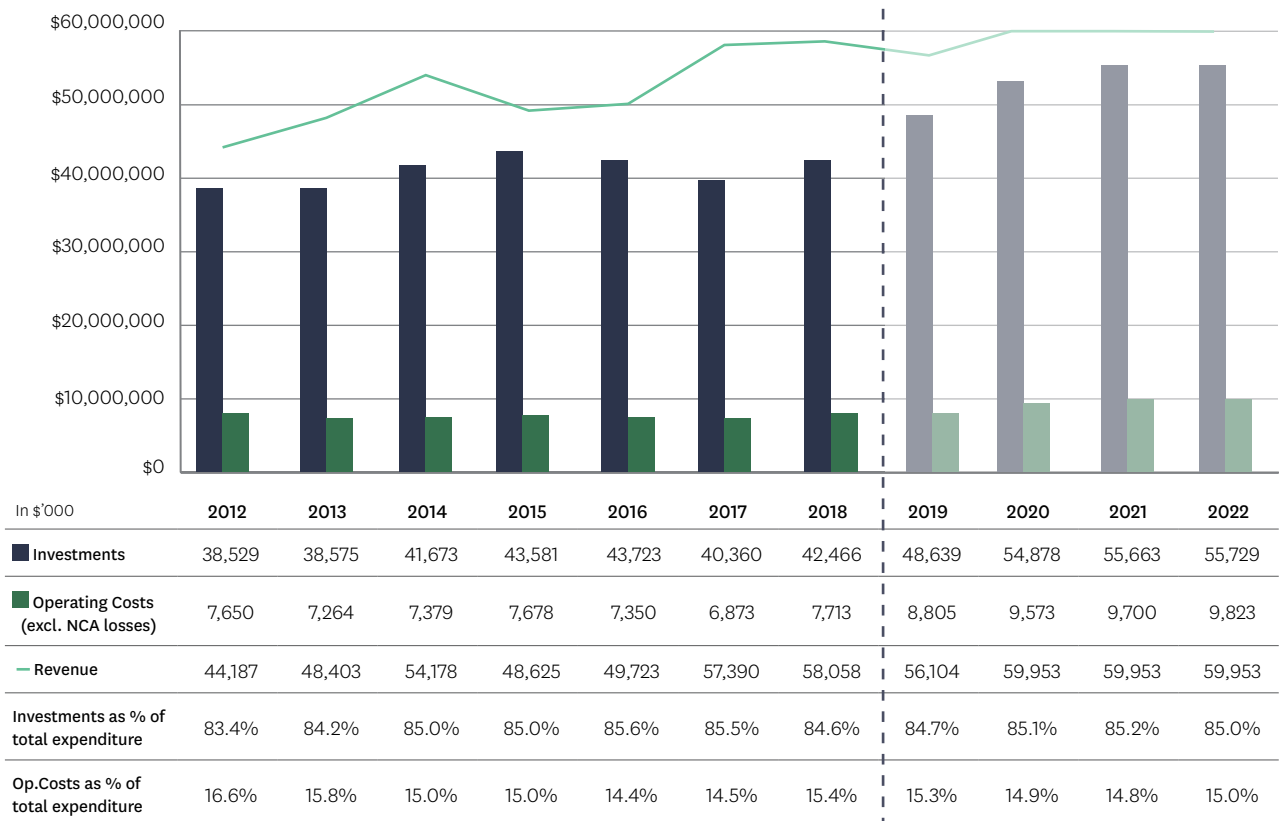


Figure 2: Revenue and expenditure trends 2011/12–2021/22



Investments include our deliverables: Investing in the arts, Developing the arts, Advocating for the arts and Leadership in the arts
NCA = Non-current assets.

2019 = forecast result for 2018/19
2020, 2021, 2022 = current budget for 2019/20, 2020/21, 2021/22 - subject to change

PROSPECTIVE FINANCIAL STATEMENTS

WHAKATAKOTO PŪRONGO PŪTEA

Prospective statement of financial performance

for the year ending 30 June

	Notes	ACTUAL 2018 \$000	FORECAST 2019 \$000	BUDGET 2020 \$000
Revenue				
Revenue from the Crown		15,689	15,689	16,689
Revenue from the New Zealand Lottery Grants Board		41,259	39,000	42,000
Interest revenue		940	1,188	1,050
Other revenue		170	227	214
TOTAL REVENUE		58,058	56,104	59,953
Expenditure				
Investing in the arts	2	39,351	44,157	48,345
Developing the arts	2	2,178	3,749	4,793
Advocating for the arts	2	863	559	960
Leadership in the arts	2	74	174	780
Operating Costs				
Personnel expenses		5,170	6,093	6,459
Depreciation and amortisation		347	329	360
Other expenses		2,196	2,383	2,754
TOTAL EXPENDITURE		50,179	57,444	64,451
NET OPERATING SURPLUS / (DEFICIT)		7,879	(1,340)	(4,498)

Prospective statement of comprehensive revenue and expense

for the year ending 30 June

	ACTUAL 2018 \$000	FORECAST 2019 \$000	BUDGET 2020 \$000
Net operating surplus/(deficit) for the year	7,879	(1,340)	(4,498)
Other comprehensive revenue and expense			
Revaluation of works of art	8	-	-
Total other comprehensive revenue and expense	8	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	7,887	(1,340)	(4,498)

Prospective statement of changes in net assets/equity

for the year ending 30 June

	ACTUAL 2018 \$000	FORECAST 2019 \$000	BUDGET 2020 \$000
Total equity as at 1 July	21,686	29,573	28,233
Net operating surplus/(deficit) for the year	7,879	(1,340)	(4,498)
Other comprehensive revenue and expense	8	-	-
Total comprehensive revenue and expense	7,887	(1,340)	(4,498)
TOTAL EQUITY AS AT 30 JUNE	29,573	28,233	23,735

Prospective statement of financial position

as at 30 June

	ACTUAL 2018 \$000	FORECAST 2019 \$000	BUDGET 2020 \$000
ASSETS			
Current assets			
Cash and cash equivalents	1,712	1,419	1,849
Investments in term deposits	26,000	32,500	26,000
Receivables	13,168	9,330	10,900
Prepayments	101	202	200
Total current assets	40,981	43,451	38,949
Non-current assets			
Property, plant and equipment	293	580	640
Works of art	1,079	1,079	1,079
Intangible assets	1,426	1,480	1,480
Total non-current assets	2,798	3,139	3,199
TOTAL ASSETS	43,779	46,590	42,148
LIABILITIES			
Current liabilities			
Grants payable	13,319	17,249	17,500
Creditors and other payables	424	656	550
Revenue in advance	10	10	10
Employee entitlements	295	289	300
Lease make-good provision	100	100	-
Total current liabilities	14,148	18,304	18,360
Non-current liabilities			
Employee entitlements	58	53	53
Total non-current liabilities	58	53	53
TOTAL LIABILITIES	14,206	18,357	18,413
NET ASSETS	29,573	28,233	23,735
EQUITY			
Accumulated funds	27,671	26,331	21,833
Revaluation reserves	1,079	1,079	1,079
Restricted reserves (special purpose funds)	823	823	823
TOTAL EQUITY	29,573	28,233	23,735

Prospective statement of cash flows

for the year ending 30 June

	ACTUAL 2018 \$000	FORECAST 2019 \$000	BUDGET 2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Revenue from the Crown	15,689	15,689	16,689
Revenue from the New Zealand Lottery Grants Board	45,280	42,736	40,324
Interest received	779	1,088	1,158
Grant retirements and gains	28	62	50
Other revenue	840	21	14
Net goods and services tax	-	196	-
Cash was applied to:			
Payments of grants	(42,316)	(44,709)	(54,584)
Payments to employees	(5,119)	(6,104)	(6,448)
Payments of operating expenses	(2,260)	(2,102)	(2,838)
Net goods and services tax	(162)	-	(15)
NET CASH FLOWS FROM OPERATING ACTIVITIES	12,759	6,877	(5,650)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Terms deposits maturing	8,500	26,000	32,500
Cash was applied to:			
Purchase of property, plant, equipment and intangible assets	(320)	(670)	(420)
Investment in term deposits	(26,000)	(32,500)	(26,000)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(17,820)	(7,170)	6,080
NET INCREASE (DECREASE) IN CASH HELD	(5,061)	(293)	430
Add opening cash brought forward:			
Cash on hand and at bank	504	108	80
Short-term deposits	6,269	1,604	1,339
BALANCE AT END OF YEAR	1,712	1,419	1,849
Represented by:			
Closing cash carried forward:			
Cash on hand and at bank	108	80	80
Short-term deposits	1,604	1,339	1,769
BALANCE AT END OF YEAR	1,712	1,419	1,849

Notes to the prospective financial statements

1. Statement of accounting policies

FOR THE YEARS ENDING 30 JUNE 2019 AND 30 JUNE 2020

1.1 Reporting entity

The Arts Council of New Zealand Toi Aotearoa was established on 1 July 1994 by the Arts Council of New Zealand Toi Aotearoa Act 1994. The Council has chosen to operate under the name Creative New Zealand.

Creative New Zealand is a Crown entity as defined by the Crown Entities Act 2004 and is domiciled and operates in New Zealand. As such, Creative New Zealand's ultimate parent is the New Zealand Crown.

Its purpose, as defined under the current governing legislation, the Arts Council of New Zealand Toi Aotearoa Act 2014, is to encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders. Creative New Zealand does not operate to make a financial return. Accordingly, Creative New Zealand has designated itself as a public benefit entity (PBE) for financial reporting purposes.

1.2 Basis of preparation

These prospective financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

1.2.1 Statement of compliance

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

They have been prepared in accordance with Tier 1 PBE accounting standards and comply with PBE accounting standards.

1.2.2 Presentation currency and rounding

These prospective financial statements are presented in New Zealand dollars (NZ\$) and are rounded to the nearest thousand dollars (\$000), unless otherwise stated.

1.3 Significant accounting policies

The following specific accounting policies, which materially affect the measurement of financial performance and financial position, have been applied consistently to all periods presented in these prospective financial statements.

1.3.1 Revenue

The specific accounting policies for significant revenue items are explained below.

Revenue from the Crown

Creative New Zealand receives a significant amount of its funding from the Crown, which is restricted in its use for the purpose of Creative New Zealand meeting the objectives specified in its governing legislation and the scope of the relevant appropriations of the funder.

Creative New Zealand considers there are no conditions attached to the funding (a condition refers to an enforceable legal right of return of the transferred asset if it is not used for the specific intended purpose).

The funding is recognised as revenue at the point of entitlement. The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Revenue from the New Zealand Lottery Grants Board

Creative New Zealand receives most of its funding from the NZLGB. The NZLGB allocates part of Lotto New Zealand's profit to Creative New Zealand through the Gambling Act 2003. The funding allocation for the year is based on 15 percent of Lotto New Zealand's forecast profit for the financial year. Creative New Zealand also receives a 15 percent share in Lotto New Zealand's available funding over and above the forecast (the additional profit allocation), which is dependent on the actual audited results for the year. One-off funding allocations from reserves are also based on this 15 percent share.

Creative New Zealand uses the funding for the purpose of meeting its objectives as specified in the governing legislation. Creative New Zealand considers there are no conditions attached to the funding. The funding is recognised as revenue at the point of entitlement. The fair value of revenue from the NZLGB has been determined to be equivalent to the amounts due in the funding arrangements.

Other grants

Grants are recognised as revenue when they become receivable, unless there is an obligation in substance 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 revenue

Interest revenue is recognised as it accrues on bank account balances, on-call and short-term deposits, using the effective interest method.

Donated assets

Where a physical asset is gifted to or acquired by Creative New Zealand for nil consideration or at a subsidised cost, the asset is recognised at fair value and the difference between the consideration provided and fair value of the asset is recognised as revenue.

The fair value of donated assets is determined as follows.

- For new assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received.
- For used assets, fair value is usually determined by reference to market information for assets of a similar type, condition and age.

Grant retirements

Grants committed in previous years are retired and recognised as revenue in the Statement of Financial Performance when:

- they are not collected by the recipients within a year of being offered
- they are no longer required for the purpose for which they were approved

- partial or full repayment is received from a grant recipient.

1.3.2 Grant expenditure

Discretionary grants are those grants where Creative New Zealand has no obligations to award on receipt of the grant application. For discretionary grants without substantive conditions, the total committed funding is expensed when the grant is approved by Creative New Zealand and the approval has been communicated to the applicant. Discretionary grants with substantive conditions are expensed at the earlier of the grant payment date or when the grant conditions have been satisfied. Conditions usually include milestones that must be met to be eligible for funding.

When multi-year agreements are entered into, amounts granted under these agreements are recognised in the Statement of Financial Performance to the extent that they relate to the current financial year. The agreed funding for the out years is conditional on the programme and budget being agreed within the timeframes, and any special conditions for the drawdown of funding being met.

The liability disclosed in the Statement of Financial Position represents financial grants to New Zealand artists and arts organisations approved by Creative New Zealand but not paid at balance date.

Non-discretionary grants are grants that are awarded automatically if the grant application meets the specified criteria. Creative New Zealand provides Creative Communities Scheme funding to territorial authorities throughout New Zealand to distribute in their area. Creative Communities Scheme funding to territorial authorities is considered non-discretionary; there is no application process and no substantive conditions need to be fulfilled for territorial authorities to receive the grant. This funding is expensed annually when communicated and distributed.

1.3.3 Foreign currency transactions

Foreign currency transactions are translated into New Zealand dollars using the spot exchange rates at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities

denominated in foreign currencies are recognised in the Statement of Financial Performance.

1.3.4 Leases

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. Creative New Zealand does not have any finance lease arrangements.

Critical accounting judgements

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 Creative New Zealand.

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.

Creative New Zealand has exercised its judgement on the appropriate classification of leases and has classified the leases as operating leases.

1.3.5 Cash and cash equivalents

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

1.3.6 Investments in term deposits

Investments in bank term deposits with original maturities of between three months and one year are initially measured at the amount invested. After initial recognition, investments in bank term deposits are

measured at amortised cost using the effective interest method, less any provision for impairment.

1.3.7 Receivables

Short-term receivables are recorded at their face value less any provision for impairment. A receivable is considered impaired when there is evidence that Creative New Zealand will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

1.3.8 Property, plant and equipment

Property, plant and equipment consist of the following asset classes: leasehold improvements, furniture, equipment and fittings, and computer equipment.

Residential property included the leasehold ownership of a flat in London, England, gifted to Creative New Zealand from the estate of Hilda Dawn Sturgeon, sold on 31 March 2017 and fully distributed to Creative New Zealand on 3 July 2017. Residential property was carried at fair value.

All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

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 Creative New Zealand and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

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 reported net in the Statement of Financial Performance.

When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

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 Creative New Zealand 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 Financial Performance as they are incurred.

Revaluation

The residential property was revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value and at least every three years. Fair value was determined from market-based evidence by an independent registered valuer.

All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of assets. Where this would result in a debit balance of the asset revaluation reserve, this balance is recognised in the Statement of Financial Performance. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit is recognised first in the surplus or deficit, up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

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 (or valuation) of the assets to their estimated residual value over their useful lives.

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

Residential property	50 years	2.0%
Leasehold improvements (Auckland)	6 years	16.7%
Leasehold improvements (Wellington)	4.6 years	21.8%
Furniture, equipment and fittings	10 years	10.0%
Computer equipment	4 years	25.0%

Leasehold improvements are depreciated over the shorter of the unexpired period of the lease and the estimated useful life of the assets.

Critical accounting estimates and assumptions

The estimation of the useful lives of assets has been based on historical experience and the economic life of the assets. In addition, the condition of the assets is assessed at least once a year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

1.3.9 Works of art

Works of art are revalued with sufficient regularity to ensure that the carrying amount does not differ materially from fair value and at least every three years. Fair value is determined from market-based evidence by an independent valuer. The results of revaluing works of art are credited or debited to an asset revaluation reserve for that class of asset, in the same way as land and buildings.

Works of art are not depreciated because they have an indeterminate useful life and are expected to appreciate in value over time. The carrying values of revalued works of art are assessed annually to ensure that they do not differ materially from the assets' fair values.

Critical accounting estimates and assumptions

The revaluation of works of art is performed by an experienced independent valuer and art dealer, using the available art market sales data in New Zealand. New Zealand has no formal qualification for valuing artworks. Creative New Zealand is relying on the valuer's judgement and expertise in this area.

1.3.10 Intangible assets

Software acquisition and development

Acquired computer software is 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 are recognised as an intangible asset. Direct costs include the software development costs.

Employee costs, staff training costs and relevant overheads are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

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

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

Computer software	4 years	25.0%
Grants Management (GMS) and Customer Relationship Management (CRM) system	8 years	12.5%

Critical accounting estimates and assumptions

The estimation of the useful lives of assets has been based on historical experience and the economic life of the assets. In addition, the condition of the assets is assessed at least once a year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

In assessing the useful lives of computer software assets, several factors are considered, including:

- the period of time the software is intended to be in use;
- the effect of technological change on systems and platforms;

- the expected timeframe for the development of replacement systems and platforms
- historical experience for similar software assets.

An incorrect estimate of the useful lives of software assets will affect the amortisation expense recognised in the surplus or deficit, and the carrying amount of the software assets in the Statement of Financial Position.

1.3.11 Impairment of property, plant and equipment and intangible assets

Creative New Zealand does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash generating assets

Property, plant and equipment and intangible assets held at cost that have finite useful lives 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 determined using an approach based on either a depreciated replacement cost approach, restoration cost approach or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss is recognised in the Statement of Financial Performance.

Critical accounting judgements

Creative New Zealand assesses impairment of all assets at each reporting date by evaluating conditions specific to Creative New Zealand and to the particular asset that may lead to impairment. These include property,

plant and equipment, and works of art (note 1.3.9) and intangible assets (note 1.3.10). If an impairment trigger exists, the recoverable amount of the asset is determined.

1.3.12 Financial instruments

Creative New Zealand is party to non-derivative financial instruments as part of its normal operations. These financial instruments include cash at bank and on hand, deposits held on call with banks, short-term deposits, debtors and other receivables, and creditors and other payables.

Except for those items covered by a separate accounting policy, all financial instruments are initially recognised in the Statement of Financial Position at fair value, and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance.

Creative New Zealand does not use derivative financial instruments.

1.3.13 Creditors and other payables

Short-term creditors and other payables are recorded at their face value. The amounts are unsecured and are usually paid within 30 days of recognition.

1.3.14 Employee entitlements

Short-term employee entitlements

Employee entitlements expected 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, long service leave entitlements expected to be settled within 12 months, and time in lieu accrued up to balance date. Creative New Zealand has no liability for sick leave entitlements.

Long-term employee entitlements

Employee entitlements that are due to be settled beyond 12 months, such as long service leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlements information

- the present value of the estimated future cash flows.

Expected future payments are discounted using the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

1.3.15 Superannuation scheme

Defined contribution scheme

Obligations for contributions to KiwiSaver and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are recognised as an expense in the Statement of Financial Performance as incurred.

1.3.16 Provisions

A provision is recognised 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 an outflow of future economic benefits 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 expenditure 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 an interest expense and is included in 'finance costs'.

1.3.17 Goods and services tax

All items in the financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable, which are stated inclusive of GST. GST is not recoverable because input tax is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, the Inland Revenue Department, 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.

1.3.18 Income tax

Creative New Zealand is a public authority and consequently is exempt from the payment of income tax in accordance with the Income Tax Act 2007. Accordingly, no provision has been made for income tax.

1.3.19 Equity

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds
- revaluation reserve
- restricted reserve.

Revaluation reserve relates to the revaluation of works of art.

Restricted reserve consists of donations and bequests entrusted to Creative New Zealand to administer for a stipulated purpose (special purpose funds).

1.4 Changes in accounting policies and estimates

There have been no changes in accounting policies since the date of the last audited financial statements, other than the impact of NZ GAAP. These policies have been applied on a basis consistent with previous years.

1.5 Significant estimates and assumptions concerning the future

Revenue from the NZLGB for 2019/20 is based on Lotto New Zealand's budgeted profit for 2019/20. The final expected 2019/20 payment from the NZLGB will be confirmed in July 2019, and revised during the year.

It is assumed that the timing of baseline funding will be the same for each of the financial years.

All significant assumptions relating to expenditure have been based on historical data, existing business practices or actual business plan projections for each financial year.

The timing of expenditure under Creative New Zealand's funding programmes can be variable after each funding round. A best estimate of the timing of this expenditure has been made, which may vary from the timing of the actual expenditure.

It is assumed that staffing levels will not significantly change in each of the financial years.

2. Expenditure by investment category

	ACTUAL 2018 \$000	FORECAST 2019 \$000	BUDGET 2020 \$000
INVESTING IN THE ARTS			
Toi Tōtara Haemata (Arts Leadership) Investment programme	16,503	16,758	19,094
Toi Uru Kahikatea (Arts Development) Investment programme	9,057	10,584	11,066
Grants: Arts Grants, Quick Response Grants and Special Opportunities	7,286	10,041	9,665
Creative Communities Scheme	3,425	3,392	3,995
International programme	2,190	2,243	2,325
Initiatives and pilots	890	1,139	2,200
	39,351	44,157	48,345
DEVELOPING THE ARTS			
National Capability Building programme	428	524	526
International Capability Building programme	486	538	652
Initiatives and pilots	1,264	2,687	3,615
	2,178	3,749	4,793
ADVOCATING FOR THE ARTS			
	863	559	960
LEADERSHIP IN THE ARTS			
	74	174	780

Creative New Zealand does not allocate personnel costs directly to deliverables: Investing in the arts, Developing the arts, Advocating for the arts and Leadership in the arts.

Comparative information has been reclassified to conform to the current year's presentation and alignment of expenditure to Creative New Zealand's strategic direction for 2019-2029.

S4

OUR ORGANISATION TŌ TATOU TARI



OUR ORGANISATION TŌ TATOOU TARI

Governed by the Arts Council, Creative New Zealand is an autonomous Crown entity operating under the Arts Council of New Zealand Toi Aotearoa Act 2014.

We have a commitment to continually improving the capability of our organisation. This includes having a robust governance structure, appropriate operational policies, effective and efficient internal processes, and capable and engaged staff.

Our purpose

Our purpose is our reason for being, as set out in the Arts Council of New Zealand Toi Aotearoa Act 2014.

To encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders

Encouraging, promoting and supporting the arts effectively align with our four deliverables:



Investing in the arts



Developing the arts



Advocating for the arts



Leadership in the arts

Our values

Our eight values describe the actions and behaviours the arts sector, our partners and the public can expect from us as we work with them. They guide our conduct and decision-making.

Mana Toi – we champion the role of the arts and the contribution artists make to our lives

Tauīwi – we recognise New Zealand’s distinctive cultural and social diversity and work to ensure arts opportunities for all

Mana Māori – we recognise and support the role of Māori as tangata whenua in the arts

Mana Pasifika – we recognise the arts of the Pacific peoples of New Zealand

Mahitahi – we work together with others so we can achieve more, including exploring the big picture and sharing what we learn

Te Taumata – we set high standards for our work

Tauutuutu – we are open, frank and respectful in our relationships

Manaakitanga – we are welcoming and responsive to all

Te Waka Toi Pātaka – our Mātauranga Māori Framework

Our Mātauranga Māori Framework – Te Waka Toi Pātaka – enables a Māori worldview to guide how we work and make decisions.

Developed in 2018, Te Waka Toi Pātaka guides how we deliver our four goals, especially as they relate to ngā toi Māori.

Te Waka Toi Pātaka highlights areas of particular importance and responsibility (such as maintaining connections to Papatūānuku and tūpuna, building resilience and potential, and supporting and advocating for communities) when advancing our work and initiatives in partnership with others.

Te Waka Toi Pātaka anticipates a wider view of wellbeing, incorporating the social, cultural, environmental and economic value of ngā toi Māori, and responds to the aspirations of the ngā toi Māori sector.

Te Waka Toi Pātaka is included in *Te Hā o ngā Toi — Māori Arts Strategy 2019–2024* available on our website at www.creativenz.govt.nz/maori-arts-strategy

What we do

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.

We invest across a variety of artforms: craft/object, dance, inter-arts, literature, multi-disciplinary, music, ngā toi Māori, Pacific arts, theatre and visual arts.

Within our Grants, Toi Tōtara Haemata and Toi Uru Kahikatea investment categories, we allocate funding across three streams: General, Māori and Pacific. Proposals are assessed on their appropriateness to the artform and programme criteria. Applications to the Māori and Pacific streams are also assessed on whether mātauranga Māori or kaupapa Pasifika is evident in the practice and the results of the proposal.

Māori and Pacific artists can apply through the Māori or Pacific streams, or the General stream.

From time to time, special arts development opportunities are available that are open to all artists and practitioners. Others, such as internships and cultural exchanges, are specific to artforms (eg, the Prime Minister's Awards for Literary Achievement), Māori or Pacific artists and practitioners, or other criteria.

More information on our funding programmes is available at:
www.creativenz.govt.nz/find-funding

We also support the development of the arts, by building the capability of arts organisations across a range of needs, as well as developing initiatives to address particular gaps.

Complementing our funding and development work, we also advocate for the value of the arts and provide leadership in the arts, for example, by making submissions on matters affecting the arts or convening the sector to address challenges or opportunities.

In carrying out our work, we recognise:

- in the arts, the role of Māori as tangata whenua
- the arts of the Pacific peoples of New Zealand
- the cultural diversity of the people of New Zealand.

We also recognise and uphold the principles of: participation, access, excellence and innovation, professionalism and advocacy in our work.

**We invest
across a
variety of
artforms**

Our relationships

We work with numerous stakeholders, including the Minister for Arts, Culture and Heritage and Associate Ministers, the Ministry of Culture and Heritage, the NZLGB, iwi and Māori, Pacific groups, local government, individual artists and practitioners, arts organisations and, more broadly, the diverse communities of Aotearoa. We consult with stakeholder groups when developing strategy and reviewing policies that affect the arts sector.

We also have links to international arts councils and we're an active member of the International Federation of Arts Councils and Culture Agencies.

The Arts Council

Our governing body, the Arts Council, has responsibility for policy, strategy and investment decision-making. It comprises 13 members.

Council members have a range of skills and experience. The Council has a minimum of four members with knowledge of *ngā toi Māori* (Māori arts), *te ao Māori* (the Māori world) 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.

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

We work to ensure that:

- Council members have appropriate and timely information to make decisions
- Council members are knowledgeable about and engaged with Creative New Zealand's work

- decisions are made at the appropriate organisational level, reflecting their importance, risk and the need for timeliness
- management and staff provide appropriate support to the Council.

Policies and processes

We undertake regular reviews of internal policies, covering areas like finance, human resources, conflicts of interest and delegations. In each review, we consider the appropriateness of existing policy, best practice examples from similar organisations and compliance with legislation.

We also have a strong focus on improving the services we deliver, particularly around investment decision-making and reporting processes.

We have introduced as one of four goals for this period that: 'We have the strategies, services and operational capacity to drive development of the arts in New Zealand'.

Under this goal, we are interested not just in the efficiency and effectiveness of our processes but the extent to which they are fair, equitable and accessible to all New Zealanders.

As a part of that goal, we'll regularly assess with the arts sector whether we're performing to the standards we've set ourselves. We also have a formal complaints management system and monitor informal feedback from applicants and clients through social media and daily interaction with staff, which provide ongoing client feedback.

**Our staff
have a
range of
experience
across
artforms**

Our staff

We rely on having a skilled and engaged staff to achieve our strategic aims. As of 30 June 2019, we have 57 staff (55.7 full-time equivalent staff), based mainly in Wellington and Auckland and principally working across four groups: Arts Development Services; Business Services; Māori Strategy and Partnerships; and Strategy and Engagement.

Our staff have a range of experience across artforms, international market development and cultural exchange, audience development, project management, and corporate and business services. All staff are offered training and development across a variety of areas.

We show our commitment to our 'good employer' obligations by maintaining and reporting against a personnel policy that includes reference to the seven main good employer elements, those being:

- leadership, accountability and culture
- recruitment, selection and induction
- employee, development, promotion and exit
- flexibility and work design
- remuneration, recognition and conditions
- harassment and bullying prevention
- safe and healthy environment.

We also include, in our personnel policy and reporting, specific commitments to the aims, aspirations and employment requirements of Māori, ethnic or minority groups, women and people with disabilities.

More information

Further details about Creative New Zealand are available at:
www.creativenz.govt.nz/about-creative-new-zealand



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