



2015

for the year ended 30 June

ANNUAL REPORT

PŪRONGO Ā TAU

PRESENTED TO THE HOUSE OF REPRESENTATIVES
PURSUANT TO THE CROWN ENTITIES ACT 2004

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FRONT COVER:

Simon Denny, Secret Power, installation view, Marciana Library, 2015. Photo: Jens Ziehe.

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In accordance with section 150(3) of the Crown Entities Act 2004, this annual report for 2014/15 of the Arts Council of New Zealand Toi Aotearoa (trading as Creative New Zealand) is presented to the House of Representatives.

The report covers the period of the 2014/15 financial year (1 July 2014 – 30 June 2015) and reports against Creative New Zealand's one output class: Promotion and support of the arts.



R S Grant

Chairman, Arts Council
28 October 2015



Darrin Haimona

Member, Arts Council
28 October 2015

Our Chairman and Chief Executive review the year

Independent research completed this year shows that a record nine in ten (89 percent) adult New Zealanders are either attending or participating in the arts, nine in ten (88 percent) agree the arts are good for them and eight in ten (82 percent) agree that the arts help to improve New Zealand society.

These results are part of our triennial survey, *New Zealanders and the arts: Attitudes, attendance and participation in 2014*.

It is heartening to see that the arts matter so much to New Zealanders. This report highlights the many ways in which Creative New Zealand's work contributes to the lives of artists, communities and those who deliver the arts.

Record investment in the arts with impressive delivery and reach

In 2014/15, the Arts Council invested a record \$43.6 million in the arts and arts organisations.

More organisations than ever are now funded through our multi-year investment programmes. This delivers more art and more experiences to more New Zealanders. Of the 82 organisations in Creative New Zealand's multi-year investment programmes, 63 with continuous funding agreements presented 7,283 events and performances, which attracted more than 955,000 paid and free attendances across New Zealand.

Over 500 grants and special opportunities were awarded to artists and groups throughout the country. We are also grateful to territorial authorities for delivering the Creative Communities Scheme on our behalf, which saw over 1,600 grants given to arts projects in communities across New Zealand. This ensures our investment on behalf of the public reaches every single local authority across New Zealand.

New Zealand artists achieve international success

This annual report describes two significant international events that the Arts Council delivered in the year.

More than 200 New Zealand artists participated in seven different Edinburgh festivals as part of the 'NZ at Edinburgh' season in August 2014. They made a strong impact, with awards, sold-out shows, high media awareness and positive reviews. Relationships were built with international presenters and partners, and several companies secured onward international touring opportunities.

The New Zealand pavilion at the 2015 Venice Biennale presented Simon Denny's exhibition *Secret Power*. The exhibition attracted the attention of the international art world and influential media such as the *Guardian*, *New York Times* and *Frieze* magazine, with numerous international publications recommending it as a 'must see'.

The consequences of revenue reduction

The Arts Council had to respond rapidly to a decline in New Zealand Lottery Grants Board revenue this year, and materially lower forecasts for the next few years. Lottery revenue was \$37.379 million in 2013/14 and \$31.074 million in 2014/15. This shock hit us quickly and with little warning.

The Arts Council has been able to minimise the impact of this decline in revenue in the short term by using its financial reserves and prioritising existing obligations across Creative New Zealand's funding programmes and initiatives.

The Council also signalled time on some initiatives that have been trialled or piloted, including Creative Giving and the Regional Pilot programmes.

A year on with the unitary Arts Council

With a clear governance agenda, the unitary Arts Council is now well into its work. Important policy has been developed in the areas of Literature, Music and Opera, and Theatre is being looked at. In addition, the Council keeps a close eye on organisational progress and regularly seeks input from Audit New Zealand on finance, risk and audit issues.

Improving our services

Creative New Zealand is on track to deliver on the service improvement milestones in the Arts Council's Strategic Plan 2013–16 and Statement of Intent 2014–18. Important to achieving these milestones is the shift from a paper-based to an online world.

We have now started managing funding rounds through our new online Grants Management System (Arts Align). The Grants Management System is also being used to administer external and peer assessment, which has allowed for timelier decision making and a better user experience.

New advocacy tools and research to support the arts sector are now available on our website. These will help the arts sector champion the vital role the arts play in New Zealanders' everyday lives.

Looking ahead

The Arts Council has a new challenge to address over the next three years: achieving even better results for the arts and services for its customers and clients with fewer financial resources of its own.

It is timely that the Council has already begun its strategic thinking for the 2016/17 to 2019/20 period, and its plan will be out by May 2016 following stakeholder engagement.

At a practical level, in 2015/16, Creative New Zealand will progress several significant initiatives and implement policies including:

- delivering the Auckland Diversity Project, to increase participation and attendance by Māori, Pacific and Asian audiences
- supporting New Zealand's delegation to the Festival of Pacific Arts, to be hosted in Guam in May and June 2016
- developing a young people and the arts policy development framework.

Acknowledgements

We thank our primary investor – the New Zealand Government through the New Zealand Lottery Grants Board and the Ministry for Culture and Heritage. We are grateful for the support of our new Minister, Hon Maggie Barry, and for that of her predecessor, Hon Christopher Finlayson. We also appreciate the support of the presiding member of the Lottery Grants Board, the Minister of Internal Affairs, Hon Peter Dunne.

Finally, we thank our staff, current and former Council members, peer advisers and the many artists, partners, patrons and people in our community who support the arts in New Zealand.

Ngā mihi ki a koutou katoa.



R S Grant

Chairman, Arts Council



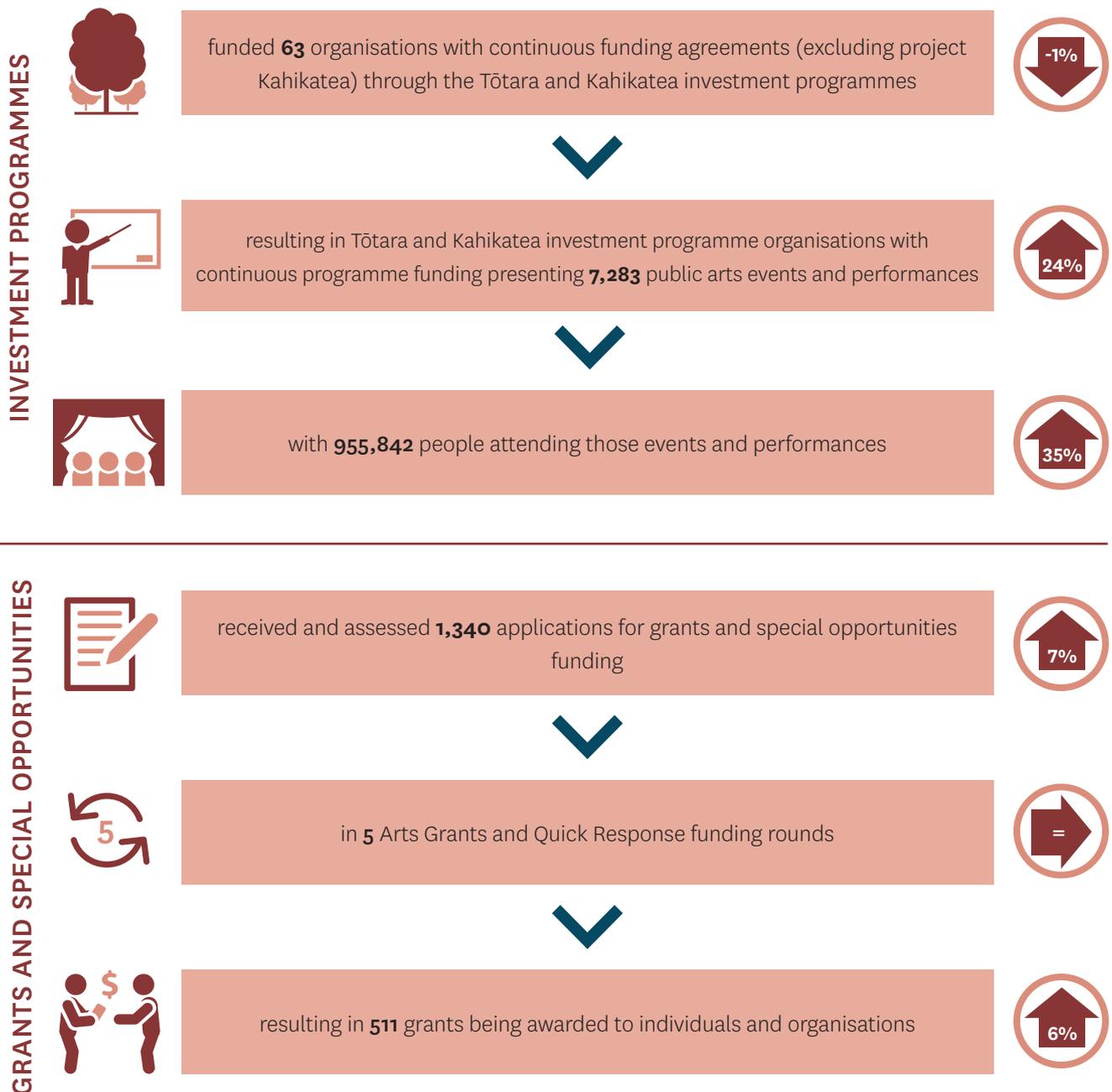
Stephen Wainwright

Chief Executive, Creative New Zealand

Year at a glance

At a glance, in 2014/15 Creative New Zealand

Performance
against forecast*



*Or last year's result, if the measure is not included in the Statement of Performance Expectations reporting in this report. Further details about each of these measures are available in the body of this report.

Performance against forecast*

CREATIVE COMMUNITIES SCHEME



2,268 applications for funding by the Creative Communities Scheme were assessed and considered



by 71 territorial authorities



resulting in 1,680 grants being awarded



with an average value of \$2,022 each grant



INTERNATIONAL



82 grants, including projects to present internationally, residencies and funding partnerships, were supported by funding from our international presentation and strategic initiatives budgets. The largest of these were the New Zealand appearances at the Edinburgh festivals and the 2015 Venice Biennale.



*Or last year's result, if the measure is not included in the Statement of Performance Expectations reporting in this report. Further details about each of these measures are available in the body of this report.

Performance
against forecast*

CAPABILITY BUILDING AND ADVOCACY



37 capability building initiatives were offered to the arts sector



with 329 person days of capability building workshops and seminars



9 research projects and other resources were delivered to the sector



17 submissions were made to local and central government as part of our advocacy programme



*Or last year's result, if the measure is not included in the Statement of Performance Expectations reporting in this report. Further details about each of these measures are available in the body of this report.

ABOUT CREATIVE NEW ZEALAND

*NGĀ KŌRERO E PĀ ANA MŌ
CREATIVE NEW ZEALAND*

Figure 1: Overview of Creative New Zealand



Creative New Zealand is the trading name of the Arts Council of New Zealand Toi Aotearoa, an autonomous Crown entity continued by the Arts Council of New Zealand Toi Aotearoa Act 2014.

We are New Zealand's arts development agency, responsible for delivering government support for the arts.

1. Our purpose and our governance framework

Creative New Zealand's purpose, governance and planning framework is outlined in Figure 1.

Legislative framework

Creative New Zealand works within a legislative framework formed by the Arts Council of New Zealand Toi Aotearoa Act 2014¹ and the Crown Entities Act 2004².

As an autonomous Crown entity, the Arts Council must have regard to government policy that relates to its functions or objectives and must give effect to whole of government directions. The Minister for Arts, Culture and Heritage may not give directions to the Arts Council in relation to cultural matters.

The functions of the Arts Council are set out in section 7 of the Arts Council of New Zealand Toi Aotearoa Act (see p. 64)

Under the Act, Creative New Zealand must follow several principles in all activities carried out under the Act, including recognising the:

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

The Act also requires us to recognise and uphold the principles of participation, diversity, access, excellence and innovation, professionalism and advocacy.

STATUTORY PURPOSE

Our purpose under the Act is to encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders.

We fund arts activity by New Zealanders both within New Zealand and internationally. This includes artists, practitioners and arts organisations practising in a variety of artforms. We also support the professional development of artists and their practice and the management of organisations so they can grow their audiences and markets.

Governance structure

The Arts Council of New Zealand Toi Aotearoa is the governing board of Creative New Zealand. The Council consisted of 13 members in 2014/15.

Members of the Arts Council are appointed by the Minister for Arts, Culture and Heritage. The Arts Council has a minimum of four members with knowledge of ngā toi Māori (Māori arts), te ao Māori (a Māori world view) and tikanga Māori (Māori protocol and culture). These members are appointed in consultation with the Minister of Māori Development. Two members are appointed with knowledge of the arts and the traditions or cultures of the Pacific Island peoples of New Zealand, in consultation with the Minister for Pacific Peoples.

The Arts Council is responsible for:

- setting Creative New Zealand's policy and strategic direction
- allocating and delivering funding, including making funding decisions where it maintains responsibility to do so
- undertaking specific initiatives aimed at achieving its goals
- setting performance goals and monitoring the performance of Creative New Zealand

¹ See www.legislation.govt.nz/act/public/2014/0001/latest/DLM3007308.html.

² See www.legislation.govt.nz/act/public/2004/0115/latest/DLM329631.html.

- agreeing the governance and delegation framework for Creative New Zealand, which provides clarity on accountability and decision making.

2. Our vision for New Zealand arts

VISION

Creative New Zealand's vision: dynamic and resilient New Zealand arts, valued in Aotearoa and internationally.

We will know we have achieved our vision when the following outcomes are met.

OUTCOMES

Outcome 1: New Zealanders participate in the arts
Outcome 2: High-quality New Zealand art is developed
Outcome 3: New Zealanders experience high-quality arts
Outcome 4: New Zealand arts gain international success

Progress against the targets for our outcomes is reported in Section 2.1 of this report.

In our 2014–18 Statement of Intent, we set several improvement priorities that, along with our deliverables, will enable us to achieve our vision.

STRATEGIC IMPROVEMENTS

Internal systems and processes
Delivery to clients and stakeholders
Place-based focus and influencing agenda

These strategic improvements are a mixture of continuing and new areas of focus. Our progress against our strategic improvement targets is reported in Section 2.2.

Our service deliverables reflect ongoing work that is fundamental to realising dynamic and resilient arts. They are described in three groups.

SERVICE DELIVERABLES

Investing in the arts: *providing financial assistance to artists, arts practitioners and arts organisations and their projects*

Developing the arts: *assisting arts organisations and individual artists and practitioners to develop their skills and capability, including in community engagement*

Advocating for the arts: *undertaking policy development and research for the benefit of the arts sector, delivering other resources to the sector, making submissions on issues affecting the sector or Creative New Zealand*

and collaborating with other agencies on areas of mutual interest

Service deliverables are provided with targets to measure improved performance across time. Several measures are currently output focused and demand driven. Our progress against our service deliverables is reported in Section 2.3 of this report.

3. What we do and how we do it

Trends in our funding delivery

Funding and performance across programmes

In 2014/15, Creative New Zealand funding was distributed under four broad funding programmes: Investment programmes, Grants and special opportunities, Creative Communities Scheme and the International programme (see Table 1).³

In 2012, Creative New Zealand changed the way it managed and funded established arts organisations in New Zealand. We moved from a model of 'recurrent funding' to an investment programme consisting of the Arts Leadership (Toi Tōtara Haemata) and Arts Development (Toi Uru Kahikatea) programmes. The new programmes were intended to provide greater clarity, stability and flexibility to Creative New Zealand's support of arts infrastructure. With the introduction of the Kahikatea and Tōtara investment programmes from 2011/12, there has been a shift in the proportional distribution of funding across our four broad funding programmes. Table 2 shows that support for the programmes has been strengthened through the new arrangements, which opened up continuous funding agreements to a contestable process and enabled inclusion of emerging as well as established arts organisations and artists in the programmes. This transition of funding should be read in association with the numbers of organisations and projects supported across both the investment and grants programme clusters, which has increased overall across the period (see Table 11, 5.5.1, p. 45 and Table 13, 5.6.1, p. 48).

³ See www.creativenz.govt.nz/about-creative-new-zealand/what-we-do/arts-funding.

Table 1: Creative New Zealand funding programmes

PROGRAMME NAME	FUNDS	TIMEFRAME	DESCRIPTION
INVESTMENT PROGRAMMES	Toi Tōtara Haemata (Arts Leadership) Investment Programme (Tōtara)	Funding for two-to-five years	Contestable longer term funding to arts organisations to support the continuous delivery of arts programmes that deliver on our outcomes
	Toi Uru Kahikatea (Arts Development) Investment Programme (Kahikatea)	Funding for one-to-three years	
	Sector Development Incentive Fund	Varies	
GRANTS AND SPECIAL OPPORTUNITIES	Quick Response Grants (including Tohunga/Tukunga and Moana Community Grants)	Funding up to \$7,500, three times a year	Contestable shorter term funding to arts practitioners and organisations to support the delivery of arts projects that meet our outcomes
	Arts Grants (including Toi Ake and Kava grants)	Funding up to \$65,000 (up to \$130,000 depending on artform), two times a year	
	Scholarships, residencies, bursaries	Varies	
	Earthquake Recovery grants	Funding based on applications, always open	
	Sistema Aotearoa and new Sistema pilots	\$500,000 per annum for 2015 and 2016	
	Other funding (eg, Māori Arts Presentation Fund)	Varies	
CREATIVE COMMUNITIES SCHEME	Creative Communities Scheme	Average funding of \$2,000, administered through territorial authorities	Small grants funding that supports community arts projects and encourages broad community involvement, diversity and young people
INTERNATIONAL	International Presentation Fund	\$350,000 per annum (including \$100,000 specifically for touring Australia) with four funding rounds per year	International presentation and exchange initiatives that support the presentation of New Zealand arts internationally
	Other international funding (eg, Venice Biennale, Edinburgh, Frankfurt Book Fair, WW100 Co-commissioning Fund, Focus on Asia, Cultural Exchange and International Art Fair Fund)	Varies	

Table 2: Comparison of funding distribution, 2010/11 and 2014/15

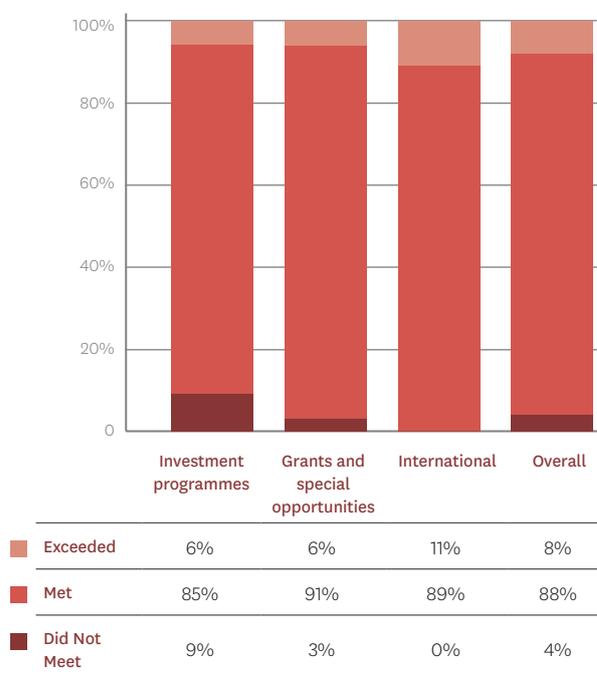
	2010/11		2014/15	
	\$	%	\$	%
Tōtara and Kahikatea programmes (used to be recurrent funding)	17,451,009	51	24,904,287	60
Grants, special opportunities & earthquake support	11,961,023	36	9,134,928	22
Creative Communities Scheme	2,862,181	9	3,401,631	8
International presentation & events	1,368,640	4	3,124,047	8
Capital grant (one off)	-	-	965,558	2
TOTAL	33,642,853	100	41,530,451	100

The change in funding of investment clients from 2011/12 has affected the number of organisations we support. Creative New Zealand is now supporting more organisations at the investment programme level while also slightly increasing the number of grants awarded. However, the number of grants and organisations contracted is reliant on our funding approach and the funds we have available. An increase in funding will result in greater numbers of grants and contracts being generated. The opposite is also true. If the envelope of funds available decreases, unless the upper limit of individual grants is reduced or the way we administer funds changes, the number of grants awarded will decrease.

Figure 3 provides an overview of the full funding picture in 2014/15, including capability building and advocacy. A steady increase in funding allocated across a four-year period has contributed to the steady increase in numbers of grants awarded by Creative New Zealand (see p. 44).

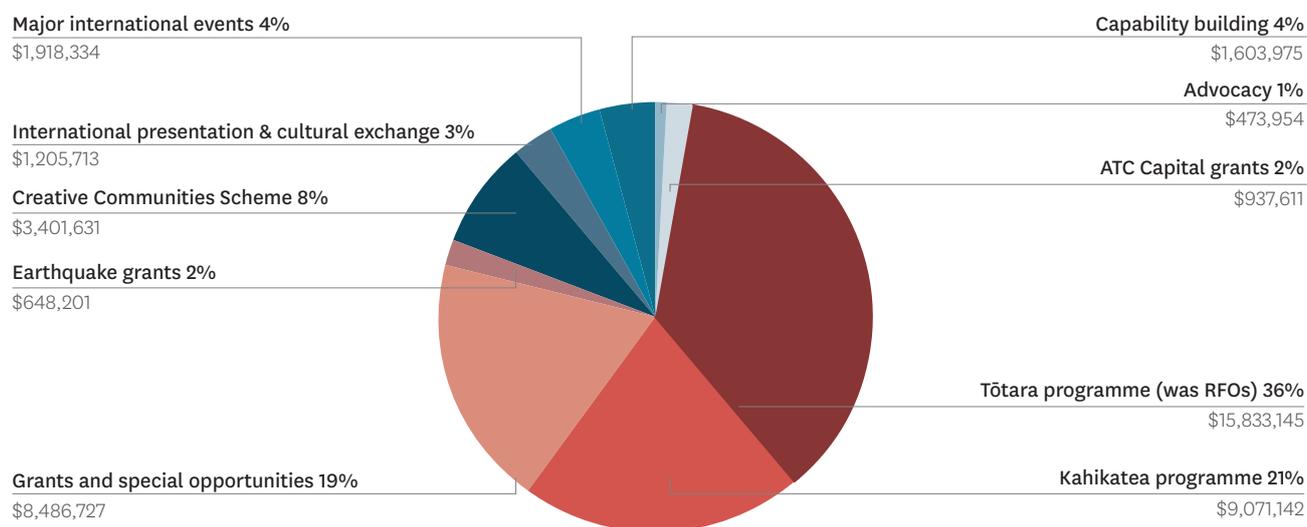
Across the funding programmes, a significant percentage of clients met or exceeded expectations (Figure 2).⁴ All artists, arts practitioners and arts organisations receiving funding directly from Creative New Zealand have their performance assessed against criteria set in their funding agreements. Overall, 88 percent of clients met expectations and 8 percent exceeded expectations (Figure 2). See the ‘Investing in the arts’ section in this report (pp. 44-55) for further details about client performance.

Figure 2: Performance against expectations 2014/15



⁴ Creative Communities Scheme grants are administered by territorial authorities which manage client performance against expectations and are not included in this figure.

Figure 3: Distribution of 2014/15 expenditure (excluding personnel costs and overheads)



Note: ATC = Auckland Theatre Company Limited; RFOs = Recurrently Funded Organisations.

Locations

Creative New Zealand allocates funding based on the quality of applications rather than the location of the applicant, with the exception of the Creative Communities Scheme, where funding is allocated to territorial authorities on a population basis (pp. 53-55). The Regional Pilot programme is a further exception to the rule. Although location is not a significant consideration, we do monitor the geographic spread of all funding.

Figure 4 shows how funding is distributed across the country and internationally. The allocation to regions is based on the location of the art delivery rather than the home location of the artist or arts organisation. One in every four dollars goes to national delivery.⁵

Figure 5 compares the distribution of our funding with that of the population from the 2013 Census figures and shows the extent to which funding tends to match significant population bases. The proportionally higher funding rates in Wellington can be explained by the presence of a large number of national organisations in the city and the propensity for artists to congregate disproportionately in larger urban centres.

⁵ The organisations funded to tour work are recorded as 'national', and grants to individuals and organisations to work internationally are recorded as 'international'.

Figure 4: Distribution of funding by region 2014/15⁶

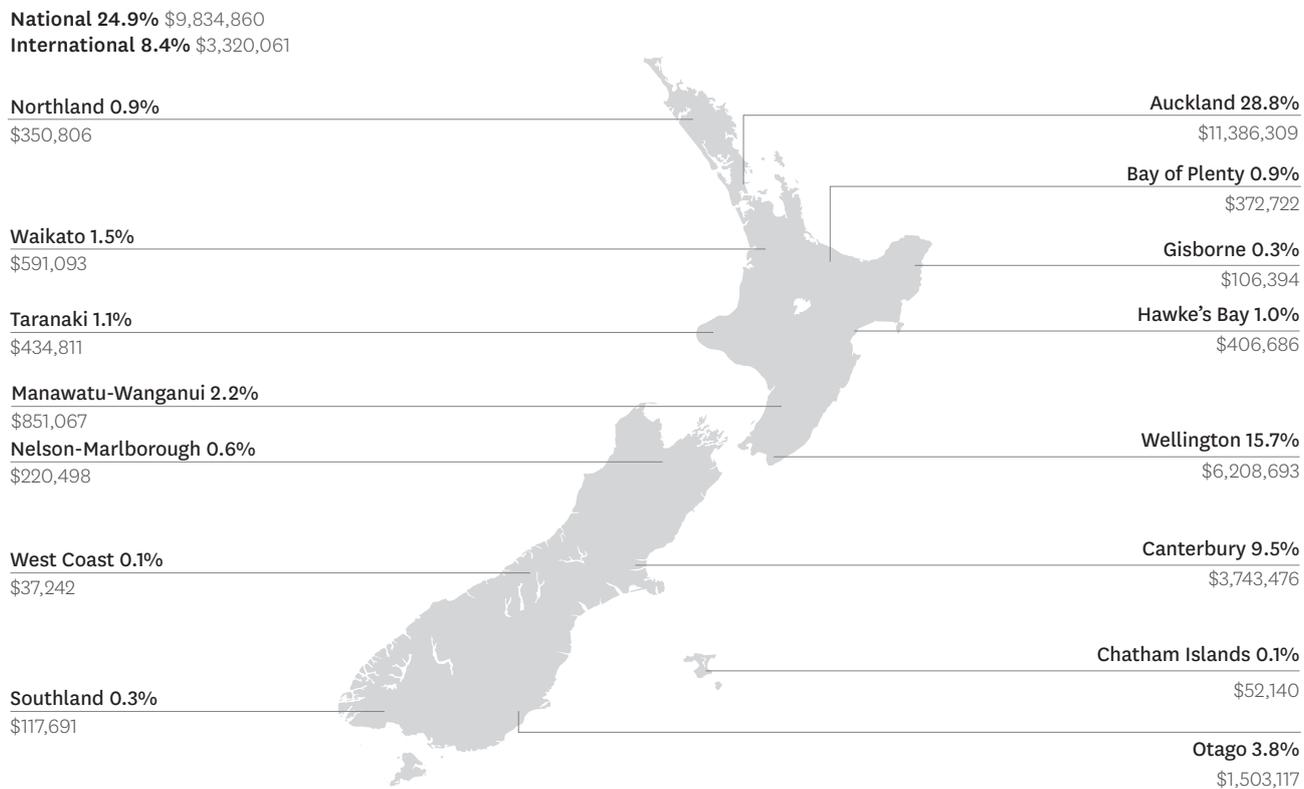
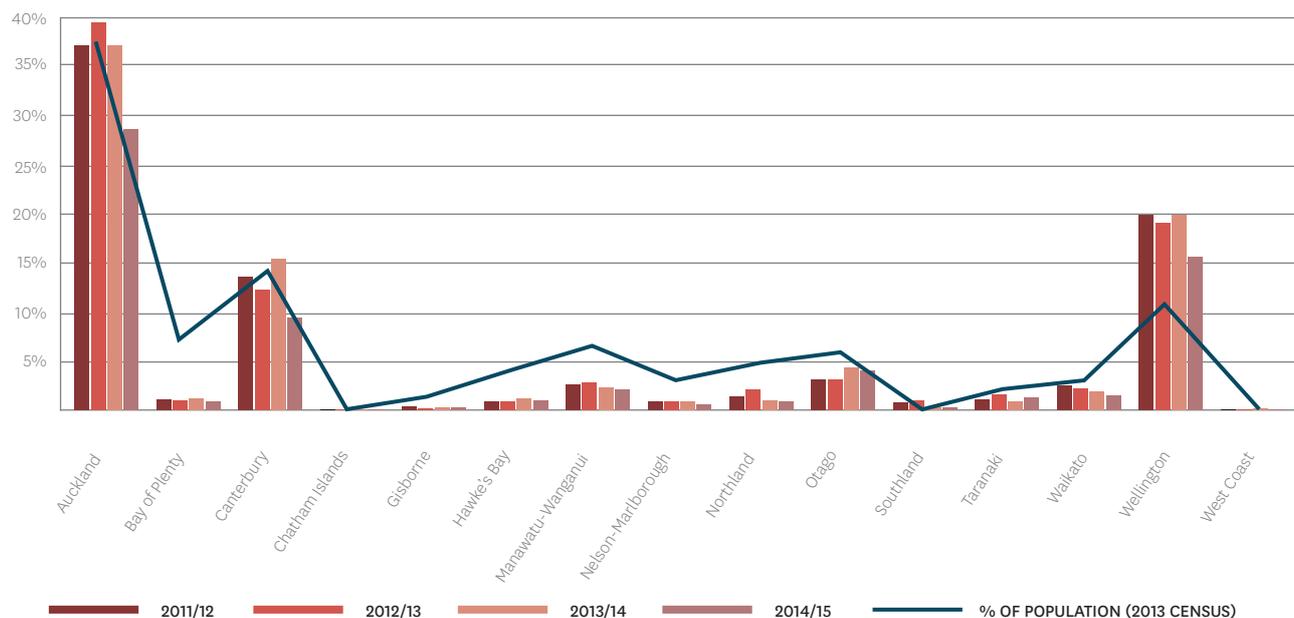


Figure 5: Distribution of funding by region (2011/12 – 2014/15) compared with population



⁶ Note that dollar values given in figures 4 and 5 exclude capability building and advocacy funding and do not include variances noted in the financial accounts.

Artforms

We are the only arts development agency in New Zealand to fund nationally across all artforms (excluding film).⁷

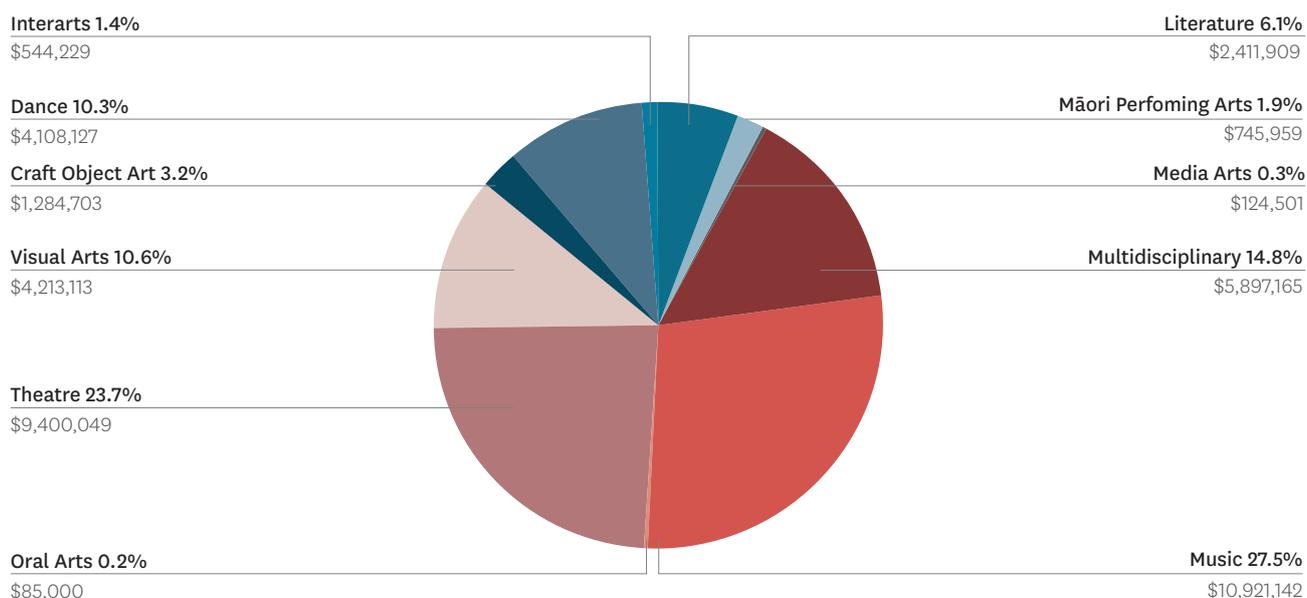
Figure 6 outlines Creative New Zealand’s distribution of funding in 2014/15 by artform.⁸ In 2014/15, the music artform received the highest proportion of funding, with \$10.9 million, followed by theatre with \$9.4 million and multi-disciplinary arts with \$5.9 million.

The variances in the distribution of our funding across artforms are the result of several factors, including:

- the variable costs of delivery across artforms (eg, orchestral music and opera have high fixed costs)
- whether other funders are involved (eg, territorial authorities play a significant role in funding visual arts infrastructure through the network of regional art galleries).

Over the past four years, the proportion of funding distributed to artforms has been relatively steady, with the largest shifts occurring in the ‘multi-disciplinary’, ‘dance’ and ‘literature’ artforms.

Figure 6: Distribution of funding by artform 2014/15



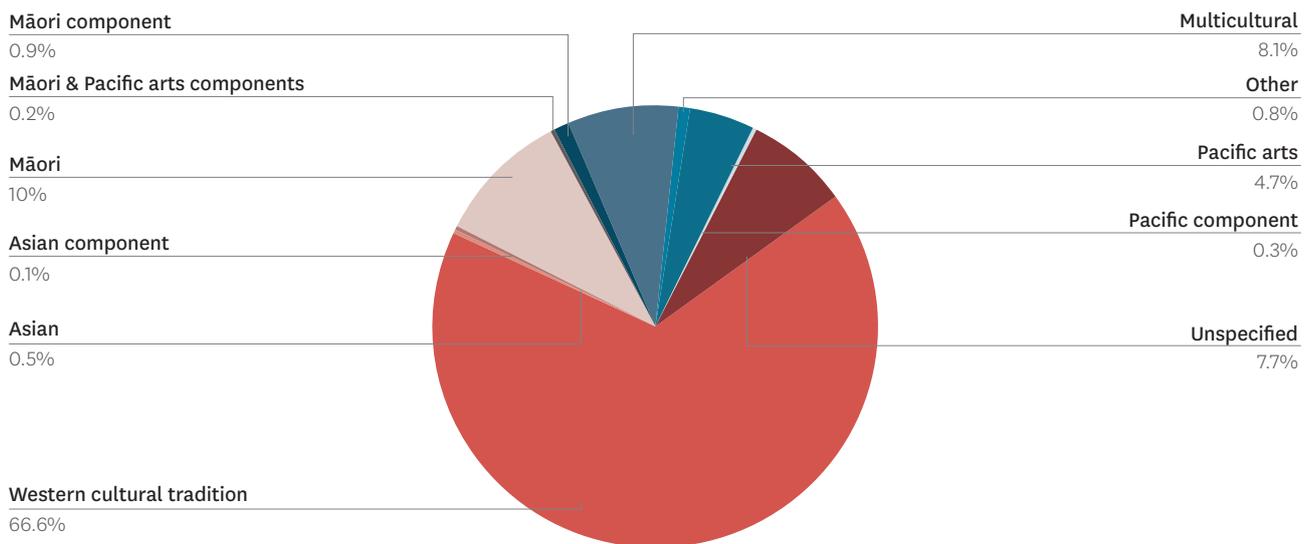
⁷ See www.creativenz.govt.nz/about-creative-new-zealand/what-we-do/arts-funding.

⁸ Dollar amounts in the figure exclude variances resulting from retired funds.

Cultural focus

Each funded project or work programme can be categorised by cultural focus. This is defined as the culture of the art being produced rather than the ethnicity of the artist or target audience. The categorisation is usually made by Creative New Zealand advisers. Figure 7 shows the distribution of our funding by the cultural focus of the art produced. The most common category is 'Western cultural tradition', sometimes a general category. The 'Unspecified' category primarily comprises projects from the international programme, where this information has not yet been collected.

Figure 7: Distribution of funding by cultural focus 2014/15



YEAR IN REVIEW AND STATEMENT OF PERFORMANCE

*TE AROTAKE I TE TAU NEI, ME TE
TAUKI WHAKATUTUKI I NGĀ MAHI*

1. Highlights

The results of the *New Zealanders and the arts* 2014 survey show the highest-ever level of engagement with the arts over the past nine years. The survey is a key performance measure of Creative New Zealand's achievement against its vision of dynamic and resilient New Zealand arts, valued in Aotearoa and internationally. Arts attendance and engagement are at record levels in New Zealand, with 89 percent of survey respondents participating or engaging with the arts in the 12 months before the survey (p. 21).

The 2014/15 year has been one of success across several fronts for the Arts Council. We continue to actively work towards our strategic outcomes (pp. 22-37), and a variety of projects are highlighted in the following pages that show the breadth of work funded through our programmes. A new measure this year for Outcome 1, New Zealanders participate in the arts, reports the number of participants in projects and events funded by Creative New Zealand (p. 23). While only measuring participation generated by our investment programmes at this stage, the first result of 31,976 participants is encouraging. A record \$43.6 million was invested in the arts in 2014/15, resulting in 2,273 grants and special opportunities projects being supported (p. 45) and 82 organisations funded through our investment programmes (p. 48).

The strategic improvement priorities set out in the Arts Council's 2013-16 Strategic Plan and 2014-18 Statement of Intent have been advanced this year. In response to our focus on Auckland, the Auckland Diversity Project has continued to be developed, and the research paper *Asian Aucklanders and the Arts: Attitudes, attendance and participation 2014* was released. The call on Christchurch Earthquake Recovery funds remained strong in 2014/15 (p. 41), a significant initiative supporting our focus on Christchurch. Internally, the first funding application and assessment processes were run through Creative New Zealand's new Grants Management System (Arts Align) (p. 38). This is an important achievement that introduces a more client-friendly, online funding application process that will also enable efficiencies for Creative New Zealand's internal processes.

Although many successes have been achieved in 2014/15, there have also been challenges. After many years of growth, our lotteries funding is declining, and we received \$3.3 million less in 2014/15 than expected at the start of the year. Our healthy financial position has enabled us to soften the impact on the arts sector, and we are committed to meeting all our existing obligations. The decline will, however, have a material affect on our work in future years, with several pilots and trials set to conclude, including the Creative Giving pilot and the Sector Development Incentive Fund. It may also affect our reported performance in future annual reports.

In 2014/15, we continued to meet most of our quantitative targets, with a few new measures reported this year and others starting to reveal trends across two or more years. Section 2 of this report is organised to reflect Creative New Zealand's 2014/15 Statement of Performance Expectations, which it is legislatively obliged to report against. The Arts Council is developing a new Statement of Intent and a Statement of Performance Expectations for 2016/17 that will provide a more concise framework against which we can tell our performance story. The comprehensive measures reported below provide a detailed picture of Creative New Zealand's outcomes, priorities and deliverables in the 2014/15 year.

New Zealanders' attitudes to the arts

New Zealanders and the arts 2014 survey

The results of the *New Zealanders and the arts* 2014 survey show the highest-ever level of engagement with the arts over the past nine years.⁹ This is encouraging news for the arts in New Zealand.

The three-yearly research began in 2005 and was repeated in 2008, 2011 and 2014. It delivers ongoing information to the arts sector about New Zealanders' level of involvement in, and attitudes towards, the arts.

The survey measures the attendance, participation and attitudes towards the arts of:

- New Zealanders (15 year olds and over)
- young New Zealanders (10 to 14 year olds).

⁹ See www.creativenz.govt.nz/development-and-resources/research-and-reports/new-zealanders-and-the-arts-2014

The adult findings are reported here. Most New Zealanders continue to be very positive about all aspects of the arts and this is driving the high level of engagement in New Zealand. Significant increases have occurred in the levels of both attendance and participation in the arts among New Zealanders since 2011.

Eighty-five percent of New Zealanders have attended at least one arts event or location in the past 12 months, compared with 80 percent in 2011.

Fifty-eight percent of New Zealanders have been actively involved in at least one arts event in the past 12 months, compared with 49 percent in 2011.

The increase in engagement with the arts is being driven by increased attendances for performing arts experiences, and increased participation in literature.

The average of the five key statements measured in our Statement of Performance has dropped slightly to 74 percent of participants agreeing (strongly or slightly) (Table 3, 1.1); but, overall, arts attendance and engagement are at record levels in New Zealand (Table 3, 1.2). Most New Zealanders consider the arts to be of high quality, with 85 percent of those surveyed agreeing or strongly agreeing with the statement that their most recent experience of New Zealand arts was high quality.

Audience Atlas New Zealand 2014

In addition to the *New Zealanders and the arts 2014* survey, Creative New Zealand commissioned companion research that provides detailed insight into New Zealanders' relationship with arts and culture. Our clients and other arts organisations can use this research to

Table 3: Reporting against New Zealanders' attitudes to the arts targets

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2005 Actual	2008 Actual	2011 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
1.1 New Zealanders' attitudes to the arts – percentage who agree with the following statements in the survey:							
1.1.1 Average of following five statements	75%	75%	75%	Maintain or increase	74%	-1%	Statistically insignificant variance.
1.1.2 The arts are strong in New Zealand	75%	76%	76%	Maintain or increase	75%	-3%	Statistically insignificant variance.
1.1.3 The arts should receive public funding	77%	79%	76%	Maintain or increase	74%	-3%	Statistically insignificant variance.
1.1.4 The arts help define us as New Zealanders	76%	79%	80%	Maintain or increase	78%	-2%	Statistically insignificant variance.
1.1.5 My community would be poorer without the arts	73%	72%	69%	Maintain or increase	69%	Forecast met	
1.1.6 The arts contribute positively to our economy	74%	70%	73%	Maintain or increase	74%	1%	Statistically insignificant variance.
1.2 Level of engagement with the arts: attendance and participation	88%	86%	85%	Maintain or increase	89%	5%	Arts attendance and engagement are at record levels in New Zealand.
1.3 Percentage of attendees who rate their most recent experience of New Zealand arts as high quality	New measure 2014			60%	85%	41%	Most New Zealanders consider the arts to be high quality.

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increase engagement with their audiences. The *Audience Atlas New Zealand 2014* is the second such survey, and it shows that 98 percent of adults attended at least one cultural event venue in the past three years, compared with 95 percent in 2011.¹⁰ The research identifies that there is generally a broad and shallow market across most artforms in New Zealand. Increasing frequency of participation, and attracting those who are interested but do not often attend, is important to growth in the arts.

Outcomes

Creative New Zealand is working towards achieving the following four outcomes.

Outcome 1: New Zealanders participate in the arts

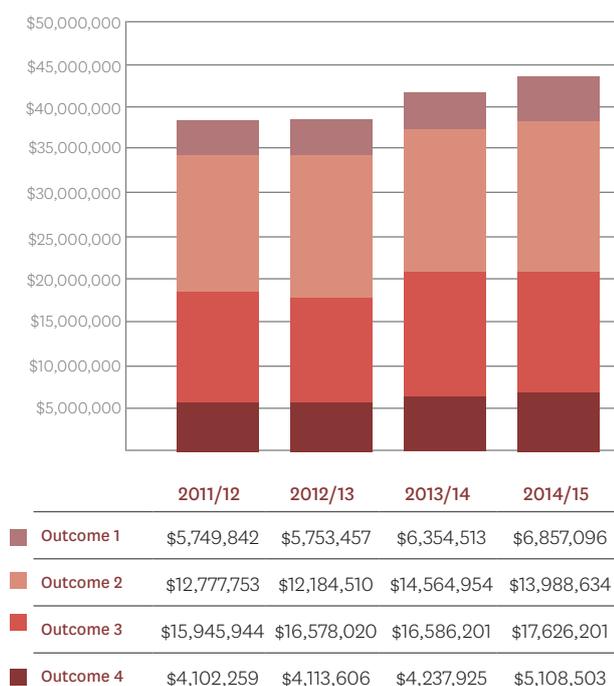
Outcome 2: High-quality New Zealand art is developed

Outcome 3: New Zealanders experience high-quality arts

Outcome 4: New Zealand arts gain international success

In 2014/15, Creative New Zealand funded projects that supported all four outcomes, with \$17.6 million provided to projects supporting Outcome 3, \$14 million for Outcome 2, \$6.9 million for Outcome 1 and \$5.1 million for Outcome 4 (Figure 8).

Figure 8: Investment by Outcome, 2011/12 – 2014/15



Outcome 1: New Zealanders participate in the arts

As a significant funder of community arts, Creative New Zealand provides opportunities for all New Zealanders to participate in the arts for the benefit of their communities. By 'participate', we mean the direct involvement of individuals, groups and/or communities in making or presenting art. This includes opportunities to:

- celebrate, practise and transmit their diverse artistic traditions and cultural heritage
- develop links between communities that improve cross-cultural understanding.

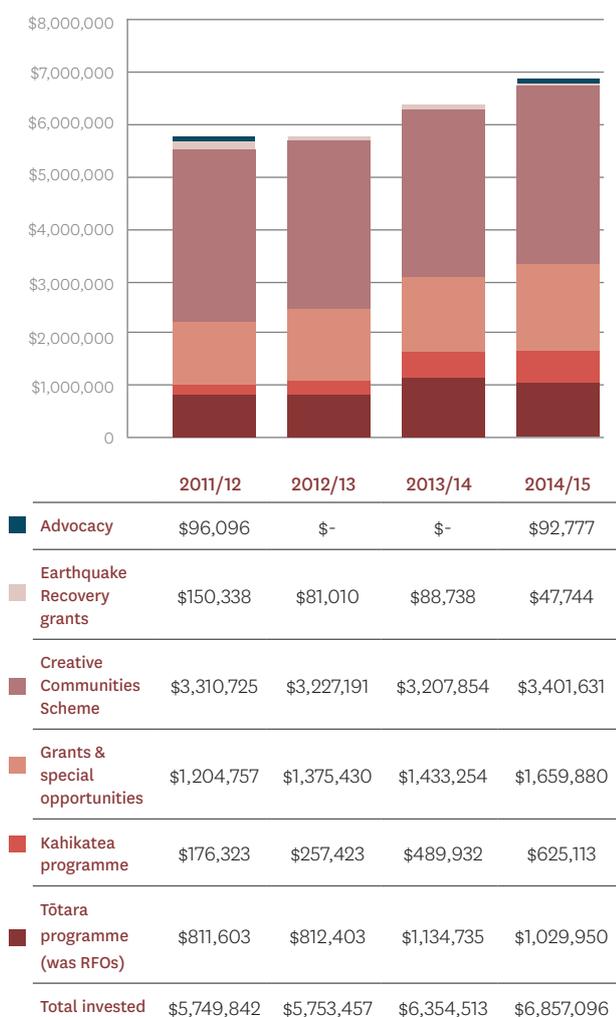
To achieve Outcome 1, we provided opportunities for communities throughout New Zealand to participate in a diverse range of artforms and arts practices (Figure 9).

The Creative Communities Scheme is an important means by which we support New Zealanders' participation in the arts. It is a small grants scheme, devolved to all territorial authorities for delivery, which funds community arts projects and activities within the local area of each authority. The scheme funded 1,680 projects worth \$3.4 million in 2014/15. Through our Grants and special opportunities and Earthquake Recovery grants fund, we funded 60 projects focused on community arts and participation, worth \$1.7 million. Organisations in the Tōtara and Kahikatea investment programmes undertook projects and activities aimed at encouraging people to participate in the arts worth a further \$1.6 million.

This year is the first that Creative New Zealand is reporting on participation generated by Creative New Zealand funding (Table 4). This measure counts the number of members of the public who actively participate in the arts. At this stage, participation generated by our investment programmes is being reported. This will be expanded to count other programmes in future years and will provide a fuller picture of the flow-on effects of Creative New Zealand funding on participation rates in the arts in New Zealand. This outcome is also measured in the 'New Zealanders' attitudes to the arts' research reflected in Table 3, 1.2 (p.21).

¹⁰ See www.creativenz.govt.nz/development-and-resources/research-and-reports/audience-atlas-new-zealand-2014 for further information.

Figure 9: Investment in Outcome 1 across funding programmes, 2011/12 – 2014/15



Note: RFOs = Recurrently Funded Organisations.

Table 4: Reporting against Outcome 1 targets

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
2.1 Outcome 1: Level of actual participation in projects and events funded by Creative New Zealand	New measure 2014/15			Baseline being created	31,976	N/A	This number is currently limited to participation reported by our investment programme clients with continuous funding agreements.



'A LETTER TO THE TRENCHES'

Waimate Youth Theatre Group. Photo: Hazel Fish.

Case studies for Outcome 1

Youth production explores the effects of World War One

Sixty local children and teenagers participated in two sold-out performances of *A Letter to the Trenches* at Waimate's Regent Theatre in April 2015.

The show was the first youth production by the Waimate Theatre Company in many years. It was helped with funding from the Creative Communities Scheme and a lot of community effort.

The play was highly topical: a World War One story follows the lives of young men from a rural community going to war, the effect that has on their community and how it supports the war effort. Written specifically for a young cast, the work featured 10 songs as well as dance.

(Artform – music, theatre; location – Waimate; funding – Creative Communities Scheme \$2,000)



‘TE WHARÉ KURA O AROWHENUA’
2015 Polyfest, Invercargill.

Murihiku Polyfest enriches the community

From a small one-day festival in 2009, Southland’s Polyfest Cultural Festival has grown into a rich celebration of Māori and Pasifika culture involving the whole Southland–Murihiku community.

The annual five-day festival draws people from across Southland and beyond, either as participants or spectators. Close to 4,000 youth took part on stage at the August 2014 event, from daycare attendees to senior high school students. A further 100-plus volunteers also contributed their time and energy to ensuring a successful festival.

The festival is part of a broader programme of events, organised by Pauline Smith and Lisa Tou-McNaughton of the Murihiku Māori and Pasifika Cultural Trust. These include opportunities for young people to work closely with noted arts companies and practitioners, including dance company Black Grace and playwright Victor Rodger.

As Invercargill Mayor Tim Shadbolt explains, ‘Polyfest adds a rich vibrancy to the city’.

The trust receives funding for Polyfest through the Creative Communities Scheme and Moana Community Grants.

(Artform – Nga Toi Māori and Pasifika arts; location – Invercargill; funding – Moana Community Grants \$7,500)

Outcome 2: High-quality New Zealand art is developed

New Zealand arts depend on the creativity of artists. Creative New Zealand seeks to ensure that New Zealand artists and arts organisations have the opportunity to fulfil their potential by:

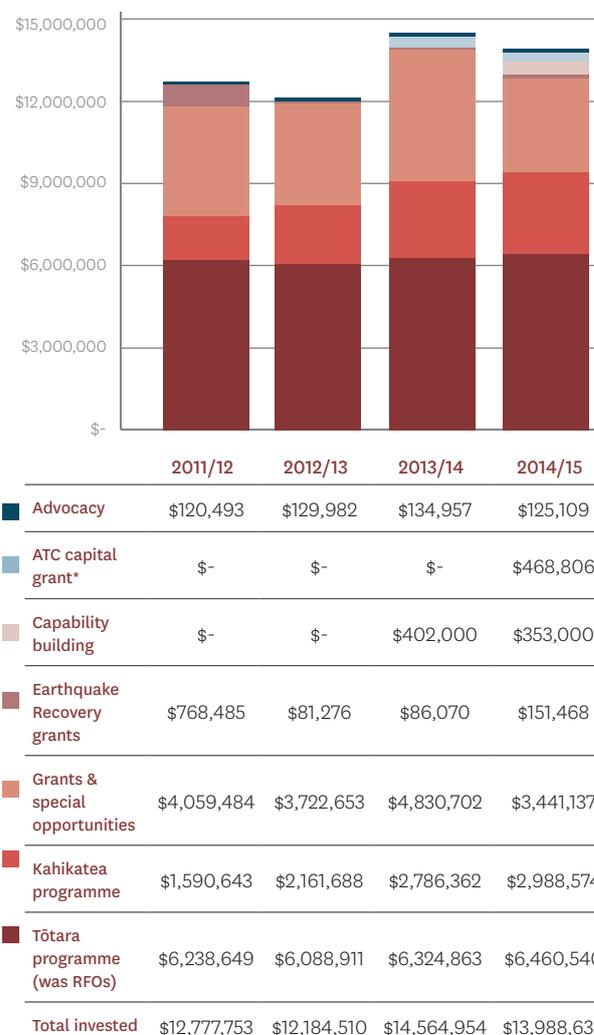
- continually developing their artforms, the quality of their work and their artistic skills and capabilities
- having opportunities to experiment, be innovative and take risks.

Creative New Zealand is committed to developing and strengthening the body of New Zealand artistic work. As the national arts development agency, we take a lead role in achieving this outcome by providing funding across all artforms (except film) and supporting the full range of individuals and arts organisations.

In 2014/15, Creative New Zealand made a substantial investment towards Outcome 2 through the Tōtara and Kahikatea investment programmes; \$9.4 million in total. Our Tōtara organisations played a vital role in supporting this outcome, through providing leadership, developing talent and supporting innovation and artistic risk. In addition, our Grants and special opportunities funding and Earthquake Recovery grants supported individual artists, arts practitioners and arts organisations to create new works and develop their artistic skills through 210 grants worth \$3.6 million (Figure 10).

Outcome 2 is measured here by the number of new New Zealand works developed as a result of Creative New Zealand funding (Table 5). Because of the assessment processes in place for all of our funding programmes, new New Zealand works that achieve funding are considered high quality. This is supported by the high proportion of funded projects that meet or exceed targets in funding agreements, as reported in Table 11, measure 3.1 (p. 45). An increasing number of new New Zealand works means Creative New Zealand is making progress on this outcome.

Figure 10: Investment in Outcome 2 across funding programmes



*Creative New Zealand approved a capital grant of \$4.5 million to the Auckland Theatre Company Limited (ATC) towards the Waterfront Theatre Project and signed the funding agreement in June 2014. In 2014/15, \$938,000 has been recognised as expenditure, split across Outcomes 2 and 3, and the balance of the grant is expected to be paid over the next two years. See Note 22 of the Financial Statements.

Note: RFOs = Recurrently Funded Organisations.

Table 5: Reporting against Outcome 2 targets

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
2.2 Outcome 2: Number of new New Zealand works developed ¹¹	319	267	481	≥360 Maintain or increase	500	39%	This number reflects new New Zealand works funded through our Grants and special opportunities programmes and investment programme clients with continuous funding agreements. The measure is largely driven by available resources and demand. The variance reflects the quality of applications received balanced by the total funding envelope available and the amount of funding requested in each application. While the variance to forecast is high, the actual number of new New Zealand works developed is in line with last year's actual results.

¹¹ This measure is part of the Ministry for Culture and Heritage 'Promotion and Support of the Arts and Film' appropriation with a target of greater than or equal to 300.



'GONE'

Performed by Jung Min Choi, composer Kenneth Young; 2015 Michael Hill International Violin Competition.

Case studies for Outcome 2

New work for violin brings life to international competition

Accomplished Wellington composer Kenneth Young was commissioned to develop a work for the eighth Michael Hill International Violin Competition.

His special composition *Gone*, created for solo violin, was supported through a Creative New Zealand Quick Response Grant. The high-quality work was not only a lyrical reflection on loss but also intended to reveal the interpretative as well as the technical strengths of the young contestants.

Performed by all 18 violinists in the second round of competition, the work reached a live audience of 800 in Queenstown and thousands of others via YouTube, live stream and Radio New Zealand podcast.

Kenneth Young is one of New Zealand's leading conductors and was for many years Principal Tuba with the New Zealand Symphony Orchestra. In 2001, he resigned from

the orchestra to pursue his conducting and composing career fulltime.

In 2004, Young was awarded the Lilburn Trust Citation in Recognition of Outstanding Services to New Zealand Music.

(Artform – music; location – Queenstown; funding – Quick Response Grant \$5,000)



'TRIUMPHS AND OTHER ALTERNATIVES'

Performed By Ross McCormack. Photo: © Pippa Samaya.

A great opportunity for a choreographer to develop

Experimental dancer and choreographer Ross McCormack was awarded the Creative New Zealand Choreographic Fellowship for 2015.

The \$100,000 fellowship supports an accomplished choreographer to commit to a period of investigation, experimentation or research so they can develop their practice and continue to create high-quality art.

McCormack has worked extensively overseas and has now begun to establish a base for his choreographic practice in New Zealand, including founding his multi-disciplinary company, Muscle Mouth.

Described by the fellowship assessment panel as 'an exciting and innovative choreographer', McCormack's programme includes becoming an artist-in-residence at the Hannamdong L Studio in Seoul, South Korea, in 2016,

establishing a design space in New Zealand to focus on set experimentation and design research, and initiating a joint Melbourne–Auckland project with Australian choreographer Stephanie Lake.

The value of this biennial fellowship was increased from \$65,000 to \$100,000 following Creative New Zealand's 2013 review of its support for New Zealand dance.

(Artform – dance; location – Auckland; funding – Choreographic Fellowship \$100,000)

Outcome 3: New Zealanders experience high-quality arts

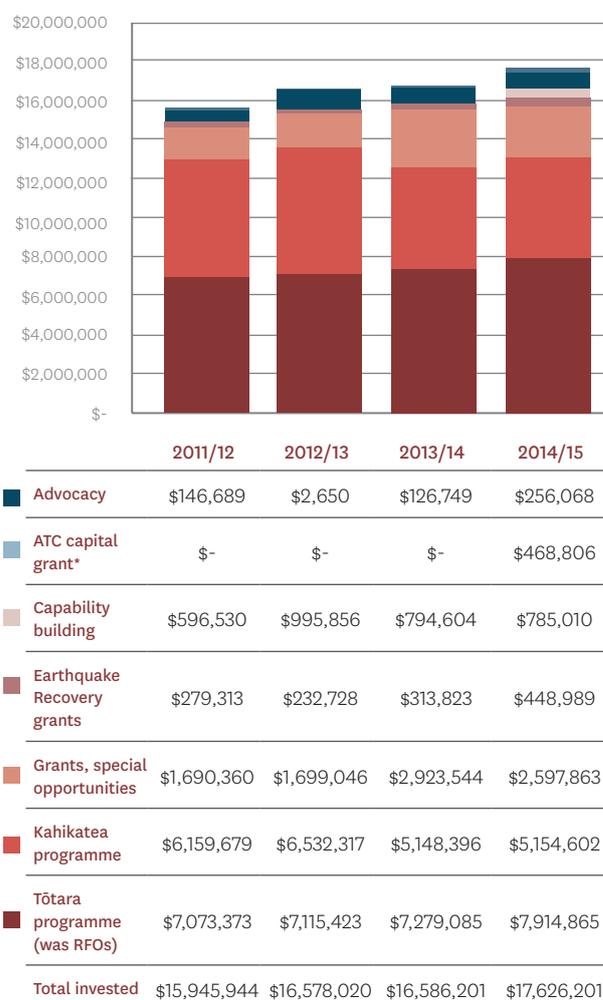
Audiences are vital to a vibrant arts sector. Creative New Zealand aims to broaden the opportunities for all New Zealanders to experience the arts, providing them with access to a diverse range of artistic experiences.

We supported arts organisations to provide high-quality arts experiences across the country and across all artforms through the Tōtara and Kahikatea investment programmes (\$13.1 million), Grants and special opportunities programmes and Christchurch Earthquake Recovery grants fund (\$3 million) (Figure 11). We also provided targeted capability building initiatives to help artists, arts practitioners and arts organisations to address identified development needs.

Creative New Zealand relaunched the publication *Arts For All: Opening doors to disabled people* with Arts Access Aotearoa during the year. This 'how to' guide helps arts organisations, events and venues respond better to the one in six New Zealanders who self-identify as having a disability. Creative New Zealand supported the Arts For All Award 2014 presented at the Arts Access Aotearoa Awards held at Parliament in July 2014, which went to the New Zealand Festival for its commitment to developing its audiences by being accessible to the Deaf and disabled communities.¹²

The main success indicator for Outcome 3 is the level of attendance at presentations funded by Creative New Zealand (Table 6). Over time, results against this indicator have steadily increased in line with increases in funding. The 955,842 attendances reported in Table 6 relate only to clients with continuous funding agreements in our investment programmes, with the highest attendance numbers generated by festivals. Our capability building investment may also be partially responsible for the increasing numbers through audience development programmes. In future years, we will also report on attendance for relevant Grants and special opportunities funding programmes.

Figure 11: Investment in Outcome 3 across funding programmes



Note: ATC = Auckland Theatre Company Limited; RFOs = Recurrently Funded Organisations.

¹² See <http://artsaccess.org.nz/Festival+takes+strong+first+steps+on+accessibility+journey> for more information.

Table 6: Reporting against Outcome 3 targets

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
2.3 Outcome 3: Level of actual attendance at presentations funded by Creative New Zealand ¹³	622,945	701,615	815,148	710,000 Maintain or increase	955,842	35%	This number is currently limited to paid and free attendance at events reported by our investment programme clients with continuous funding agreements. It excludes publications. The significant variance to forecast is driven by the festivals held in the 2014/15 financial year, including the Children’s Festival and the Auckland Festival.

¹³ This measure is part of the Ministry for Culture and Heritage ‘Promotion and Support of the Arts and Film’ appropriation with a target of more than or equal to 720,000.



'DAFFODILS'

Presented by Bullet Heart Club. Photo: Garth Badger.

Case studies for Outcome 3

Art-goers flock to Southern festival

The biennial Festival of Colour in April 2015 brought a seven-day celebration of art, music and theatre to Wanaka and the Southern Lakes region, supported by our Toi Uru Kahikatea (Arts Development) Investment programme.

Promoted as the 'best little arts festival in New Zealand', it drew a combined total of 9,075 attendances, 40 percent more than anticipated by organisers. The festival itself was rated the best ever by attendees, with half of the people completing the satisfaction survey rating it 10 out of 10.

Festival highlights included world premieres of two plays by New Zealand playwright Dave Armstrong: *Central* and *Anzac Eve*. *Central* explores issues of conservation and landscape with Central Otago at its heart, while *Anzac Eve* tells the story of young Kiwis and Aussies meeting at Gallipoli while on their OE.

Also featured was *Daffodils*, an off-beat love story with a kiwi 'pop-rock' soundtrack that was judged Metro magazine's Best Debut last year.

(Artform – multi-disciplinary; location – Wanaka; funding – Toi Uru Kahikatea (Arts Development) Investment, total funding \$100,000)



'THE BIG CONVERSATION'

Wellington 2015. Photo: Luke Pearson from Morris Hargreaves McIntyre.

CREATIVE IDEAS FOR GROWING AUDIENCES

Helping boost audiences for New Zealand arts was the focus this year of our annual one-day skills-building event, The Big Conversation.

The event was part of Creative New Zealand's capability building programme. This programme provides access to resources and skills to help arts organisations operate effectively, helping to create high-quality art for New Zealanders.

The theme *Don't Come, Won't Come?*¹⁴ addressed non-attendance and how relevant programming, persuasion and effective engagement are the most effective ways to build an audience.

Held in Wellington, the June event was attended by more than 140 museum, gallery and artistic directors, artists, curators, educators, funders, policy makers and marketers from throughout New Zealand.

'A big thank to you and your staff for an inspiring Big Conversation last week. The subject matter was so relevant to all of us and I am sure we all gained some insights into the never-ending quest to grow and develop our audiences. The opportunity for industry networking was second to none.' Sue Paterson, Executive Director, New Zealand Festival.

(Artform – all artforms; location – Wellington; funding – capability building initiative \$32,900)

¹⁴ For further information, see www.creativenz.govt.nz/assets/paperclip/publication_documents/documents/381/original/joo3356_the_big_conversation_2015_final_04-05-2015.pdf?1430702998.

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Outcome 4: New Zealand arts gain international success

Creative New Zealand supports selected New Zealand artists, arts practitioners and arts organisations to develop international audiences, including readers and viewers. This helps increase income for artists and arts organisations, helps them to engage with the international arts environment and promotes New Zealand and its arts to international audiences. Figure 12 shows the investment across funding programmes for Outcome 4.

Creative New Zealand’s international networks and targeted programmes meant it was able to bring 25 international buyers and ‘key influencers’ from across artforms to New Zealand through the Te Manu Ka Tau programme to experience New Zealand art in its local context. The launch of Creative New Zealand’s ‘Focus on Asia’ strategy in 2014/15 saw 22 artists or organisations awarded support in the Asia Artform Exchange initiative, the Asia/New Zealand Co-commissioning Fund, the Curators to Asia programme and Asian arts residencies.

We provided capability building for those wanting to develop skills to engage with international markets and audiences and develop their work. We also supported 113 artists and organisations wanting to undertake international projects through our Grants and special opportunities programme.

Several projects in the International programme would not be possible without the active partnership between Creative New Zealand and other funding and support partners, and we thank them for their support. This includes, for example, our ongoing partnership with the Asia New Zealand Foundation to deliver programmes through the Focus on Asia initiative and the dual venue of the New Zealand pavilion at the 2015 Venice Biennale, which was enabled through support from several other offshore key funders including the NZ at Venice patrons, as detailed on page 36.

Figure 12: Investment in Outcome 4 across funding programmes



Note: RFOs = Recurrently Funded Organisations.

Creative New Zealand’s achievement against Outcome 4 is measured by the amount invested, the number of international presentations and the number of individuals or organisations that presented internationally as a result of Creative New Zealand funding. The numbers reported in Table 7, 2.4.2 and 2.4.3 (p. 35) include people, organisations and presentations from across the International, Investment and Grants and special opportunities programmes, which all contribute to the international presentation of New Zealand art. Like the market for other New Zealand products and services, the potential to move into the international art market is important to the ongoing success of New Zealand arts, artists and arts organisations.

Table 7: Reporting against Outcome 4 targets

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
2.4 Outcome 4: International presentations and events over time							
2.4.1 Amount invested	\$4,102,259	\$4,113,606	\$4,217,925	\$4,581,255 Maintain or increase	\$5,108,503	11%	Refer to Note 28 of the financial statements for significant budget variances.
2.4.2 Number of presentations	New measure 2012/13	232	234	≥200 Maintain or increase	340	70%	The higher than forecast number of presentations is partially due to the Focus on Asia initiative that was introduced into the International programme this year and Creative New Zealand's support for participation at international festivals and fairs.
2.4.3 Number of presenting individuals and organisations	New measure 2012/13	264	165	≥80 Maintain or increase	305	281%	The higher than forecast number of individuals or organisations presenting internationally is partially due to the Focus on Asia initiative that was introduced into the International programme this year and Creative New Zealand's support for participation at international festivals and fairs.



'SECRET POWER'

Simon Denny, installation view, Marco Polo Airport 2015. Photo: Michele Crosera.

Case studies for Outcome 4

Secret Power exhibition receives international acclaim

New Zealand's pavilion for the 2015 Venice Biennale presented artist Simon Denny's exhibition *Secret Power*, a unique exploration of the visual culture of Western intelligence agencies that also referenced aspects of contemporary and historical Venice.

Staged across two sites, Marco Polo Airport, on the outskirts of Venice, and the Monumental Rooms of the Marciana Library, the exhibition attracted the attention of the international art world and high-profile media such as the *Guardian*, *New York Times* and *Frieze* magazine, with numerous publications recommending it as a 'must see'. For those outside Venice, the website was a must: www.nzatvenice.com.

The Venice Biennale runs over six months and is the leading international event for contemporary visual arts

with around 6,000 visitors per week visiting the Marciana installation during the summer high season.

Creative New Zealand funds and leads New Zealand's presence at the Venice Biennale and acknowledges the support of the Museum of New Zealand Te Papa Tongarewa, City Gallery Wellington Te Whare Toi and Massey University Te Kunenga ki Pūrehuroa in the realisation of the 2015 exhibition. The initiative has also been generously supported by the NZ at Venice patrons, Galerie Buchholz, Michael Lett, Petzel Gallery, T293, Arounder.com/Vrway communication, Save S.p.A Group (Marco Polo Airport), and donors Liv Barrett, Lonti Ebers, Danny and Lisa Goldberg, Friedrich Petzel, Jackson Tang and others.

(Artform – visual arts; location – international; Arts Council funding \$700,000)



'BLACK GRACE'

2014 Edinburgh Festival Fringe. Photo: Simon Wilson.

New Zealand artists winners at Edinburgh

In 2014, Creative New Zealand funding and support helped more than 200 New Zealand artists to participate in seven different festivals in Edinburgh, regarded as the largest arts market in the world.

Two of our Toi Tōtara Haemata (Arts Leadership) Investment programme clients were part of the contingent. The Auckland Theatre Company presented Arthur Meek's *On The Upside Down Of The World*, and Black Grace presented a collection of dance works by founder Neil Ieremia.

The NZ at Edinburgh season made a strong impact in the United Kingdom, with awards, sold-out shows, high media awareness and positive reviews. Relationships were built with international presenters and partners, and several companies secured onward international touring opportunities as a result.

Many partners and supporters made the NZ at Edinburgh season possible, including the Dunedin Public Art Gallery and Auckland Arts Festival. The British Council, Creative Scotland and Festivals Edinburgh worked with Creative New Zealand to support artistic collaboration and exchange through the MOMENTUM programme. In addition, the season was supported by the Ministry for Culture and Heritage's Cultural Diplomacy International Programme.

(Artform – multi-disciplinary; location – international; Arts Council funding \$863,000)

2. Priorities

Strategic improvement priorities

In its 2014–18 Statement of Intent and 2013–16 Strategic Plan, Creative New Zealand outlined several strategic improvements to shift it towards its vision of dynamic and resilient New Zealand arts, valued in Aotearoa and internationally.

Internal systems and processes

At the outset of the 2013–16 Strategic Plan, our grants processes were paper based and could be time consuming and resource intensive, for both applicants and our staff. At that point, the benefits of the new Grants Management System were expected to be:

- reduced timeframes and reduced costs of processing a grant application (both for our customers and for us)
- more transparent decision-making processes.

As at 30 June, 16 funding rounds have been partially run through the Grants Management System (Arts Align). The programmes these funding rounds relate to include:

- Quick Response
- Arts Grants (x 2)
- Sector Development Incentive Fund
- Toi Uru Kahikatea
- Tohunga Tukunga
- Talente
- Schmuck
- Festival of Pacific Arts
- Toi Ake
- six other fellowships and scholarships.

Online applications were received from applicants to the Toi Uru Kahikatea programme and will be available to applicants in the August 2015 Arts Grants round. The web portal was also used to administer the external assessment and peer assessment process for the Arts Grants rounds and Toi Uru Kahikatea programme.

On average, decisions about Quick Response applications are being communicated back to applicants within five weeks of the closing date of applications, not yet meeting the targets set in the Strategic Plan. It is forecast that the full implementation of the Grants Management System in 2015/16 will further reduce decision-making timeframes for this programme. Decisions about Arts Grants applications, however, are now being made within the target set in the 2013–16 Strategic Plan. The process has reduced by two weeks since the project began, and we have achieved a 10-week turnaround this year (see Table 8 on next page).

Delivery to clients and stakeholders

The client satisfaction survey is run every three years, with the survey before 2014/15 occurring in the 2011/12 year. The survey examines the extent to which clients are satisfied with the services provided by Creative New Zealand and aims to gain an understanding of how best to improve this. Some of the findings between the 2011/12 and 2014/15 surveys are compared in Figure 13.

Figure 13: Key results from client satisfaction survey



Table 8: Reporting against internal systems and processing targets

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
4.1 Improvements to decision-making timeframes							
4.1.1 Quick Response	New measure 2013/14		6–5 weeks	5–4 weeks	5 weeks	1 week	See previous page.
4.1.2 Arts Grants	New measure 2013/14		12–11 weeks	11–10 weeks	10 weeks	Target met	See previous page.
4.2 Implementation of grants management system	New measure 2013/14		Not met	Applications for Quick Response, Arts Grants, Special opportunities, Kahikatea and Tōtara online	On track	Target met	See previous page.

The online survey in 2014/15 was completed with 326 clients, representing a response rate of 34 percent.¹⁵ This compares with 458 responses in 2011 and a response rate of 33 percent.

Overall satisfaction is similar to 2011. Two-thirds (66 percent) of clients are satisfied with the overall service they receive from Creative New Zealand (scoring a 4 or 5 out of 5). This result is in line with the 2011 findings (63 percent) (see Table 9 on next page).

Throughout the survey, the outcome of funding applications shapes views of Creative New Zealand. Seventy-six percent of those who received funding were satisfied, compared with 39 percent who did not secure funding. Statistical analysis has identified several factors that are correlated with satisfaction for overall service. Strengths to maintain in this area include the quality of contact with Creative New Zealand staff and the service received.

Priorities for improvement identified in the report include ensuring understanding of how criteria are used to judge funding applications, providing better explanations for unsuccessful applications and improving understanding

on how the decision-making process works. We will be working towards these improvement suggestions in 2015/16. Some will potentially be addressed through the full rollout of the new Grants Management System (Arts Align), which will, for example, enable greater feedback to clients on the decision-making process and their assessments.

Place-based focus and influencing agenda

Our advocacy work was described in the Strategic Plan 2013–16 as responding to two contemporary and compelling features of the New Zealand arts ecology: the opportunities afforded by the rapid growth of Auckland and its increasing attraction for arts practitioners, and the cultural recovery in Christchurch. We have also worked closely with six iwi over the past year, to help them make progress on their arts and culture priorities.

¹⁵ Fieldwork for this survey was conducted on behalf of Creative New Zealand by Colmar Brunton between 25 May and 16 June 2015. The survey length was an average of 17 minutes. Survey findings based on the full sample of 326 clients have a margin of error of up to +/- 4.4 percent.

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Table 9: Reporting against delivery to clients and stakeholders

2014/15 Statement of Performance Expectations reference	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
4.3 Improved results in the customer (client) satisfaction survey							
4.3.1 Overall satisfaction	63%	N/A (survey held every three years)		Improve on 2011 results (63% overall satisfaction)	66%	4.7%	Two-thirds of clients are satisfied with the overall service they receive from Creative New Zealand (scoring a 4 or 5 out of 5).
4.3.2 Quality of most recent interaction	75%	N/A (survey held every three years)		Improve on 2011 results (75% quality of most recent interaction)	79%	5.3%	Four in five (79%) clients are satisfied (scoring either 4 or 5 out of 5) with their most recent interaction.
4.4 Creation of online advocacy resources	New measure 2013/14		Basic toolkit available (not met)	Extended toolkit available	Completed	Target met	The basic and extended advocacy toolkit went live on the Creative New Zealand website in October 2014.

Iwi engagement

A specific programme of iwi engagement emerged from the Arts Council's review of support for ngā toi Māori (Māori arts) in 2012. Creative New Zealand is currently working with six iwi – Te Arawa, Ngāti Porou, Taranaki, Ngāpuhi, Ngāti Kahungunu and Ngāi Tahu – to support their aspirations for ngā toi Māori in their rohe.

Starting in 2014/15, \$450,000 has been budgeted over three years to support work by these iwi. This funding will be guided by Memorandums of Understanding with each iwi, along with individual arts action plans. Agreements in principle have been reached with five of the six iwi to their respective memorandums, and significant progress with all iwi is expected in the first quarter of 2015/16.

Auckland

Auckland is growing fast, is spread out, is increasingly attractive to arts practitioners and is very culturally diverse, with growing Māori, Pasifika and Asian communities. At the time of publication of the 2013–16 Strategic Plan, Creative New Zealand was continuing to lift its presence and investment in Auckland. Work continued this year on developing an Auckland Diversity Project fund,

which is now being co-funded with matched funding by Foundation North. The fund will distribute \$1.2 million over three years to support projects that increase arts attendance and participation by Māori, Pasifika and Asian communities and art projects for, by and with artists from those communities in the Auckland region.

In addition, Creative New Zealand commissioned a piece of research from Colmar Brunton entitled *Asian Aucklanders and the arts: Attitudes, attendance and participation in 2014*,¹⁶ to be read alongside *New Zealanders and the arts 2014*. The research aims to help artists and arts organisations develop strategies to engage with Asian communities. According to 2013 Census results, one-quarter of Aucklanders identify with an Asian ethnicity and two-thirds of New Zealand's Asian population lives in the Auckland region. We anticipate our research will help the arts sector to work more successfully with these communities by identifying barriers to engagement and suggesting how they could be overcome.

¹⁶ See www.creativenz.govt.nz/development-and-resources/research-and-reports/asian-aucklanders-and-the-arts for further information.

Christchurch

Since the Canterbury earthquakes in 2010 and 2011, we have seen great examples of innovative arts practice and creative responses by the arts community to the physical environment and loss of venues. Creative New Zealand has worked tactically and strategically since the earthquakes, supporting various arts organisations and events and providing advocacy, logistical support and advice to the arts sector. We have provided funds, specifically aimed at earthquake recovery, that have been well used in the rebuilding of the sector in Christchurch. This additional funding will finish at the end of the 2015/16 financial year. The current situation in Christchurch can be summarised as follows.

- A wide range of arts experiences are being produced, delivered in a variety of settings.
- Christchurch audiences and participant numbers are bouncing back.
- The Christchurch arts sector is stabilising and working increasingly well together.

In our Strategic Plan 2013–16, we set out two indicators of success for our work in Christchurch and Auckland. The uptake of funding opportunities in Christchurch (see Table 10, 4.5.1) has been strong throughout the rebuild process. This year, demand was greater than budgeted and the fund was oversubscribed. Working alongside Auckland Council to contribute to the development and implementation of the Auckland Council's Arts and Culture Strategic Action Plan has also been an important part of our influencing agenda (Table 10, 4.6.1).

Table 10: Reporting against place-based focus and influencing agenda

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
4.5 Ongoing involvement in the recovery of the arts in Christchurch (Earthquake Recovery budget)							
4.5.1 Earthquake recovery budget fully utilised	\$1,204,136	\$395,014	\$488,631	\$500,000	\$648,201	30%	The Christchurch Earthquake Recovery grants programme is demand driven and was oversubscribed against budget in 2014/15. This is because of the stage of the rebuild during the year, with grants providing for more extensive operational and capital costs.
4.6 Ongoing involvement in the Auckland Arts and Culture Strategic Action Plan							
4.6.1 Contribute to development and implementation of Auckland Council's Arts and Culture Strategic Action Plan	N/A	N/A	Draft plan completed	Ongoing implementation of plan	On track	Forecast met	Part One tabled with Auckland Council's Arts, Culture and Events Subcommittee on 28 October. Part Two (the implementation plan) has been redrafted with our input. It has yet to be finalised.

Minister's and shared priorities

Creative New Zealand works with the Minister for Arts, Culture and Heritage and the Ministry for Culture and Heritage to deliver against shared priorities using unexpected Lotto profits. The content of the Minister's 2014/15 Letter of Expectations outlined a number of the Minister's and shared priorities and was reflected in Creative New Zealand's 2014/15 Statement of Performance Expectations. An update against each of these priorities is provided below.

Digital technology

In 2014/15, the policy focus for digital technology has been the benchmarking of applications and grants for activities using digital technology. In 2015/16, analysis of 2014/15 trends will inform work to further develop this focus in Creative New Zealand.

World War One Centenary

Creative New Zealand is supporting the World War One Centenary through funding a programme of works of art that will assist in the remembrance of New Zealand's involvement in the Great War. The fund consists of \$1.5 million to be spent over three financial years. In 2013/14, \$383,336 was invested in three works performed in New Zealand and overseas. In the first 2014/15 round, \$616,664 was allocated to supporting six new diverse work projects including Artsight Ltd, Auckland War Memorial Museum, Colab/Auckland University of Technology, Maria Gill, Kirsten Hayden and the Southern Sinfonia. Round 3 closed in February 2015. Those awarded were Auckland Philharmonia Orchestra, Janet Jennings, John Rae, Long Cloud Youth Theatre and the New Zealand Cook Islands Arts Collective. Round 4 will close on 2 November 2015.

Advocacy and diversity

Creative New Zealand's advocacy toolkit went live on its website in October 2014.¹⁷ The toolkit's purpose is to help the arts sector talk about the value of the arts to New Zealand so people are more likely to support the arts in all its forms. Creative New Zealand is developing a diversity policy that will state its commitment to recognising and promoting diversity in the arts and clarify

how it undertakes, or will undertake, to give effect to it. By supporting a broad range of arts expression and participation by all New Zealanders, Creative New Zealand is demonstrating its support for the role of the arts to contribute to a distinctive and multifaceted New Zealand identity.

Audit management reports

As reported at Table 26, 9.5, Creative New Zealand achieved a good or very good rating on its management control, financial systems and service performance information from Audit New Zealand.

Young people and the arts

The section of the *New Zealanders and the arts* 2014 survey that focused on 10 to 14 year olds produced very positive results about participation levels in arts activities by young people in their spare time. Of those surveyed, 83 percent liked to participate in at least one arts activity. Arts activity rivalled television and DVD viewing and ranked higher than playing computer or video games (73 percent). The survey also showed that one in two young New Zealanders interacts with New Zealand arts by watching or listening to New Zealand art online.

In July 2014, the Arts Council approved the Policy and Funding Framework for Young People Engaging with the Arts as the basis for further policy work and consultation. The draft joint agency funding and policy framework is intended to guide government agencies, including the Ministry of Education, Creative New Zealand and the Ministry for Culture and Heritage, when developing policy for funding or other support for young people's participation in arts activities provided by professional or community artists and arts organisations.

In 2014/15, Creative New Zealand awarded 28 Quick Response and Arts Grants under its priority for young people, amounting to \$383,581 in funding. These projects account for 7 percent of those supported through Quick Response and Arts Grants. Similarly, several arts organisations funded through our Toi Uru Kahikatea (Arts Development) Investment programme continue to deliver activities specifically involving young people. Totalling

¹⁷ See www.creativenz.govt.nz/development-and-resources/advocacy-toolkit for further information.

\$1,045,976 in 2014/15, arts activities by, with and for young people made up 11 percent of all funding allocated through this Investment programme. Almost all of the 25 organisations funded through the Toi Tōtara Haemata (Arts Leadership) Investment programme undertake activities by, with and for young people. Additionally, engagement with and participation in the arts by young people is one of three priorities in the Creative Communities Scheme.

Work will continue in 2015/16 to examine the quantity and range of activities that we are supporting and how they will be measured.

Contemporary popular music

Creative New Zealand has been working with other cultural agencies in the Contemporary Popular Music Group (New Zealand on Air, New Zealand Music Commission, Te Māngai Pāho) to develop an inter-agency strategy for contemporary popular music.¹⁸ The strategy was reported to the Minister for Arts, Culture and Heritage, Minister of Broadcasting and Minister of Māori Development in December 2014. The strategy helps the Contemporary Popular Music Group to take a strategic and collaborative approach with common goals.

Orchestral sector review

Creative New Zealand and the Ministry for Culture and Heritage have been working together with the Association of Professional Orchestras Aotearoa (APOA), comprising the New Zealand Symphony Orchestra, Auckland Philharmonia Orchestra, Orchestra Wellington, Christchurch Symphony Orchestra and Southern Sinfonia, on the implementation of the review of the orchestra sector. A joint monitoring framework has been agreed, with 12 measures being implemented from 2015, three being further developed in 2015 and a further five on hold for the time being. It is intended that monitoring agencies will provide the first collated report back to APOA in April 2016 and then at that time of the year on an ongoing basis.

¹⁸ See www.nzonair.govt.nz/document-library/contemporary-popular-music-group-strategy-dec-2014 for further information.

3. Service delivery

Creative New Zealand provides services in three broad areas: investing in the arts, developing the arts and advocating for the arts. Most of the grants funding we provide falls into the ‘investing in the arts’ service area. Our capability building programme comprises most of the ‘developing the arts’ section and ‘advocating for the arts’ consists of our work to promote and support the arts in New Zealand.

The distribution of funding across the three service areas in 2014/15 is outlined in Figure 14.

Investing in the arts

Across all programmes

Creative New Zealand funding supports individual professional development opportunities. It also supports the creation, presentation and distribution of art across community and professional arts throughout New Zealand and the presentation of New Zealand art internationally.¹⁹

Creative New Zealand provides financial assistance to artists, arts practitioners and arts organisations in a variety of ways:

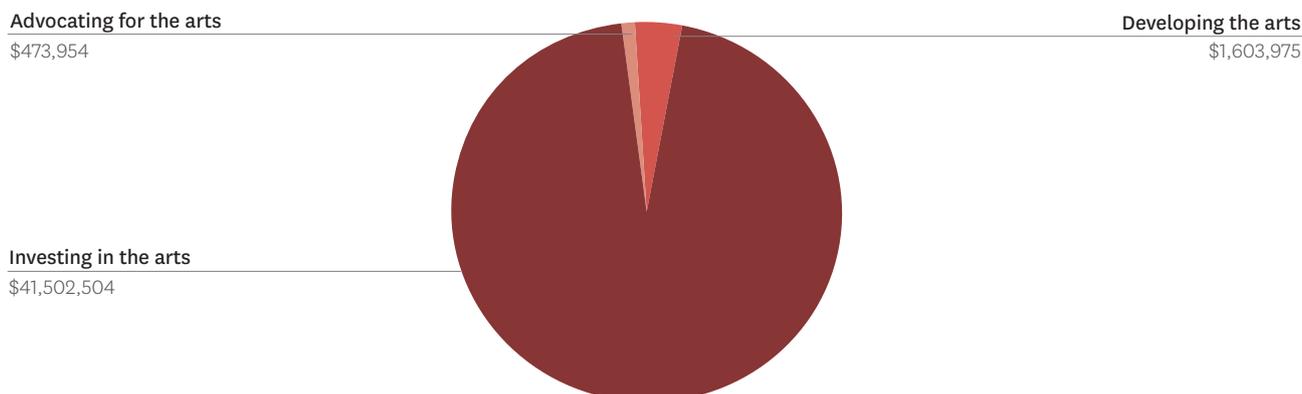
- Arts Leadership (Toi Tōtara Haemata) and Arts Development (Toi Uru Kahikatea) Investment programmes that provide funding for up to five years to significant arts organisations (referred to in this report as the Tōtara and Kahikatea Investment programmes)

- Grants and special opportunities programmes, including project funding through Arts Grants, Quick Response Grants and various awards, residencies, bursaries and scholarships
- Creative Communities Scheme, a small grants scheme devolved to territorial authorities (city/district councils)
- International programme, including presentation and exchange initiatives that support the presentation of New Zealand arts internationally
- Auckland Theatre Company capital grant, a one-off grant towards the Waterfront Theatre Project.

In 2014/15, 2,273 grants were awarded through the Grants and special opportunities programmes, Creative Communities Scheme and International programme. This is a slight increase on 2013/14 and 2 percent above forecast for the year. It should be noted that this measure is largely demand driven and resource reliant. If the funds available to Creative New Zealand to distribute were to reduce and programme approaches remained consistent, this number would most likely decrease.

Creative New Zealand’s management of the funding process remains sound, with, on average, just 1 percent of recipients defaulting on their responsibilities to file completion reports. Creative New Zealand had evaluated 97 percent of received reports as at 30 June 2015. Evaluation is the process by which we ascertain whether projects have met, exceeded or not met expectations set out in applications and funding agreements, with 95 percent of all projects and organisations funded meeting or exceeding expectations (Table 11).

Figure 14: Funding invested by service area, 2014/15



¹⁹ See www.creativenz.govt.nz/about-creative-new-zealand/what-we-do/arts-funding for further information.

Table 11: Programme performance (all programmes)

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
3.1 Percentage of grants and investment organisations that meet or exceed expectations in their funding agreements							
3.1.1 Total average ²⁰	94%	97%	97%	≥97% Maintain or increase	95%	-2%	Immaterial variance.
Service management indicators							
5.2 Project completion rate							
5.2.1 Total average	99%	99%	99%	100%	99%	-1%	Immaterial variance.
5.3 Proportion of completed projects that are evaluated							
5.3.1 Total average	99%	90%	99%	100%	97%	-3%	Immaterial variance.
Output trends							
5.4 Funding invested in 'Investing in the Arts'	\$37,071,048	\$36,961,309	\$39,688,404	\$38,450,095	\$41,502,504	8%	Refer to Note 28 of the financial statements for significant budget variances.
5.5 Number of grants awarded							
5.5.1 Total	2,388	2,262	2,181	2,155	2,273	5%	A higher than forecast number of grants and contracts have been awarded. Total includes Grants and special opportunities, International programme and Creative Communities Scheme projects.

Health of the arts sector

A healthy arts sector is necessary for Creative New Zealand to achieve its vision. A healthy sector involves:

- strong arts organisations offering programmes covering a variety of artforms and cultural focus throughout the country
- vibrant artworks being developed and presented by individuals and organisations
- strong relationships between artists and arts organisations and their audiences
- the taking of artistic risks

- public appreciation of the arts and their value.

Creative New Zealand can influence the health of the arts sector through its funding, development and advocacy functions. For the organisations and artists that Creative New Zealand funds directly, their ability to meet or exceed expectations in their funding agreements is a proxy measure of health. In 2014/15, 95 percent of all funded projects and organisations met or exceeded expectations (Table 12). Within this, a higher number of

²⁰ This measure is part of the Ministry for Culture and Heritage 'Promotion and Support of the Arts and Film' appropriation with a target of more than or equal to 97 percent in 2014/15.

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investment organisations than last year did not meet expectations. Expectations are rated by performance against agreed artistic, financial, organisational, audience and general expectations. Creative New Zealand works alongside clients who do not meet expectations, setting targets and offering capability building support where it can. If concerns are ongoing and serious, a client will be considered for 'active engagement'. As at 30 June 2015,

three investment clients were on active engagement, compared with one as at 31 December 2014.

Creative New Zealand is working to produce a more detailed report on the health of organisations participating in the investment programmes. The report will target data we hold on our investment clients with continuous funding agreements and report on how organisations, grouped by artform, are faring against several important performance measures.

Table 12: Health of the arts sector reporting

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
3.1 Percentage of grants and investment organisations that meet or exceed expectations in their funding agreements							
3.1.1 Total average ²¹	94%	97%	97%	≥97% Maintain or increase	95%	-2%	Immaterial variance.
3.1.2 Investments (Tōtara and Kahikatea programmes)	86%	93%	95%	≥97% Maintain or increase	91%	-6%	A higher number of investment organisations than last year did not meet expectations (see above).
3.1.3 Grants and special opportunities	98%	98%	96%	≥97% Maintain or increase	97%	Forecast met	Of the 550 projects that were evaluated in 2014/15, 533 met or exceeded expectations.
3.1.4 International Presentation and exchange	100%	100%	100%	≥100% Maintain or increase	98%	-2%	Of the 41 reports received and evaluated in 2014/15, 40 met or exceeded expectations.
3.2 Key trends and progress of investment organisations including: > Leveraged return on Creative New Zealand's investment > Entry/departure and risk patterns for the portfolio > Number (headcount/fulltime equivalent) of artists employed > Success of Māori and Pasifika organisations > Investment by artform, region, cultural focus	New measure	New measure	New measure	2013-14 version due September 2014	Not completed	Target not met	The key trends report has been re-scoped to include 2013 and 2014 calendar year data. Work is well advanced and due for completion early in the first quarter of 2015/16.

²¹ This measure is part of the Ministry for Culture and Heritage 'Promotion and Support of the Arts and Film' appropriation with a target of more than or equal to 97 percent in 2014/15.

Investment programmes

Creative New Zealand’s Investment programmes – Toi Tōtara Haemata (Arts Leadership) and Toi Uru Kahikatea (Arts Development) – were implemented from 1 January 2012, replacing the previous Recurrent Funding programme.²²

Over the four years since the introduction of the new Investment programmes, there has been a small but steady increase in the number of participating organisations (Figure 15, Table 13). This is primarily due to the number of organisations participating in the Kahikatea developmental programme, which is open to greater fluctuation than the Tōtara leadership programme.

Figure 15: Number of clients and total investment in investment programmes, 2011/12 to 2014/15



The Tōtara and Kahikatea Investment programmes support the development of arts organisations and a sustainable infrastructure in the arts sector by funding key arts organisations for a fixed term. With such support, organisations are able to confidently plan their programmes of activity.

- Tōtara organisations fulfil specific key roles that Creative New Zealand has identified as important to the health of the arts sector. They provide leadership and play an active role in promoting collaboration,

developing talent, fostering new work, supporting innovation and taking artistic risks. Funding can be committed to Tōtara organisations for up to five years.

- Kahikatea organisations have more flexibility in what they are funded to deliver. They can have funding committed to them for up to three years.

The membership of the Tōtara and Kahikatea Investment programmes is expected to change over time as organisations develop and the needs of the arts sector change. In 2014/15, Creative New Zealand funded 82 Tōtara and Kahikatea organisations and projects.²³ Creative New Zealand is reviewing Tōtara key roles for each artform every five years as part of its programme of rolling artform reviews. A broad review of the Investment programmes was begun in 2014/15 and will be progressed in 2015/16.

Throughout the year, Creative New Zealand regularly monitors the performance of Tōtara and Kahikatea Investment organisations against their funding agreements and works with them to improve their performance. Organisations are assessed against the expectations in their funding agreements across four component areas (artistic, financial, organisation, audience) plus a summary assessment (see p. 46).

A new measure is being reported this year that details organisations’ performance against Creative New Zealand’s programme requirements (see Table 13, 5.1). This is a broad measure that tells us whether the overarching aims of the investment programmes are being delivered as intended, not just whether the organisation is performing as expected. In this first year of measurement, 90 percent of organisations have met or exceeded expectations that relate to programme requirements. This is a positive result indicating that the long-term goals of the investment programmes are on track to being met.

The Investment programmes support all four Creative New Zealand outcomes.

²² The former Arts and Sector Investments Funding (grants funding) was also incorporated into the new investment programmes.

²³ This number includes Kahikatea projects as well as Kahikatea clients with continuous programme funding agreements. From 2014/15, each funding agreement is counted for Tōtara, meaning Circa and Theatre Artists Charitable Trust and Capital E National Children’s Theatre and Capital E National Children’s Festival are counted individually.

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**Table 13: Programme performance
(Investment programmes)**

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
Effectiveness indicator							
5.1 Programme success rates – the extent to which our funding programmes are meeting their defined objectives	New measure 2014/15			90%	90%	N/A	Creative New Zealand’s programme objectives and requirements are reflected in the Key Performance Indicators (KPIs) of our investment clients with continuous funding agreements. For Tōtara organisations, this includes KPIs against key roles, collaboration, cultural awareness and sector development. For Kahikatea organisations, this includes reporting on KPIs against skills, resources and networks, high-quality New Zealand work or art, and infrastructure. Client annual reports have been used to determine that 90% of programme objectives are being met through clients.
Output trends							
5.6 Number of organisations in the investment programmes ²⁴							
5.6.1 Tōtara and Kahikatea	73	80	79	83	82	-1%	This number is a snapshot as at 30 June 2015 and comprises 63 continuous funding agreements (27 Tōtara and 36 Kahikatea) and 19 organisations with Kahikatea project funding agreements.

²⁴ This measure is part of the Ministry for Culture and Heritage ‘Promotion and Support of the Arts and Film’ appropriation, with a target in 2015/15 for 23 to 26 Tōtara organisations and 50 to 65 Kahikatea organisations.

Grants and special opportunities

Creative New Zealand provides Grants funding through a range of programmes, selecting the best applications from artists, arts practitioners and arts organisations. Around 500 projects are supported each year through this funding.

Funds and programmes counted in reporting in this section include:

- Arts Grants (including Toi Ake programme and grants funded from the Māori Arts Development Initiative and Māori Arts Presentation Fund and Kava grants focusing on outcomes for Pacific Island peoples)
- Quick Response grants (including the Tohunga/Tukunga programme and Moana Community Grants)
- special opportunities (awards, residencies, bursaries, scholarships)
- other funding including Sistema Aotearoa, the Flexible Funding portfolio (a fund to be used at the Chief Executive's discretion) and funds to support Earthquake Response grants and Christchurch initiatives.

The application assessment process differs across funding programmes in this section. All applications are assessed with regard to how effectively the project supports one or more of Creative New Zealand's outcomes.

The quality of all projects is assessed by Creative New Zealand staff, and Arts Grants are also assessed by external peer assessors. Projects are assessed for quality on a seven-point scale across four areas.

1. The idea: what is it that the artist or practitioner wants to do?
2. The process: how will the project be carried out, where and when will it occur, and how will the artist or practitioner evaluate the completed project?
3. The people: who is involved?
4. The budget: how much will it cost?

Where relevant, projects are assessed for their contribution to cultural diversity, innovation and community arts participation. Funding priorities are also considered as part of the assessment process.²⁵ Detailed assessments are provided to the appropriate advisory panel to inform final decisions on Arts Grants.

Applications for other funding programmes may also be assessed against additional criteria that are specific to the particular programme.

Once completed, grant recipients must submit completion reports to Creative New Zealand. These reports are evaluated against the expectations in the initial application and funding agreement.

Grants funding supports all four Creative New Zealand outcomes.

Figure 16: Investment in grants and special opportunities, by programme, 2011/12 to 2014/15



²⁵ Application guides are available at the Creative New Zealand website. For example, the 2015 Arts Grants Application Guide can be found at www.creativenz.govt.nz/find-funding/funds/arts-grant in section 3 'Make an application'.

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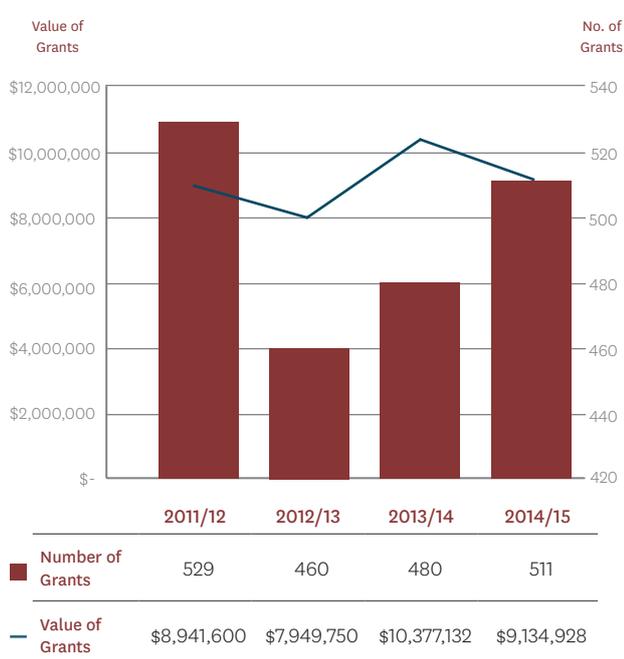
**Table 14: Programme performance
(Grants and special opportunities programmes)**

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
Service management indicators							
5.2 Project completion rate							
5.2.1 Average	99%	99%	99%	100%	99%	-1%	Immaterial variance.
5.2.2 Grants and special opportunities	99%	99%	99%	100%	99%	-1%	12 clients were in default as at 30 June 2015.
5.3 Proportion of completed projects that are evaluated							
5.3.1 Average	99%	90%	99%	100%	97%	-3%	Immaterial variance.
5.3.2 Grants and special opportunities	99%	86%	99%	100%	94%	-6%	Of the 490 projects completed, 459 were evaluated. This measure is now reported as a snapshot as at 30 June, and the period reported is for projects completed in the 12 months to May 2015, allowing 30 days from completion of the project for evaluations to be made.
5.5 Number of grants awarded							
5.5.1 Total	2,388	2,262	2,181	2,155	2,273	5%	A higher than forecast number of grants and contracts has been awarded. Total includes Grants and special opportunities, International and Creative Community Scheme projects.
5.5.2 Grants and special opportunities ²⁶	529	460	487	480	511	6%	A higher than forecast number of grants and contracts has been awarded.

²⁶ This measure is part of the Ministry for Culture and Heritage 'Promotion and Support of the Arts and Film' appropriation, with a target of 480 in 2014/15.

In 2014/15, the amount of money awarded in Grants and special opportunities programmes reduced to \$9,134,928 (Figure 16), while the number awarded increased to 511 (Figure 17). Across all projects funded in the Grants and special opportunities programmes, the average grant amount was \$17,877, compared with \$21,308 in 2013/14.

Figure 17: Number and value of Grants and special opportunities programmes, 2011/12 to 2014/15



The 511 Grants and special opportunities funded in 2014/15 (Table 14, 5.5.2) is 6 percent above forecast. The number of grants funded is dependent on the quality of applications and the amount of funding requested in each, balanced by the total funding available. The project completion rate was high, with 99 percent of funding recipients providing reports to Creative New Zealand in a timely manner (Table 14, 5.2.2). Of those reports received to the end of May 2015, 94 percent were evaluated by staff by 30 June 2015 as to whether they had met expectations (Table 14, 5.3.2). Of those projects evaluated in 2014/15, 97 percent met or exceeded expectations (Table 12, 3.1.3 at p. 46).

International

Through international presentation and events funding, Creative New Zealand supports individual artists, arts practitioners, arts organisations or groups of artists to tour, exhibit or perform internationally.²⁷ This support may

help with leveraging other funding or assist New Zealand attendances at international trade fairs or other particular market-development initiatives. Creative New Zealand activity in this area also includes providing advice and resources to New Zealand artists who are seeking to work or are already working internationally.

The International Presentation Fund is targeted at artists and organisations that have engaged with Creative New Zealand's International programme, rather than being fully contestable. The *Cultural Exchange* and *Artform Exchange* programmes offer artists and/or practitioners reciprocal opportunities to engage with other international cultural practice, involve the sharing of artistic techniques and the development of participants' arts practice and contribute to the establishment or further consolidation of international relationships or partnerships. International projects are generally long term and outcomes can take up to 18 months to be fully recognised. Recipients must provide completion reports, sometimes at intervals across the life of the project, which are evaluated against the expectations of their initial application and funding agreement.

International funding directly supports Outcome 4: New Zealand arts gain international success.

In 2014/15, the investment in International programmes increased by almost 30 percent to \$3,124,048 (Figure 18), funding 82 grants and contracts (Table 15, 5.5.4). The increased number of grants is partially due to the *Focus on Asia* initiative, a \$1.5 million fund introduced into the International programme this year that will run over the next three years. The *Focus on Asia* initiative will provide New Zealand artists with more opportunities to present new work in Asia, exchange artistic and cultural practices and develop audiences, markets and networks for New Zealand arts in targeted Asian countries. The project completion rate for international projects has achieved the target of 100 percent in 2014/15 (Table 15, 5.2.4), as have the number of reports received that have been evaluated (Table 15, 5.3.3).

²⁷ See www.creative.nz/about-creative-new-zealand/what-we-do/international-programme for further information.

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Table 15: Programme performance (International)

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
Service Management Indicators							
5.2 Project completion rate							
5.2.1 Average	99%	99%	99%	100%	99%	-1%	Immaterial variance.
5.2.4 International	99%	99%	99%	100%	100%	N/A	Of the 47 reports due in 2014/15, seven reports were overdue as at 30 June 2015 but none were at default status.
5.3 Proportion of completed projects that are evaluated							
5.3.1 Average	99%	90%	99%	100%	97%	-3%	Immaterial variance.
5.3.3 International	100%	94%	100%	100%	100%	N/A	Of the 41 completion reports received, 41 have been evaluated.
5.5 Number of grants awarded							
5.5.1 Total	2,388	2,262	2,181	2,155	2,273	5%	A higher than forecast number of grants and contracts have been awarded. Total includes Grants and special opportunities, International and Creative Community Scheme projects.
5.5.4 International ²⁸	20	25	43	≥25	82	228%	A higher than forecast number of grants and contracts have been awarded, partially due to the Focus on Asia initiative that was introduced into the International programme this year.

²⁸ This measure is part of the Ministry for Culture and Heritage 'Promotion and Support of the Arts and Film' appropriations with a target of more than or equal to 25 in 2014/15

Figure 18: Investment in International programmes, 2011/12 to 2014/15



Creative Communities Scheme

The Creative Communities Scheme is a small-grants scheme that supports community arts projects and activities taking place within territorial authorities.²⁹ Creative New Zealand allocates funds to territorial authorities (city or district councils) based on population size.

Allocated funds are managed by individual territorial authorities. Some territorial authorities supplement the funds in the scheme, and unspent funds may, with Creative New Zealand's permission, be rolled over from one year to the following.

Decisions under the scheme are devolved to each of the territorial authorities, which administer the scheme themselves or through suitable third parties. Local assessment committees consider applications for funding, and decisions are made on the basis of priority areas set by Creative New Zealand.

- **Broad community involvement:** The project creates opportunities for local communities to engage with and participate in arts activities.
- **Diversity:** The project supports the diverse arts and cultural traditions of local communities, enriching and promoting their uniqueness and cultural diversity.
- **Young people:** The project enables and encourages young people (under 18 years) to engage with and actively participate in the arts.

The Creative Communities Scheme directly supports Outcome 1: New Zealanders participate in the arts.

²⁹ See www.creativenz.govt.nz/find-funding/funds/creative-communities-scheme for further information.

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**Table 16: Programme performance
(Creative Communities Scheme)**

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
Service management indicators							
5.2 Project completion rate							
5.2.1 Average	99%	99%	99%	100%	99%	-1%	Immaterial variance.
5.2.3 Creative Communities Scheme	New measure 2014/15			100%	98%	-2%	Creative Communities Scheme project completion (that is, the delivery on contracts by the territorial authorities) is tracked through the receipt of reports from territorial authorities. One report had not been received at 30 June 2015.
5.5 Number of grants awarded							
5.5.1 Total	2,388	2,262	2,181	2,155	2,273	5%	A higher than forecast number of grants and contracts have been awarded. Total includes Grants and special opportunities, International and Creative Community Scheme projects.
5.5.3 Creative Communities Scheme ³⁰	1,839	1,777	1,655	1,650	1,680	2%	Overall Creative Communities Scheme funding increased by 6% from 2013/14 to 2014/15. This partially offset the trend of reduced numbers of grants due to an increase in the size of grants and resulted in a 2% variance on the forecast number of grants awarded.

³⁰ This measure is part of the Ministry for Culture and Heritage 'Promotion and Support of the Arts and Film' appropriations with a target of 1,800 in 2014/15.

Figure 19: Investment and grant numbers for Creative Communities Scheme, 2011/12 to 2014/15



The number of grants distributed by territorial authorities was in slow decline between 2011/12 and 2013/14 and has recovered slightly in 2014/15 due to a 6 percent increase in funds allocated by Creative New Zealand (Figure 19). The removal of a funding cap is largely responsible for the decreasing trend. The average grant value has increased from \$1,209 in 2009/10 to \$2,023 in 2014/15. Most territorial authorities are spending their allocation and are oversubscribed, but a few are not, resulting in a variance between grants awarded and budget.

Creative Communities Scheme project completion (that is, the delivery on contracts by funded territorial authorities) is tracking to target (Table 16, 5.2.3), with the number of grants and contracts awarded slightly higher than forecast (Table 16, 5.5.3). The 6 percent increase in Creative Communities Scheme funding has partially offset the trend of reducing number of grants over the past few years.

Developing the arts

In addition to providing funding, Creative New Zealand offers capability building initiatives to help artists, arts practitioners and arts organisations develop professionally, manage their organisations more effectively and develop audiences and markets for their work.³¹ This work is delivered through the support of our advisers and the formal capability building programme with external specialists.

Our capability building programme includes initiatives ranging from webinars and workshops through to one-on-one coaching. We also provide online and print resources.

In 2014/15, \$1.6 million was spent on capability building, around 4 percent of the total expenditure for the year (excluding personnel costs and overheads).

The four areas of capability building are:

- audience and market development
- strategy and governance
- arts sector development
- fundraising.

Audience and market development

Our audience and market development training enables arts organisations to develop and grow their audiences by learning how to:

- apply audience insight and intelligence
- take advantage of digital tools and online marketing.

‘Analytics and audiences’ is a new opportunity that teaches organisations how to get the best out of Google Analytics to measure how websites and online channels are performing. ‘Optimise’, an online marketing video series, teaches clients how to make the best use of channels that are transforming how we engage with audiences – mobile, social and video. ‘Optimiser’, an online marketing benchmarking project, compares how well a client’s online marketing is performing by benchmarking results against the aggregated results of 38 other local arts organisations. ‘The Big Conversation’ is an annual one-day workshop-based seminar that is part of the capability building programme. In 2014/15, the topic of ‘The Big Conversation’ was building audiences.

³¹ See www.creativenz.govt.nz/about-creative-new-zealand/what-we-do/learning-and-development for further information.

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**Table 17: Programme performance
(Developing the arts)**

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
Effectiveness indicator							
6.1 Percentage of those participating in capability building courses who improve their skills as a result (from the annual ODM survey)	New measure 2011/12	77%	67%	≥80 Maintain or increase – will be reported every two years	N/A	N/A	The next Organisational Development Model (ODM) survey is planned for June–July 2016. The ODM will now be held every two years to better fit into the new capability building cycle, which is delivered over two financial years.
Service management indicator							
6.2 Proportion of participants who find the capability building initiatives to be relevant/ helpful/ effective (from post-initiative survey)	97%	97%	95%	97% Maintain or increase	81%	-16.5%	The Big Conversation was the only initiative scheduled for completion in this period, as opposed to the 13 completed with evaluations in 2013/14. Of the 153 attendees of the Big Conversation, 53 responded to the voluntary evaluation survey. The 81% result is considered positive, given the nature of the event, the diverse audience and the proportion of participants responding to the evaluation survey.
Output trends indicators							
6.3 Funds invested in 'Developing the Arts'	\$1,126,522	\$1,505,842	\$1,722,381	\$1,585,180	\$1,603,975	1%	Immaterial variance.
6.4 Number of capability building initiatives delivered to the sector ³²	32	45	36	≥31 Maintain or increase	37	19.4%	Two Creative Giving workshops and all workshops, webinars, videos and individual coaching sessions for each capability building initiative are counted in this measure.
6.5 Number of person-days of workshop-based capability building initiatives delivered	218	903	480	≥400 Maintain or increase	339	-15%	Delivery of the capability programme now occurs over two financial years, which means delivery of several programmes has crossed over into the new financial year, negatively impacting on the annual number of person days. Creative Giving workshops count for 10 person days.
6.6 Number of participants in experiential capability building initiatives	128	107	183	≥94 Maintain or increase	59	-37%	Thirteen consultancy sessions were completed by 30 June 2015 resulting in 59 participants. The drop is attributed to the change in timing of delivery of the capability building programme, which is now spread across two financial years.

³² This measure is part of the Ministry for Culture and Heritage 'Promotion and Support of the Arts and Film' appropriation with a target of more than or equal to 31.

Strategy and governance

Arts organisations can acquire the skills to develop strategic plans, digital strategies and effective boards through a series of workshops, strategic consultations and follow-up support and advice.

Strategic planning coaching helps arts organisations acquire and apply the skills to develop or revise a strategic plan. Another initiative offers the opportunity for arts organisations to be supported to develop a digital strategy to help make the best use of digital tools and channels to improve operational efficiency and support marketing and audience development, fundraising and education. *Getting on Board* webinars are free for arts and cultural organisations and help develop effective governance practice.

Arts sector development

A range of initiatives across several strategic platforms are delivered with the objective of strengthening the national arts infrastructure. Arts sector development includes: arts management via three internships in partnership with the sector (Māori, Pacific and publishing); distribution of New Zealand work via support of a national touring agency, touring fund and the Māori Arts Presentation Fund; resources such as toolkits and research publications; and a focus on the diverse Auckland arts community, in particular, developing Māori, Pacific and Asian artists and audiences.

Fundraising

Creative New Zealand completed its Creative Giving pilot in 2014/15. The intention of the pilot was to enhance the ability of the arts, culture and heritage sectors to source private sector funding. To incentivise financial support of the arts from the private sector, Creative New Zealand ran a matched funding scheme that offered amounts of between \$5,000 and \$20,000 to match funds that organisations raised through new or increased sponsorships or donations. This resulted in 14 examples of matched funding in 2014/15 totalling \$198,000. The pilot will be evaluated in 2015/16.

The delivery of the capability programme has been changed from 2014/15 to run over 18 months and across two financial years rather than a single year.

The first six months of the 24-month cycle will be devoted to developing the programme. This in turn means the annual Organisational Development Model (ODM) survey will now occur every second year, with no results to report in 2014/15 (Table 17, 6.1). The change to the programme has impacted on delivery against forecasts for all of the measures reported, with the exception of 6.4 (Table 17), the number of capability building initiatives delivered, which counts all workshops, webinars, videos and individual coaching sessions run in 2014/15. The targets and forecasts set for the capability building programme will be reviewed in light of the changed delivery period.

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**Table 18: Programme performance
(Advocating for the arts)**

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
Effectiveness indicator							
7.1 The arts sector is using available resources as indicated by the website usage							
7.1.1 Number of hits on the Creative New Zealand website	419,549	463,540	481,918	≥450,000 Maintain or increase	514,572 unique hits	14.35%	This is a good result. This year has seen an 85% increase on the number of hits coming from social media (mostly Facebook), accounting for much of the 14% variance.
Output trends							
7.2 Funds invested in 'Advocating for the Arts'	\$363,278	\$132,631	\$261,706	\$412,500	\$473,954	15%	Refer to Note 28 of the financial statements for significant budget variances.
7.3 Number of research projects and other resources delivered to the sector	6	3	4	3 Maintain or increase	9	300%	The high number is due to three-yearly reports being produced in this financial year. <i>New Zealanders and the arts 2014</i> , the <i>Audience Atlas 2014</i> , <i>Asian Aucklanders in the arts</i> , and <i>Getting on Board: A governance resource for arts organisations 2014</i> are all included in the total.
7.4 Number of submissions made to government or local government on arts matters	14	7	5	≥3	17	567%	The high number is due to a focus on submissions to Waikato and Southland territorial authorities on draft long-term plans to support the Regional Pilot programme.

Advocating for the arts

The advocacy programme aims to raise awareness of the role and contribution of the arts, highlight important issues affecting the sector and change the environment for the benefits of the arts.

We advocate by:

- carrying out research, in particular, the triennial *New Zealanders and the arts* survey
- fostering relationships and partnerships, both nationally and internationally
- providing advocacy resources to the arts sector
- participating in cross-government initiatives
- making submissions, where relevant, on issues facing the arts sector or Creative New Zealand.

The costs of advocacy lie primarily in personnel and research commissioning. In 2014/15, advocacy spending was at a four-year high of \$473,954 (Table 18, 7.2), with nine research projects and other resources delivered to the sector, including *New Zealanders and the arts 2014*, *Audience Atlas 2014*, *Asian Aucklanders in the arts* and *Getting on Board: A governance resource for arts organisations 2014*.³³

In 2014/15, Creative New Zealand delivered an online advocacy toolkit (Table 9, 4.4 at p. 40)³⁴ and made 17 submissions to government or local government on arts matters (Table 18, 7.4). This is five-times as many submissions as forecast for the year and is due to a focus on submitting to Waikato and Southland territorial authorities, which are participating in Creative New Zealand's Regional Pilot programme, on their draft long-term plans.

Health and capability of Creative New Zealand

We recognise that our organisational culture and our people, systems, processes, decision making and relationships are critical to us achieving our outcomes.

We are focusing on five areas in this section:

- organisational culture
- people
- good employer reporting
- governance and management
- structures and processes.

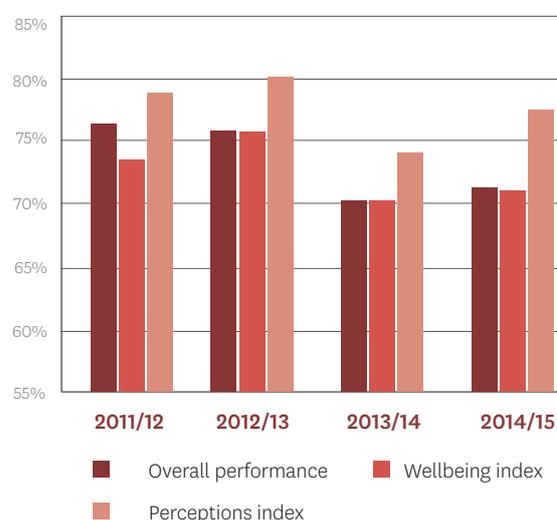
Organisational culture

Since 2008, we have participated in an annual engagement survey and used the results to help us identify ways we can improve. We have recently launched the 2015 Engagement survey in conjunction with the Ministry for Culture and Heritage and several other agencies in the cultural sector. The results from this survey will not be available until 2015/16. Our key results for the four years 2011 to 2014 are shown in Figure 20.

We continue to have a high response rate to the Engagement survey, with 96.2 percent of staff completing it in 2014.

The 2014 results indicated a small improvement from 2013 across all sections of the survey (Table 19 on next page). Staff satisfaction was highest (around 80 percent) for the sections and questions relating to 'Common Purpose' (vision, commitment, belief in what Creative New Zealand is trying to achieve); 'The Person I Report to'; 'My Team' and 'My Job'.

Figure 20: Key results from Creative New Zealand Best Workplaces Engagement survey, 2011/12 – 2014/15



³³ All research papers and resources are available at the Creative New Zealand website www.creativenz.govt.nz/development-and-resources/research-and-reports.

³⁴ The advocacy toolkit is available at www.creativenz.govt.nz/development-and-resources/advocacy-toolkit.

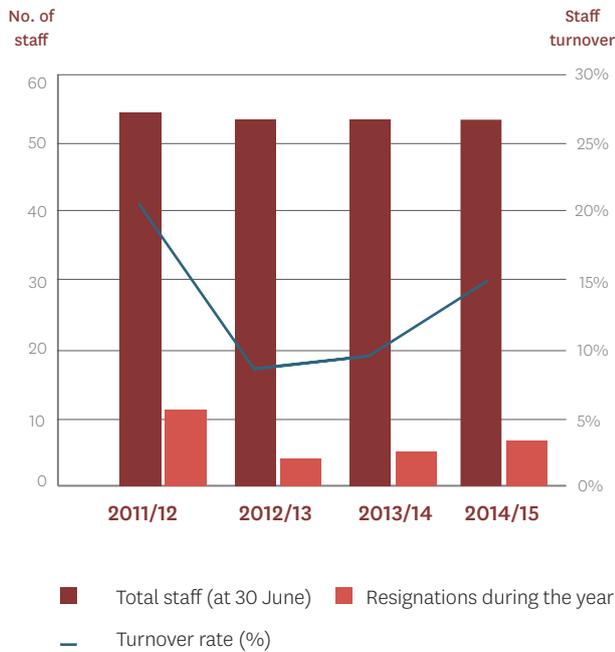
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People

The average length of service of those employees who resigned was 5.5 years (Figure 21). At the time each vacancy occurred, the position and rationale for it was reviewed in order to contain personnel and operating costs. Most advertised vacancies attracted a good number of applications from people with appropriate skills, experience and qualifications and from a diverse range of backgrounds.

Figure 21: Staff resignations and turnover rate, 2011/12 – 2014/15



Good employer reporting

The Crown Entities Act 2004 (section 118) requires us to:

- operate personnel policies and practices that comply with the principle of being a ‘good employer’
- report in the Annual Report on our ‘good employer’ and equal employment opportunities (EEO) programme and the extent of our compliance.

Creative New Zealand fully met its reporting obligations in 2014 and was commended by the Human Rights Commission for the comprehensive nature of its ‘good employer’ reporting. This 100 percent compliance score compares with a score of 82 percent in 2013.

Equal Employment Opportunity policy and practice

Creative New Zealand’s EEO policy is an integral part of the organisation’s policy and procedures manual. A copy of the manual is readily available from our intranet, and new staff are required to read and sign their agreement to comply with significant policies, including the EEO policy during their induction.

The EEO policy was updated in late 2014 as part of a review of Human Resources policies and was circulated to staff for consultation and feedback before being finalised. This policy refers to our commitment to be a ‘good employer’ and achieving successful EEO outcomes. Our staff profile is shown in Table 20.

Table 19: Reporting against best workplaces survey targets

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	Results as at 30 June 2015	Variance	Notes
9.6 Best workplaces survey – overall performance index	76.3%	70.2%	No survey	Maintain or increase	72.3%	2.9%	Achieved with a 2.9% improvement on last results. The timing of the survey has changed and the next survey will be completed in August 2015.

Table 20: Staff profile as at 30 June 2015

	Number	Percentage
Staff (full-time equivalent)	49.16	
Headcount	53	
Permanent staff	41.63	84.7%
Fixed-term contracts	7.53	15.3%
Senior Leadership Team (Chief Executive and direct reports)		
Men	4	66.7%
Women	2*	33.3%
All managers (incl Senior Leadership Team)		
Men	6	31.6%
Women	13	68.4%
Māori	3	15.8%
All staff		
Men	15	28%
Women	38	72%
Māori	7	13%
Pacific Island	2	4%
Asian	1	2%
Other	0	0%
People with disabilities	0	0%
Age groups		
20–29	2	4%
30–39	15	28%
40–49	15	28%
50–59	16	30%
60 +	5	10%

*One Senior Leadership Team member (female) is currently on secondment until 2016 so is not included in these numbers.

To improve our collection of diversity and ethnicity data for staff and candidates applying for positions at Creative New Zealand, we have the following processes in place.

- The application form used in the recruitment process includes collection of ethnicity data (on a voluntary basis) for all candidates shortlisted for an interview.
- Specific fields have been set up in our DataESS system for employees to be able to enter their ethnicity information on a voluntary basis. Staff are sent regular reminders of how and where to enter this information and what it is used for.

Responsiveness to Māori

Creative New Zealand continues to provide regular tuition in te reo Māori, with weekly classes available to all staff. While attendance rates fluctuate over the year, 20 staff signed up for the classes in 2015.

Many staff attend waiata practice, and there are regular talks about tikanga and kaupapa Māori at staff meetings. Business cards and organisational signage feature titles in te reo, and staff are encouraged to use Māori greetings and sign offs in their communication with customers.

We are fortunate to have both a Māori Committee of the Arts Council and senior Māori staff who provide advice on Māori responsiveness.

Staff wellbeing

Creative New Zealand regularly promotes health and safety and wellbeing awareness through several initiatives, including:

- providing access to an employer-paid and confidential employee assistance programme and publicising it to staff
- providing flu vaccinations free to all staff
- providing workstation assessments to all new staff and anyone experiencing physical discomfort at their desk
- providing a 'reasonable' sick leave entitlement for personal and domestic situations
- providing life and income protection insurance for all permanent staff
- providing discounted health insurance options for all permanent staff.

We also have an active Health and Safety Committee, which is open to all interested staff to join. This committee

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meets monthly and is planning a programme of health and safety and/or wellness initiatives for staff in addition to the initiatives above.

Flexible work arrangements

A variety of flexible working arrangements are offered to recognise the needs of staff including:

- part-time work – 19 percent of our staff currently work part time (compared with 13 percent last year)
- the ability to work from home on an ad hoc or as required basis (staff have remote access to our information technology systems)
- a 'remote working' policy, which gives staff the opportunity to apply to work from home on a regular and ongoing basis where circumstances make it appropriate or necessary for them to do so
- flexible hours arrangements (that is, early/late start/finish times; varying hours and so on) to accommodate domestic circumstances.

Employee development

Learning and development opportunities form an integral part of the six-monthly performance planning and reviews, and all staff have had access to development opportunities in the past 12 months. Our commitment to learning and development is reinforced in our Learning and Development policy.

The training budget for 2014/15 was \$115,000 (nearly \$2,300 per full-time equivalent staff member or 2.4 percent of salary costs). Training ranged from Workwise training, project management skills, presentation skills, specialist conferences, weekly classes in te reo Māori, coaching and mentoring, to leadership and management development.

Three staff opted to use their long service leave entitlement to undertake additional professional development in 2014/15. In cases where staff choose to use their long service leave to do 'mutually beneficial' development, we fund that development (in addition to the training budget) up to the value of 1 percent of their accumulated gross salary over the previous five years.

In line with our commitment to career development, we advertise our vacancies internally and encourage staff to apply for roles they are interested in. Five employees were promoted or moved into new roles over 2014/15.

Leadership and management accountability

'The Person I Report to' section was one of the highest rated in the 2014 Engagement survey (81.1 percent mean weighted score). The following questions were rated in our 'top 10':

- the person I report to treats people with respect (86.8 percent)
- the person I report to encourages and acts on suggestions from the team (80.9 percent).

Leaders are committed to modelling behaviours they expect of their teams. Leaders are aware of the need to sustain a work-life balance and allow staff to work flexible hours and from home when their domestic situation calls for this. Staff are also supported in times of illness, to ensure they take the time off work required to get back to full health.

Recruitment and induction

Vacancies are advertised through diverse advertising channels, including staff networks, to attract a wide pool of applicants. Selection panels comprise a cross section of managers and staff. Candidates are invited to bring whānau support to interviews and are normally invited to meet with members of their prospective team before an offer of employment is finalised.

Comprehensive information packs are sent to all new staff in advance of their first day. All new staff are teamed up with a 'buddy' for support during their first weeks in the new role.

An individualised induction programme is prepared for each new employee, which is designed to ensure that they are quickly integrated into their role, team and the organisation.

Induction follow-up sessions are held with all new employees after they have been in their roles for around one month and again after three months to check they are settling into their roles, team and the organisation and have the information and support they need to be

effective in their jobs. Follow-up actions to complete the induction process and/or resolve any issues are identified as appropriate.

Remuneration, recognition and conditions

Our remuneration policy for permanent staff ensures they are remunerated appropriately for their role and skills and that our pay practices are open and transparent. Our remuneration practices include:

- using externally sourced job evaluation data and market remuneration information to set our annual salary ranges
- updating our remuneration policy and remuneration bands annually, based on the new market salary information and making it available to all staff to access in the Organisational Policy Manual
- publishing the annual performance matrices and key decisions, which are the basis for the remuneration outcomes in the updated remuneration policy. Every permanent staff member also receives a letter following the annual remuneration review process that details their remuneration outcome and the new salary band or range for their position
- ensuring there is pay equity for staff whose roles fall in the same salary bands and have comparable performance. The gender analysis of the average fixed remuneration as a percentage of the midpoint of our 2014/15 salary bands is shown in Table 21.

Table 21: Salary equity by gender – average fixed remuneration as a percentage of midpoint of salary

Salary band	Male (%)	Female (%)
1 (Administration support)		96
2 (Administration officer)		91
3 (Administrator)	100	96
4 (Technical specialist)	92	102
5 (Professional/team leader)	102	100
6 (Manager)	97	97

Ongoing review and renewal of Human Resources policies and programmes

Human Resources policies and programmes are regularly reviewed and updated to ensure they are current, legally compliant and appropriate for the organisation. Where possible, these policies are put out to staff for consultation before they are finalised.

Over 2014/15, the following policies and/or programmes have been reviewed and/or amended:

- Remuneration policy
- Performance and Development Planning Framework.

We recently commissioned an external audit of all of our health and safety policies and processes in light of proposed changes to health and safety legislation. This process involved discussion with and feedback from managers and staff across the organisation. We expect to action several recommendations from the audit over the 2015/16 year.

Governance and management

Overview

The Arts Council of New Zealand Toi Aotearoa Act 2014 took effect from 1 May 2014 with the appointment of a new 13-member unitary Arts Council. The unitary Council replaced the previous four-board governance structure (Arts Council, Arts Board, Te Waka Toi, Pacific Arts Committee).

The role of the Arts Council is discussed at the start of Section One of this report (p. 11). Membership of the Arts Council, which includes members of the Māori Committee, as at 30 June 2015, is outlined in Table 22.

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Table 22: Arts Council members as at 30 June 2015

ARTS COUNCIL	Appointed	Current term expires
Richard Grant (Chairman)	1 May 2014	31 December 2017
James Wallace	1 May 2014	30 June 2015
Karyn Fenton-Ellis	1 May 2014	30 June 2016
Darrin Haimona	1 May 2014	30 June 2016
Luamanuvao Winnie Laban	1 May 2014	30 June 2016
Peter-Lucas Kaaka Jones	1 May 2014	30 June 2016
Wayne Marriott	1 May 2014	30 June 2016
Felicity Price	1 May 2014	30 June 2016
Suzanne Ellison	1 May 2014	30 April 2017
Rose Evans	1 May 2014	30 April 2017
Michael Prentice	1 May 2014	30 April 2017
Caren Rangī	1 May 2014	30 April 2017
Michael Moynahan	15 December 2014	30 November 2017

The Arts Council delegates to the Chief Executive authority to manage the operational performance of Creative New Zealand. These delegations are detailed in Creative New Zealand's Delegations Schedule, which is approved by the Arts Council. The roles of governance and management are well defined, and there is a successful working relationship between the governors and Senior Leadership Team. The composition of the Senior Leadership Team is provided in Table 23.

The transition to the new unitary governance structure and the related changes to decision making and other delegations were effectively implemented and communicated to our clients and stakeholders over the January to June 2014 period. A report on the transition to the new structure was provided to the Minister for Arts, Culture and Heritage in November 2014 (Table 24).

Functions of the Arts Council

The Act sets out the Arts Council's main functions in section 7, as follows:

1. The principal functions of the Arts Council are to—

- (a) encourage, promote, and support the arts in New Zealand for the benefit of all New Zealanders;
 - (b) promote the development of a New Zealand identity in the arts;
 - (c) allocate funding to projects for professional and community arts, including funding for—
 - (i) Māori arts; and
 - (ii) the arts of the Pacific Island peoples of New Zealand; and
 - (iii) the arts of the diverse cultures of New Zealand;
 - (d) uphold and promote the rights of artists and the right of persons to freedom in the practice of the arts;
 - (e) maintain relationships with other agencies and organisations;
 - (f) give advice to the Minister on any matter relating to or affecting the functions of the Arts Council;
 - (g) perform any other functions conferred on it by this Act, any other enactment, or the Minister.
2. In carrying out its functions, the Arts Council—
- (a) must set guidelines for the allocation of funding; and
 - (b) may set guidelines for community arts councils and community arts providers; and
 - (c) must establish assessment processes for the allocation of funding including, if the Arts Council considers it appropriate, the use of peer assessment; and
 - (d) may obtain any advice that it considers appropriate.
3. In establishing any assessment process under subsection 2(c), the Arts Council must include—
- (a) Māori in any assessment process relevant to Māori arts; and
 - (b) Pacific Island people in any assessment process relevant to the arts of the Pacific Island peoples of New Zealand.

**Table 23: Creative New Zealand Senior Leadership
Team as at 30 June 2015**

Chief Executive: Stephen Wainwright	
Arts Funding Senior Manager: Gail Richards	The Arts Funding team manages the development and delivery of Creative New Zealand’s suite of funding programmes, including the Tōtara and Kahikatea Investment programmes, Quick Response Grants, Arts Grants, Toi Ake, the Creative Communities Scheme and special opportunities for artists. Creative New Zealand’s funding programmes are designed to support the development of a strong and dynamic arts sector in New Zealand and to provide New Zealanders with the opportunity to engage with the arts as participants and audience members. The team’s arts advisers work directly with artists, arts practitioners and arts organisations and combine their knowledge with the advice of external assessors to advise Creative New Zealand’s Arts Council and funding decision-makers.
Arts Policy, Capability and International Senior Manager: Cath Cardiff	The Arts Policy, Capability and International team’s purpose is to provide services to the arts sector that address ongoing capability and sustainability – nationally and internationally. These services are proactive interventions, approved by the Arts Council, to enable and empower New Zealand artists and arts organisations to realise their potential. The team provides relevant and well-designed capability building initiatives, international opportunities and arts policy and research. The policy and research programme informs the Arts Council, decision-makers and wider arts sector.
Business Services Senior Manager: Angus Evison	The Business Services team provides administration, grants processing, accounting, information technology, records management and human resource services to the organisation.
Planning, Performance and Stakeholder Relations Senior Manager: David Pannett	The Planning, Performance and Stakeholder Relations team manages communications with the media and other stakeholders, initiates and implements advocacy initiatives, produces publications and provides information to the arts sector and members of the public. The team also manages government relations, including strategy and accountability documents, public and government requests for information, business planning and reporting, and governance policy.
Māori Engagement Senior Manager: Muriwai Ihakara	The Senior Manager, Māori Engagement provides strategic and cultural leadership for the organisation in delivering effectively to Māori, including building relationships with iwi and other stakeholders and contributing to significant projects.

Table 24: Reporting against governance targets

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	30 June 2015 Results	Variance	Notes
9.1 Successful transition to new governance structure (effective 1 May 2014)	New measure 2013/14		New governance structure in place	Report to the Minister on how the Council is working (1 November 2014)	Completed	N/A	Successful transition to unitary board structure completed. The Chairman of the Arts Council provided the Minister with a report on the transition in November 2014.

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The Arts Council carries out its statutory functions with funds provided by the Government through Vote: Arts, Culture and Heritage and the New Zealand Lottery Grants Board, and it is accountable to the responsible Minister. It meets six times a year.

Directions from Ministers

Creative New Zealand did not receive any directions from the Minister for Arts, Culture and Heritage in 2014/15.

No other directions from the Minister are currently in force. A whole-of-government direction with respect to

procurement functional leadership took effect on 1 February 2015.³⁵ This direction applies to all statutory Crown entities, all Crown entity companies and all Public Finance Act Schedule 4A companies. As an autonomous Crown entity within the 'statutory Crown entity' classification, Creative New Zealand must give effect to this direction.

Table 25: Reporting against policy development and implementation targets

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	30 June 2015 Results	Variance	Notes
9.2 Planned policy reviews and successful implementation of policy							
9.2.1 Strategic plan milestones for policy reviews	New measure 2014/15			Completed: Young people and the arts, Visual arts, Craft/object, Literature Under way: Tōtara and Kahikatea programmes	On track	N/A	The visual arts, craft/object, multi-disciplinary and interarts, literature and opera reviews were completed. The theatre review is on track and terms of reference for the Investment programmes review have been approved by Council.
9.2.2 Six monthly implementation reporting to Arts Council	New measure 2014/15			Two reports each year	2	N/A	Two reports were provided to Council in the financial year (August 2014 and February 2015) enabling Council oversight of the implementation of policy review recommendations.
9.3 Internal reviews of process and policy against standards³⁶							
9.3.1 Individual external standards/best practice	New measure 2014/15			Individual external standards and best practice	8	N/A	The health and safety, EEO, workplace harassment, Privacy Act, complaints, corporate credit card, sensitive expenditure and travel policies were reviewed, updated and/or written.

³⁵ A copy of this direction is available at: www.ssc.govt.nz/sites/all/files/whole-of-govt-directions-procurement.pdf.

³⁶ The Benchmarking Administrative and Support Services measure in the 2014/15 Statement of Performance Expectations reflects practice that is no longer requisite for cultural sector agencies and it is therefore not reported in this annual report.

Acts in breach of statute

Creative New Zealand cannot act in a way that is contrary to, or outside the authority of, an Act of Parliament.

Creative New Zealand has not performed any *ultra vires* transactions (section 19 of the Crown Entities Act 2004).

Permission to act

Under the Crown Entities Act 2004, a member who is interested in a matter relating to a Crown entity must not vote or take part in any discussion or decision of the board or any committee relating to that matter. However, the chairperson of a Crown entity may exempt one or more board members from this requirement if it is in the public interest to do so (section 68(6) of the Crown Entities Act 2004). No exemptions were granted in 2014/15.

Structures and processes

Policy development and implementation

The 2010–13 Strategic Plan first outlined our plans to review our funding policies, starting with the recurrent funding programme in 2010/11. We are now nearing the

end of the first review cycle, with the visual arts, craft/object, multi-disciplinary/interarts, opera and literature artform reviews completed in 2014/15 (Table 25).

The theatre artform review started in 2014/15 and the final review scheduled, the Investment programme review, will begin in 2015/16. Recommendations from all of the past reviews are tracked and reported to the Arts Council on a six-monthly basis. Internal policy is also reviewed on an ongoing basis, with eight pieces of policy reviewed, updated and/or written in 2014/15.

Audit management rating

Creative New Zealand's performance against audit ratings is an indicator of the quality and robustness of its financial and non-financial performance systems, processes and data. In response to the 'good' rating for service performance information, in 2014/15, Creative New Zealand embarked on a process to develop and implement a new Planning and Performance Framework. The framework will be developed in 2015/16 and will come into place with the 2016/17 suite of accountability documents (Table 26).

Table 26: Reporting against audit management rating targets

2014/15 Statement of Performance Expectations reference	Past performance			Forecast	30 June 2015 Result		
	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Forecast	30 June 2015 Results	Variance	Notes
9.5 Audit management rating ³⁷							
9.5.1 Management control	Good	Very good	Very good	Good or very good	Very good	N/A	Rating maintained.
9.5.2 Financial systems	Very good	Very good	Very good	Good or very good	Very good	N/A	Rating maintained.
9.5.3 Service performance information	Good	Good	Good	Good or very good	Good	N/A	Rating maintained.

³⁷ This is a new measure in 2014/15. Available prior year data has been provided to show known performance trends.

FINANCIAL PERFORMANCE

NGĀ WHAKARITENGA PŪTEA

Summary of financial performance

The overall picture of Creative New Zealand's financial performance and financial position for the year ended 30 June 2015 is mostly positive, with:

- the level of investment in the sector through its funding, capability building and advocacy programmes at its highest level to date
- a lower level of revenue compared with the previous year, due to the drop in funding received from the New Zealand Lottery Grants Board
- operating costs (excluding the effect of net losses on disposal of assets) at the same level as they have been in the past eight years, although slightly higher than in 2014
- a higher net deficit for the year than budgeted, mainly due to higher funding expenditure, as outlined in Note 28 of the financial statements.

Creative New Zealand has worked hard to hold its operating costs in dollar terms since 2008, and, as a result, operating costs as a percentage of expenditure were significantly lower in 2015 (15 percent) than in 2008 (18 percent) (Figure 22).

Figure 22: Expenditure – Grants, initiatives, personnel costs and overheads, 2007/08 to 2014/15



Note: NCA = non-current assets.

Creative New Zealand's financial position remains strong, with a net equity level of \$13.2 million (including asset revaluation reserves of \$1.095 million). The working capital balance is at \$10.2 million, with a working capital ratio of 1.6 (current assets versus current liabilities).

Creative New Zealand has entered into funding contracts with organisations that are funded on a two-or three-year basis, resulting in future funding commitments of \$25.7 million. In addition, a capital grant of \$4.5 million was approved to the Auckland Theatre Company Limited towards the Waterfront Theatre Project, with a balance of \$3.6 million not yet recognised as an expense in the financial statements. These funding commitments are expected to bring the equity balance down.

The decline in Lotto profit, which accounts for around two-thirds of Creative New Zealand's revenue through a grant from the New Zealand Lottery Grants Board, has resulted in a \$4.3 million drop in expected revenue for the 2014/15 financial year.

Through prudently managing our finances, our investment in the arts will still reach a historically high level in 2015/16. This is not sustainable, however, as we manage the effects of our declining revenue from the New Zealand Lottery Grants Board. We cannot know if we are experiencing a short-term dip or the start of a trend.

As a result, the Arts Council has agreed to:

- use Creative New Zealand's financial reserves to minimise the impact of the revenue decline on the arts sector, especially for investment clients who have long planning cycles and long-term commitments
- prioritise existing financial and contractual obligations across our funding programmes and initiatives, and ensure that artform and other policy initiatives are delivered (including the recent reviews of our support for literature, opera and multi-disciplinary arts)
- not commit to extending any pilot projects beyond their scheduled end date, unless material improvement occurs in our revenue from the New Zealand Lottery Grants Board
- keep the operating expenses at the same level as long as possible.

Creative New Zealand is budgeting for a \$4.7 million deficit in the 2015/16 financial year. Because Lotto profits can and do change from early forecasts, the Arts Council will revisit its budgetary forecasts as new information comes to hand.

Statement of financial performance

For the year ended 30 June 2015

	NOTE	ACTUAL 2015 \$000	BUDGET 2015 \$000	ACTUAL 2014 \$000
REVENUE				
Revenue from the Crown	2	15,689	15,689	15,689
Revenue from the New Zealand Lottery Grants Board	3	31,074	31,500	37,379
Interest revenue		1,032	500	812
Other revenue	4	830	214	298
TOTAL REVENUE		48,625	47,903	54,178
EXPENDITURE				
Funding (Investing in the arts)	8	41,503	38,310	39,688
Capability building (Developing the arts)	8	1,604	1,725	1,723
Advocacy (Advocating for the arts)		474	413	262
Operating costs				
Personnel expenses	5	4,835	4,744	4,565
Depreciation and amortisation	6	233	400	241
Net losses on disposal of assets		13	-	1,401
Other expenses	7	2,610	2,677	2,573
TOTAL EXPENDITURE		51,272	48,269	50,453
NET OPERATING SURPLUS / (DEFICIT)		(2,647)	(366)	3,725

Explanations of major variances against budget are provided in Note 28.

The accompanying accounting policies and notes form part of these financial statements.

Statement of comprehensive revenue and expense

For the year ended 30 June 2015

	NOTE	ACTUAL 2015 \$000	BUDGET 2015 \$000	ACTUAL 2014 \$000
Net operating surplus / (deficit) for the year		(2,647)	(366)	3,725
Other comprehensive revenue and expense				
Loss on revaluation of land and buildings	12	-	-	(200)
Loss on revaluation of works of art	13	(20)	-	(48)
Total other comprehensive revenue and expense		(20)	-	(248)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(2,667)	(366)	3,477

Statement of changes in net equity

For the year ended 30 June 2015

	NOTE	ACTUAL 2015 \$000	BUDGET 2015 \$000	ACTUAL 2014 \$000
Total equity as at 1 July		15,898	11,906	12,421
Net operating surplus/(deficit) for the year		(2,647)	(366)	3,725
Other comprehensive revenue and expense		(20)	-	(248)
Total comprehensive revenue and expense		(2,667)	(366)	3,477
TOTAL EQUITY AS AT 30 JUNE	19	13,231	11,540	15,898

Explanations of major variances against budget are provided in Note 28.

The accompanying accounting policies and notes form part of these financial statements.

Statement of financial position

As at 30 June 2015

	NOTES	ACTUAL 2015 \$000	BUDGET 2015 \$000	ACTUAL 2014 \$000
ASSETS				
Current assets				
Cash and cash equivalents	9	2,746	16,309	18,962
Investments in term deposits	10	18,500	-	-
Receivables	11	6,315	7,795	9,360
Prepayments		131	230	131
Total current assets		27,692	24,334	28,453
Non-current assets				
Property, plant and equipment	12	635	550	692
Works of art	13	1,099	1,180	1,132
Intangible assets	14	1,394	1,200	1,241
Total non-current assets		3,128	2,930	3,065
TOTAL ASSETS		30,820	27,264	31,518
LIABILITIES				
Current liabilities				
Grants payable		15,341	13,800	13,504
Creditors and other payables	15	1,692	1,560	1,608
Employee entitlements	18	424	328	384
Total current liabilities		17,457	15,688	15,496
Non-current liabilities				
Lease make-good provision	17	91	-	85
Employee entitlements	18	41	36	39
Total non-current liabilities		132	36	124
TOTAL LIABILITIES		17,589	15,724	15,620
NET ASSETS		13,231	11,540	15,898
EQUITY				
Accumulated funds	19	12,136	10,369	14,776
Revaluation reserves	19	1,095	1,171	1,122
TOTAL EQUITY		13,231	11,540	15,898

Explanations of major variances against budget are provided in Note 28.

The accompanying accounting policies and notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2015

	ACTUAL 2015 \$000	BUDGET 2015 \$000	ACTUAL 2014 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Revenue from the Crown	15,689	15,689	15,689
Revenue from the New Zealand Lottery Grants Board	33,965	32,935	35,447
Interest received	962	500	783
Grant retirements and gains	122	200	124
Other revenue	345	14	31
Net Goods and Services Tax	270	-	-
Cash was applied to:			
Payments of grants	(41,427)	(40,948)	(41,247)
Payments to employees	(4,793)	(4,744)	(4,501)
Payments of operating expenses	(2,520)	(2,577)	(2,200)
Net Goods and Services Tax	-	-	(120)
NET CASH FLOWS FROM OPERATING ACTIVITIES	2,613	1,069	4,006
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of property, plant and equipment	-	-	813
Terms deposits maturing	-	-	7,500
Cash was applied to:			
Purchase of property, plant, equipment and intangible assets	(329)	(450)	(1,002)
Investment in term deposits	(18,500)	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	(18,829)	(450)	7,311
NET INCREASE (DECREASE) IN CASH HELD	(16,216)	619	11,317
Add opening cash brought forward:			
Cash on hand and at bank	70	30	32
Short-term deposits	18,892	15,660	7,613
BALANCE AT END OF YEAR	2,746	16,309	18,962
Represented by:			
Closing cash carried forward:			
Cash on hand and at bank	71	30	70
Short-term deposits	2,675	16,279	18,892
BALANCE AT END OF YEAR	2,746	16,309	18,962

Explanations of major variances against budget are provided in Note 28.

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1. Statement of accounting policies

For the year ended 30 June 2015.

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.

The financial statements of Creative New Zealand are for the year ended 30 June 2015 and were approved for issue by the Board (the Arts Council) on 28 October 2015.

1.2 Basis of preparation

The 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

The 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).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards and comply with PBE accounting standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. There are no material adjustments arising on transition to the new PBE accounting standards.

1.2.2 Presentation currency and rounding

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

1.2.3 Standards issued and not yet effective and not early adopted

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. Creative New Zealand has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. Creative New Zealand will apply these updated standards in preparing its 30 June 2016 financial statements. Creative New Zealand expects there will be minimal or no change in applying these updated accounting standards.

1.3 Significant accounting policies

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. 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 its funding from the New Zealand Lottery Grants Board. The New Zealand Lottery Grants Board allocates 15 percent of its available funding to Creative New Zealand under section 279 of the Gambling Act 2003. 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 New Zealand Lottery Grants Board 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.

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 and are recognised as expenditure when approved by Creative New Zealand and the approval has been communicated to the applicant.

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.

When grants that were approved by Creative New Zealand in previous years are no longer required for the purpose for which they were approved, they are retired and recognised as revenue in the Statement of Financial Performance.

Creative New Zealand does not award non-discretionary grants.

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.

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

Bank 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 Debtors and other 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.

Creative New Zealand owned a 64 percent share in the Old Public Trust Building at 135 Lambton Quay in Wellington and the associated land. The land and building were sold in December 2013.

The land was measured at fair value, and the building was measured at fair value less accumulated depreciation and impairment losses.

All other assets 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 land and building were 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 were carried at depreciated historical cost.

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

The net revaluation results were credited or debited to other comprehensive revenue and expense and were 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 was recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit was 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.

Land	Not depreciated	
Building	35 years	2.9%
Leasehold improvements	10 or 35 years	10% of 2.9%
Furniture, equipment and fittings	10 years	10%
Computer equipment	4 years	25%

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 as 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.

1.3.10 Investment property

Investment property consisted of part of the Old Public Trust Building on which rental revenue was earned.

The investment property was transferred to the owner occupied land and building asset in August 2013, and subsequently sold in December 2013.

The fair value of Creative New Zealand's ownership of the premises was determined by an independent registered valuer using market-based evidence. To determine the fair value of the investment property, this valuation was apportioned between the areas occupied by Creative New Zealand and the areas leased out on the basis of potential net rental income-earning capacity of each area.

Any change in the fair value of investment property was recognised in the Statement of Financial Performance in the year of valuation.

1.3.11 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 surplus or deficit.

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

Computer software	4 years	25%
Grants Management (GMS) and Customer Relationship Management (CRM) system	6 years	16.67%

1.3.12 Impairment of property, plant and equipment and intangible assets

Creative New Zealand does not hold any cash-generating assets. Assets are considered cash-generating when 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 surplus or deficit.

1.3.13 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 surplus or deficit.

Creative New Zealand does not use derivative financial instruments.

1.3.14 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.

1.3.15 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; and
- 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.

1.3.16 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.

1.3.17 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'.

1.3.18 Goods and services tax (GST)

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 not

recoverable as input tax is recognised as part of the related asset or expense.

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

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

1.3.19 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.

1.3.20 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.

Revaluation reserve

This reserve relates to the revaluation of land and buildings and works of art.

1.3.21 Budget figures

The budget figures are derived from the Statement of Performance Expectations as approved by the Arts Council at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Arts Council in preparing these financial statements.

1.3.22 Comparatives

Certain comparative information has been reclassified, where required, to conform to the current year's presentation.

1.4 Use of judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Creative New Zealand continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Creative New Zealand bases its judgements and estimates on historical experience, advice from independent experts and on other various factors it believes to be reasonable under the circumstances. The result of these judgements and estimates forms the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Creative New Zealand has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

1.4.1 Significant accounting judgements

Impairment of non-financial assets

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, works of art and intangible assets. If an impairment trigger exists, the recoverable amount of the asset is determined.

Leases classification

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to 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.

1.4.2 Significant accounting estimates and assumptions

Estimation of useful lives of assets

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.

Revaluation of works of art

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. There is no formal qualification for valuing artworks in New Zealand. Creative New Zealand is relying on the valuer's judgement and expertise in this area.

2. Revenue from the Crown

Creative New Zealand has been provided with funding from the Crown for the specific purposes of the Arts Council as set out in its enabling legislation and the scope of the relevant government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2014: \$nil).

The funding provided from the Crown amounted to \$15.689 million (2014: \$15.689 million).

3. Revenue from the New Zealand Lottery Grants Board

	2015 \$000	2014 \$000
Base funding	29,460	33,060
Additional profit allocation	864	4,319
One-off funding allocations	750	-
	31,074	37,379

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

4. Other revenue

	2015 \$000	2014 \$000
Retirement of grants	439	285
Venice Biennale – patrons	240	-
Venice Biennale – other contributions	135	-
The Todd Trust	10	10
Other	6	3
	830	298

Retirement of grants revenue is recognised when grants committed in previous years are not collected by the recipient within the year of being offered, or partial or full repayment is received from a grant recipient.

5. Personnel expenses

	2015 \$000	2014 \$000
Salaries and wages	4,585	4,336
Other staff-related costs	201	156
Employer contributions to defined contribution plans	13	38
Increase/(decrease) in employee entitlements	36	35
	4,835	4,565

Employer contributions to defined contribution plans include contributions to KiwiSaver and personal schemes of certain employees.

During the year ended 30 June 2015, there were no employees who received compensation relating to the cessation of their employment with Creative New Zealand (2014: \$nil).

The number of employees whose remuneration for the financial year exceeded \$100,000 is as follows:

Total remuneration and benefits	Number of employees	
	2015	2014
\$100,000 – 109,999	4	1
\$110,000 – 119,999	2	2
\$120,000 – 129,999	2	1
\$130,000 – 139,999	Nil	3
\$140,000 – 149,999	2	Nil
\$150,000 – 159,999	1	1
\$270,000 – 279,999	Nil	1
\$280,000 – 289,999	1	Nil

The Chief Executive's remuneration and benefits is in the \$280,000 to \$289,999 band.

6. Depreciation and amortisation

	2015 \$000	2014 \$000
Depreciation		
Building	-	6
Building improvements	80	57
Furniture, equipment and fittings	23	19
Computer equipment	59	59
Amortisation		
Computer software	71	100
	233	241

7. Other expenses

	2015 \$000	2014 \$000
Fees to auditor – Audit New Zealand – for audit of financial statements	56	55
Council, board and committee fees (Note 25)	200	260
Operating lease payments	288	271
Interest expense – Discount unwind on provisions (Note 17)	6	-
Other expenses	2,060	1,987
	2,610	2,573

8. Funding and capability building

	ACTUAL 2015 \$000	BUDGET 2015 \$000	ACTUAL 2014 \$000
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FUNDING

Investment Programmes

Arts Leadership Investments (Tōtara)	15,312	14,962	14,813
Arts Development Investments (Kahikatea)	9,071	9,246	8,653
Sector Development Incentives	521	600	281
	24,904	24,808	23,747

Grants Funding

Arts Grants, Quick Response Grants and Special Opportunities (Residencies, Fellowships and Internships)	6,468	5,896	6,476
Christchurch Initiatives	712	500	1,439
National Touring	716	-	466
Sistema Aotearoa	495	-	400
Other Grants Funding	744	1,090	1,525
	9,135	7,486	10,306

	ACTUAL 2015 \$000	BUDGET 2015 \$000	ACTUAL 2014 \$000
Funding International Initiatives			
Presentation of Art, Touring and Cultural Exchange	759	717	928
Venice Biennale*	783	425	530
Edinburgh International Festival	501	600	546
First World War Centenary (WW100) Co-commissioning Fund	477	750	383
Focus on Asia	446	-	-
Other International Initiatives	158	130	40
	3,124	2,622	2,427
Creative Communities Scheme	3,402	3,394	3,208
Auckland Theatre Company capital grant	938	-	-
Total Funding	41,503	38,310	39,688
CAPABILITY BUILDING			
National Programmes	1,138	1,315	1,197
International Programmes	466	410	526
Total Capability Building	1,604	1,725	1,723

Creative New Zealand does not allocate personnel costs directly to Funding, Capability Building and Advocacy programmes.

Explanations of major variances against budget are provided in Note 28.

* Venice Biennale expenditure is exclusive of revenue contributions received and disclosed in Note 4. The expenditure for each Venice Biennale is incurred over two financial years.

9. Cash and cash equivalents

	2015 \$000	2014 \$000
Cash at bank and on hand	71	70
Term deposits with maturities less than three months	2,675	18,892
Total cash and cash equivalents	2,746	18,962

10. Investments in term deposits

	2015 \$000	2014 \$000
Term deposits with maturities between three and six months	18,500	-
Total investments	18,500	-

The carrying value of term deposits approximates their fair value.

11. Receivables

	2015 \$000	2014 \$000
Receivables from non-exchange transactions		
New Zealand Lottery Grants Board	5,944	8,835
GST receivable	76	346
Sundry receivables	90	44
Receivables from exchange transactions		
Interest receivable	205	135
Total receivables	6,315	9,360

Receivables are non-interest bearing and are normally settled on 30-day terms. The carrying value of receivables approximates to their fair value. The ageing profile of receivables at year end is detailed below.

	2015			2014		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	6,302	-	6,302	9,360	-	9,360
Past due 1 – 30 days	-	-	-	-	-	-
Past due 31 – 60 days	13	-	13	-	-	-
Past due 61 – 90 days	-	-	-	-	-	-
Past due over 90 days	-	-	-	-	-	-
	6,315	-	6,315	9,360	-	9,360

12. Property, plant and equipment

	Land \$000	Building \$000	Building improvements \$000	Furniture, equipment & fittings \$000	Computer equipment \$000	Total \$000
Cost or valuation						
Balance at 1 July 2014	-	-	485	301	414	1,200
Additions	-	-	29	10	66	105
Reclassification	-	-	-	-	-	-
Revaluation increase/(decrease)	-	-	-	-	-	-
Disposals	-	-	-	(19)	(4)	(23)
Balance at 30 June 2015	-	-	514	292	476	1,282
Accumulated depreciation						
Balance at 1 July 2014	-	-	127	96	285	508
Depreciation expense	-	-	80	23	59	162
Eliminated on disposal/reclassification	-	-	-	(19)	(4)	(23)
Eliminated on revaluation	-	-	-	-	-	-
Balance at 30 June 2015	-	-	207	100	340	647
Carrying amount at 30 June 2015	-	-	307	192	136	635
Cost or valuation						
Balance at 1 July 2013	1,164	706	1,147	578	384	3,979
Additions	-	-	222	179	65	466
Reclassification	236	144	-	-	-	380
Revaluation increase/(decrease)	-	(200)	-	-	-	(200)
Disposals	(1,400)	(650)	(844)	(456)	(35)	(3,425)
Balance at 30 June 2014	-	-	485	301	414	1,200

	Land \$000	Building \$000	Building Improvements \$000	Furniture, Equipment & Fittings \$000	Computer Equipment \$000	Total \$000
Accumulated depreciation						
Balance at 1 July 2013	-	-	817	501	260	1,578
Depreciation expense	-	6	57	19	59	141
Eliminated on disposal/reclassification	-	(6)	(747)	(424)	(34)	(1,211)
Eliminated on revaluation	-	-	-	-	-	-
Balance at 30 June 2014	-	-	127	96	285	508
Carrying amount at 30 June 2014	-	-	358	205	129	692

Land and building

At 30 June 2013, Creative New Zealand owned a 64 percent share in the Old Public Trust Building and the associated land, valued at \$2.250 million. The ground floor of the building was leased to a third party and classified as Investment Property at carrying amount of \$380,000.

The Old Public Trust Building was vacated after the 21 July 2013 earthquake in Wellington, and the fair value of Investment Property was transferred to the owner occupied land and building asset. The land and building asset was revalued as at 22 August 2013 to be \$2.050 million.

Both valuations were completed by Wayne Nyberg, the registered valuer with Darroch Limited. The fair value was determined using the capitalisation of the potential net revenue and discounted cash flow analysis. These methods are based upon assumptions including future rental revenue, anticipated maintenance costs and an appropriate discount rate.

The Old Public Trust Building was sold by the Body Corporate members on 23 December 2013.

13. Works of art

	2015 \$000	2014 \$000
Valuation		
Balance at 1 July	1,132	1,180
Additions	-	-
Revaluation increase/ (decrease)	(20)	(48)
Disposals	(13)	-
Carrying amount at 30 June	1,099	1,132

The works of art are stated at fair value as determined by Christopher Moore of Christopher Moore Gallery as at 30 June 2015. Christopher Moore is an art dealer and an experienced independent valuer of artworks. There is no formal qualification for valuing artworks in New Zealand.

14. Intangible assets

	Computer software \$000	Work In Progress \$000	Total \$000
Cost			
Balance at 1 July 2014	1,591	1,122	2,713
Additions	19	205	244
Reclassification	-	-	-
Disposals	-	-	-
Balance at 30 June 2015	1,610	1,327	2,937
Accumulated amortisation and impairment losses			
Balance at 1 July 2014	1,472	-	1,472
Amortisation expense	71	-	71
Eliminated on disposal/ reclassification	-	-	-
Impairment losses	-	-	-
Balance at 30 June 2015	1,543	-	1,543
Carrying amount at 30 June 2015	67	1,327	1,394
Cost			
Balance at 1 July 2013	1,587	505	2,092
Additions	4	617	621
Reclassification	-	-	-
Disposals	-	-	-
Balance at 30 June 2014	1,591	1,122	2,713
Accumulated amortisation and impairment losses			
Balance at 1 July 2013	1,372	-	1,372
Amortisation expense	100	-	100
Eliminated on disposal/ reclassification	-	-	-
Impairment losses	-	-	-
Balance at 30 June 2014	1,472	-	1,472
Carrying amount at 30 June 2014	119	1,122	1,241

The work in progress balance of \$1.327 million relates to the build of a Grants Management System (GMS) and Customer Relationship Management (CRM) system.

15. Creditors and other payables

	2015 \$000	2014 \$000
Payables under exchange transactions		
Trade payables	779	732
Accrued expenses	53	20
Payables under non-exchange transactions		
Special purpose funds (Note 16)	860	856
	1,692	1,608

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

Creative New Zealand has a bank credit card facility of up to \$200,000 (2014: \$200,000). As at 30 June 2015, \$5,942 of the total facility was used (2014: \$8,711).

16. Special purpose funds

Included within creditors and other payables are the following amounts that have been designated for special purposes.

2015	Opening Balance	Third Party Revenue	Expenditure	Closing Balance
	\$000	\$000	\$000	\$000
Edwin Carr Foundation	618	21	20	619
Tup Lang bequest	75	2	2	75
Christchurch Earthquake Support Fund Donation	63	2	7	58
Louis Johnson bequest	54	2	2	54
Butland Music Foundation	41	2	4	39
Mataora Royalties	5	-	-	5
The Todd Trust	-	20	10	10
	856	49	45	860

2014	Opening Balance	Third Party Revenue	Expenditure	Closing Balance
	\$000	\$000	\$000	\$000
Edwin Carr Foundation	632	18	32	618
Tup Lang bequest	75	2	2	75
Christchurch Earthquake Support Fund Donation	62	1	-	63
Louis Johnson bequest	54	1	1	54
Butland Music Foundation	40	1	-	41
Mataora Royalties	4	1	-	5
Heartstrings Guitars Donation	43	-	43	-
The Todd Trust	-	10	10	-
Old Public Trust Building Body Corporate	(9)	201	192	-
	901	235	280	856

The Edwin Carr Foundation was set up during 2004/05. Creative New Zealand administers the Foundation and its associated scholarships.

The Tup Lang bequest is held in trust and the income is given towards a grant for research and choreographic development of a new work.

Christchurch Earthquake Support Fund Donation is the payment received from Christchurch Art Gallery. The sum relates to funds presented by the English artist Sarah Lucas to Christchurch Art Gallery, and in line with artist's wishes is to go towards Christchurch Earthquake Support Fund and the visual arts community.

The Louis Johnson bequest is held in trust and the income is given towards financing the Louis Johnson Writers' Bursary.

The Butland Music Foundation appointed the Arts Council as their trustees in 1994. Income from trust funds is given towards a grant to a music student to assist and encourage their studies within or beyond New Zealand.

The Mataora Royalties are received for a book funded through Te Waka Toi.

The Todd Trust contribution goes towards the Todd Writers' Bursary.

Heartstrings Guitars Donations are the funds received from the auction of seven guitars created from the wood donated by the owners of many historic and iconic Christchurch buildings that fell in the earthquake. The guitars were auctioned to raise money for organisations in the struggling Christchurch Arts Community. The funds are to be distributed to the Christchurch Arts Community via Creative New Zealand's funding programmes.

The Old Public Trust Building Body Corporate owned the Wellington premises occupied by Creative New Zealand. The Body Corporate was disestablished after the sale of the building on 23 December 2013.

17. Lease make-good provision

	2015	2014
	\$000	\$000
Non-current portion		
Lease make-good	91	85
Total provisions	91	85
Movements of lease make-good provision are as follows:		
Balance at 1 July	85	-
Provision made	-	85
Discount unwind (Note 7)	6	-
Balance at 30 June	91	85

In respect of its leased premises in Wellington, Creative New Zealand is required at the expiry of the lease term to make good any damage and functional and structural changes to the leased office space. In measuring the provision, Creative New Zealand has assumed that the option to renew will be exercised. The cash flows associated with the non-current portion of the lease make-good provision are expected to occur in May and June 2018. Information about Creative New Zealand's leasing arrangements is disclosed in Note 21.

18. Employee entitlements

	2015	2014
	\$000	\$000
Current portion		
Accrued salaries and wages	137	108
Annual leave	251	254
Long service leave	33	19
Time in lieu	3	3
Total current portion	424	384
Non-current portion		
Long service leave	41	39
Total non-current portion	41	39
Total employee entitlements	465	423

19. Equity

	2015 \$000	2014 \$000
Accumulated funds		
Balance at 1 July	14,776	10,977
Transfer from revaluation reserve on sale of land and building carried at revaluation	-	74
Transfer from revaluation reserve on disposal of works of art carried at revaluation	7	-
Net operating surplus/(deficit) for the year	(2,647)	3,725
Balance at 30 June	12,136	14,776
Revaluation reserves		
Balance at 1 July	1,122	1,444
Revaluation of land and building (Note 12)	-	(200)
Transfer to accumulated funds on sale of land and building carried at revaluation	-	(74)
Transfer to accumulated funds on disposal of works of art carried at revaluation	(7)	-
Revaluation of works of art (Note 13)	(20)	(48)
Balance at 30 June	1,095	1,122
Total equity	13,231	15,898
Revaluation reserve consist of:		
Works of art revaluation reserve	1,095	1,122
Total revaluation reserve	1,095	1,122

20. Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	2015 \$000	2014 \$000
Net surplus/(deficit) from operations	(2,647)	3,725
Add/(less) non-cash items:		
Depreciation and amortisation	233	241
Loss on disposal of property, plant and equipment	-	2,214
Loss on disposal of works of art	13	-
Retirement of grants	(317)	(161)
Total non-cash items	(71)	2,294
Add/(less) movements in working capital items:		
Decrease (increase) in prepayments	-	214
Decrease (increase) in accounts receivable	2,845	(1,914)
Decrease (increase) in interest receivable	(70)	(29)
Increase (decrease) in GST payable/receivable	270	(120)
Increase (decrease) in accounts payable	84	159
Increase (decrease) in provision for employee entitlements	42	64
Increase (decrease) in lease make-good provision	6	-
Increase (decrease) in current grants payable	2,154	426
Net movements in working capital items	5,331	(1,200)
Add/(less) items classified as investing activities		
Loss/(gain) on the sale of property, plant and equipment	-	(813)
Total items classified as investing activities	-	(813)
NET CASH FLOW FROM OPERATING ACTIVITIES	2,613	4,006

21. Capital commitments and operating leases

21.1 Capital commitments

	2015 \$000	2014 \$000
Capital commitments		
Intangible assets	39	41
Total capital commitments	39	41

Capital commitments represent capital expenditure related to the delivery of the GMS and CRM system, contracted at balance date but not yet incurred.

The development of the GMS and CRM solution is contracted to Fusion5 Limited. This project has been broken into multiple phases. The capital commitments at 30 June relate to the agreed change requests and the data migration phase of the project.

21.2 Operating leases

	2015 \$000	2014 \$000
Operating leases as lessee, payable:		
Not later than one year	255	246
Later than one year and not later than five years	449	182
Later than five years	115	-
Total non-cancellable operating leases payable	819	428

Creative New Zealand leases office premises in Wellington, Auckland and Rotorua, video conferencing equipment and multi-function print devices. The non-cancellable leasing period for these leases ranges from one to six years. There are no contingent rents payable and no sublease income receivable on these operating leases.

22. Funding commitments

	2015 \$000	2014 \$000
Funding commitments, payable:		
Not later than one year	17,849	8,400
Later than one year and not later than two years	7,805	4,989
Total funding commitments	25,654	13,389

Contracts are entered into with organisations that Creative New Zealand funds on a two- or three-year basis. Amounts granted under these multi-year contracts are disclosed in the Statement of Financial Performance to the extent that they relate to the current financial year.

The major variance in grant commitments between 2015 and 2014 is caused by the timing of the multi-year funding contracts.

Waterfront Theatre Project by Auckland Theatre Company

Creative New Zealand approved a capital grant of \$4.5 million to the Auckland Theatre Company Limited towards the Waterfront Theatre Project, and signed the funding agreement in June 2014. The obligation arising from the agreement is conditional on milestones being met by the Auckland Theatre Company Limited.

To date, \$938,000 of the \$4.5 million capital grant has been recognised as expenditure in 2015 (Note 8). The balance of the grant is expected to be paid over the next two financial years. However, the timing of this obligation is uncertain.

23. Contingencies

23.1 Contingent liabilities

	2015 \$000	2014 \$000
Bank of New Zealand Letter of Credit – Datacom Employer Services Limited	150	150

The Letter of Credit of \$150,000 is issued by the Bank of New Zealand on behalf of Creative New Zealand to the ASB bank, the banker for Datacom Employer Services Limited. The Letter of Credit guarantees to the ASB bank that the Bank of New Zealand will accept direct debits from Datacom Employer Services Limited for the fortnightly payroll costs of up to \$150,000. This arrangement has been in place since 2002.

23.2 Contingent assets

	2015 \$000	2014 \$000
Bequest from the estate of Hilda Dawn Sturgeon	1,723	-
Invoiced to grantees in a default position	87	93

Bequest from the estate of Hilda Dawn Sturgeon

Creative New Zealand is the beneficiary of the estate of Hilda Dawn Sturgeon. The notification of the bequest was received from the executors of the deceased's will in December 2014. At 30 June 2015, the legal title had not been transferred to Creative New Zealand, therefore, the bequest has not been recognised in the financial statements.

The estate consists of monies held in the United Kingdom to the equivalent of NZ\$114,000 (GBP 49,000) and in New Zealand of NZ\$545,000, and a leasehold flat in London. The valuation of the leasehold flat has been based on the valuation prepared by Huggins Edwards & Sharp chartered surveyors on 13 January 2015. The value of the flat is estimated at NZ\$1,064,000 (GBP 460,000). The values stated in British pounds have been translated to New Zealand dollars using the spot exchange rate as at 30 June 2015.

Invoiced to grantees in a default position

Creative New Zealand invoices grantees who are in default of their grant terms and conditions. As a result of invoicing, the grantee could produce a satisfactory acquittal report or repay the grant. If a satisfactory acquittal report is provided then the repayment of the grant will not be pursued. It is not possible to reliably estimate the amount recoverable on these invoices, therefore, amounts invoiced during the financial year and not paid as at 30 June have not been recognised in the Statement of Financial Position.

24. Related parties

Creative New Zealand is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client-recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect Creative New Zealand would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Creative New Zealand maintains interest registers for the Arts Council (and boards and committees in 2014) and staff, to record any interests they may have in an organisation or an individual that is funded by or is contracted to Creative New Zealand for services. Interests are declared and managed in line with Creative New Zealand's conflict of interest policy and the Crown Entities Act 2004.

All related party transactions have been entered into on an arm's length basis.

Key management personnel compensation

	2015	2014
Council members		
Remuneration (Note 25)	\$199,717	\$259,904
Full-time equivalent members*	1.58	2.28
Leadership team		
Remuneration	\$871,187	\$962,489
Full-time equivalent members	6.00	6.00

* The governance structure was changed by the Arts Council of New Zealand Toi Aotearoa Act 2014 that came into effect on 1 May 2014, as disclosed in Note 25.

25. Council, board and committee member fees

The new Arts Council with 13 members, established by the Arts Council of New Zealand Toi Aotearoa Act 2014, commenced on 1 May 2014 and replaced three statutory boards (Arts Council, Arts Board and Te Waka Toi) and a statutory committee (Pacific Arts Committee).

The total value of remuneration paid or payable to each board and committee member during the year was:

Member	Tenure	2015 \$	2014 \$
Members from 1 May 2014			
R Grant	Arts Council Chairman	33,000	5,500
D Haimona	Arts Council member and Māori Committee Chairman	15,633	2,333
W Laban	Arts Council member	14,000	2,333
J Wallace	Arts Council member, term finished 30 June 2015	14,000	2,333
M Prentice	Arts Council member	14,000	2,333
C Rangi	Arts Council member	14,000	2,333
S Ellison	Arts Council member	14,000	2,333
R Evans	Arts Council member	14,000	2,333
K Fenton-Ellis	Arts Council member	14,000	2,333
P L Jones	Arts Council member	14,000	2,333
W Marriott	Arts Council member	14,000	2,333
F Price	Arts Council member	14,000	2,333
G Kerr	Arts Council member, resigned 4 Oct 2014	3,500	2,333
M Moynahan	Arts Council member, appointed 15 Dec 2014	7,584	-
Members to 30 April 2014			
R Grant	Arts Council Chairman from 1 April 2013	-	26,667
D Haimona	Te Waka Toi Chairman	-	17,500
W Laban	Arts Board member and Pacific Arts Committee Chairwoman	-	12,734
J Wallace	Arts Council member	-	7,917
M Prentice	Arts Board member	-	9,583
C Rangi	Pacific Arts Committee member	-	1,915
E Henare	Arts Council member	-	7,917
A Rush	Arts Council and Arts Board member	-	12,734
H Kedgley	Arts Council member	-	7,917
J Davidson	Arts Council member	-	7,917
A Sorrell	Arts Council member	-	17,500
T Snow	Arts Council member	-	9,583
N Tanczos	Arts Council member	-	9,583
J Afford	Arts Council member	-	9,583
K Te Waru-Rewiri	Te Waka Toi member	-	9,583
J Huria	Te Waka Toi member	-	9,583

Member	Tenure	2015 \$	2014 \$
Members to 30 April 2014 (continued)			
T Maxwell	Te Waka Toi member	-	9,583
M Mahuika	Te Waka Toi member	-	9,583
N Gray	Te Waka Toi member	-	9,583
M Sciascia	Te Waka Toi member	-	9,583
F Endermann	Pacific Arts Committee member	-	2,090
T Ness	Pacific Arts Committee member	-	2,090
M Papau	Pacific Arts Committee member	-	2,090
K Mahina-Tuai	Pacific Arts Committee member	-	2,090
F Pereira	Pacific Arts Committee member	-	1,500
		199,717	259,904

There were no Council, board or committee members who received compensation or other benefits in relation to cessation (2014: \$nil).

26. Financial instruments

26.1 Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	2015 \$000	2014 \$000
Financial assets		
Loans and receivables:		
Cash and cash equivalents	2,746	18,962
Investments in term deposits	18,500	-
Receivables	6,315	9,360
Total financial assets	27,561	28,322
Financial liabilities		
Financial liabilities at amortised cost:		
Creditors and other payables	1,692	1,608
Grants payable	15,341	13,504
Total financial liabilities	17,033	15,112

The carrying value of financial assets and liabilities equates to their fair value at 30 June.

26.2 Financial instrument categories

Creative New Zealand's activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. Creative New Zealand has policies in place to manage the risks associated with financial instruments and seeks to minimise exposure. These policies do not allow any transactions that are speculative in nature to be entered into.

Market Risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. Creative New Zealand does not invest in publicly traded financial instruments, therefore, the price risk is considered to be minimal.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Creative New Zealand is exposed to foreign currency risk on payments and liabilities that are denominated in a currency other than Creative New Zealand's functional and presentational currency, New Zealand dollars.

The level of payments in foreign currencies is small and the time between commitment and payment of the liability is generally less than one month, therefore, Creative New Zealand considers foreign exchange risk to be minimal.

No forward contracts are entered into to hedge foreign currency risk exposure.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

Creative New Zealand's exposure to fair value interest rate risk is limited to its bank deposits, which are held at fixed rates of interest. The fair value interest rate risk is considered to be minimal.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate due to changes in market interest rates.

Creative New Zealand has no borrowings and has adopted a policy of holding short-term investments until maturity at a fixed rate. Therefore, the cash flow interest rate risk is considered to be minimal.

The interest rates for fixed term deposits at 30 June 2015 were ranging between 4.18 percent and 4.45 percent (2014: between 4.08 percent and 4.36 percent). Call deposits were invested at the interest rate of 3.25 percent at 30 June 2015 (2014: 3.0 percent).

Credit Risk

Credit risk is the risk that a third party will default on its obligations to Creative New Zealand, causing Creative New Zealand to incur a loss.

Financial instruments, which potentially subject Creative New Zealand to risk, consist principally of cash, bank deposits and trade debtors.

Creative New Zealand is only permitted to deposit funds with the major banks, which have a high credit rating, as defined by the Crown Entities Act 2004. For its other financial instruments, Creative New Zealand does not have significant concentrations of credit risk.

Creative New Zealand's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash and cash equivalents and debtors and other receivables. There is no collateral held as security against these financial instruments.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	2015	2014
	\$000	\$000
Counterparties with credit ratings		
Cash and cash equivalents AA	2,746	18,962
Investments in term deposits AA	18,500	-
Total cash and term deposits	22,246	18,962

Counterparties without credit ratings

Debtors and other receivables		
Existing counterparty with no defaults in the past	6,315	9,360
Existing counterparty with defaults in the past	-	-
Total debtors and other receivables	6,315	9,360

Liquidity Risk

Liquidity risk is the risk that Creative New Zealand will encounter difficulty raising liquid funds to meet commitments as they fall due. Creative New Zealand closely monitors its forecast cash requirements and maintains a target level of cash to meet liquidity requirements.

Contractual maturity analysis

The contractual cash flows for all financial liabilities that will be settled based on the remaining period at the balance sheet date to the contractual maturity date are analysed in the table on the next page.

2015 (in \$000)	Carrying amount	Contractual Cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
Creditors and other payables	1,692	1,692	1,692	-	-
Grants payable	15,341	15,341	15,341	-	-
2014 (in \$000)					
Creditors and other payables	1,608	1,608	1,608	-	-
Grants payable	13,504	13,504	13,504	-	-

27. Capital management

Creative New Zealand's capital is its equity, which comprises accumulated funds and revaluation reserves. Equity is represented by net assets.

Creative New Zealand is independent in deciding how to best use its capital for achieving its goals. However, Creative New Zealand is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives. Creative New Zealand has complied with the financial management requirements of the Crown Entities Act 2004 during the year.

Creative New Zealand manages its equity as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure its objectives and purpose are effectively achieved while remaining a going concern.

The focus of capital management includes the following aspects:

- ensuring that Creative New Zealand's activities are for the statutory purpose only
- ensuring Creative New Zealand's financial viability, in terms of maintaining sufficient level of equity and meeting minimum cash flow requirements.

28. Significant budget variances

Creative New Zealand's budget is derived from the Statement of Performance Expectations 2014/15, published in June 2014, which is based on the budget approved by the previous Arts Council in August 2013.

The new Arts Council, established under the Arts Council of New Zealand Toi Aotearoa Act 2014, met for the first time in May 2014. Because of this timing, the Arts Council was not able to make changes to the budget before it was published and the previous Council's budget commitments were honoured.

Further to this, the following items are causing variances between budget and actual figures.

- The level of funding received from the New Zealand Lottery Grants Board had been estimated based on the New Zealand Lottery Commission 2013-16 Statement of Intent and the revenue received for the 2013/14 financial year. The actual revenue from the New Zealand Lottery Grants Board depends on the actual purchases of lottery products by New Zealanders, which creates a degree of inherent revenue unpredictably.
- The budgeted level and timing of funding provided to the sector is based on historical data, existing business practices or actual business plan projections, and is dependent on the level of funding received.
- The new Arts Council ensured artform policy reviews would be delivered, as well as evaluated existing initiatives would be continued as recommended.

Explanations for specific major variances are outlined on next page.

Statement Of Financial Performance

Revenue

Total revenue was above budget by \$722,000 as a result of:

- interest revenue being higher than budgeted by \$532,000 due to higher cash balances invested in term deposits at higher interest rates than estimated
- other revenue being higher than budgeted by \$616,000 mainly due to the contributions received for Venice Biennale 2015 not budgeted for (Note 4)
- revenue from the New Zealand Lottery Grants Board being lower than budgeted by \$426,000 due to the way it is calculated and allocated to Creative New Zealand, as disclosed in Note 3.

Expenditure

Total funding expenditure was above budget by \$3.193 million. Details of funding expenditure are provided in Note 8, and variances are a result of:

- the Auckland Theatre Company capital grant of \$938,000. The full grant of \$4.5 million was budgeted to be paid out in the 2014 financial year. However, the grant is recognised as and when milestones are being met by the Auckland Theatre Company Limited, as disclosed in Note 22
- the timing of expenditure for the projects and initiatives that run over two or more financial years, that is, the Venice Biennale, Edinburgh International Festival and First World War Centenary (WW100) Co-commissioning Fund
- initiatives whose continuation was approved by the Arts Council after this version of the budget was approved, that is, the National Touring initiative, which resulted from reviews of the music and dance sectors and the evaluation of a pilot touring initiative (the Regional Presenters' Fund), and the continuation of the Sistema Aotearoa initiative for a further two years
- the Focus on Asia initiative, which was announced in August 2014.

Statement Of Financial Position

- The total cash and investments balance is higher by \$4.937 million, mainly due to the deferred payment of the Auckland Theatre Company capital grant of \$4.5 million budgeted to be fully paid in 2014, as well as higher than budgeted revenue received in 2013/14.
- Receivables were lower than budgeted by \$1.480 million, mainly due to the last quarterly instalment receivable from the New Zealand Lottery Grants Board being lower than expected.
- The grants payable balance is higher than the budget by \$1.541 million, due to the timing of some of the new initiatives being close to the year-end and therefore grants not being paid until the new financial year.

Statement Of Cash Flows

The statement of cash flows reflects the movements in the statement of financial performance and the statement of financial position, as outlined above.

29. Events subsequent to balance date

There have been no events subsequent to 30 June 2015 that materially affect these financial statements.

Independent Auditor's Report

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

To the readers of Arts Council of New Zealand Toi Aotearoa's financial statements and performance information for the year ended 30 June 2015

The Auditor-General is the auditor of Arts Council of New Zealand Toi Aotearoa (Creative New Zealand). The Auditor General has appointed me, Karen Young, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information of an appropriation, of Creative New Zealand on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of Creative New Zealand on pages 69 to 95, that comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of Creative New Zealand on pages 20 to 67.

In our opinion:

- the financial statements of Creative New Zealand:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2015;
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared

in accordance with the Public Benefit Entity Standards.

- the performance information:
 - presents fairly, in all material respects, Creative New Zealand's performance for the year ended 30 June 2015, including:
 - for each class of reportable outputs:
 - its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year;
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
 - what has been achieved with the appropriations;
 - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 28 October 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Arts Council and our responsibilities, and explain our independence.

Basis of opinion

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

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

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

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Arts Council;
- the appropriateness of the reported performance information within Creative New Zealand's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Arts Council

The Arts Council is responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand and Public Benefit Entity Standards;
- present fairly Creative New Zealand's financial position, financial performance and cash flows; and
- present fairly Creative New Zealand's performance.

The Arts Council's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

The Arts Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Arts Council is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in Creative New Zealand.

Karen Young

Karen Young

Audit New Zealand

On behalf of the Auditor General

Wellington, New Zealand

Statement of responsibility

For the year ended 30 June 2015

The Arts Council (the governing body of Creative New Zealand) accepts responsibility for the preparation of Creative New Zealand's financial statements and Statement of Performance, and the judgements made in them.

The Arts Council accepts responsibility for any end-of-year performance information provided by Creative New Zealand under section 19A of the Public Finance Act 1989.

The Arts Council accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Arts Council, the annual financial statements and the Statement of Performance for the year ended 30 June 2015 fairly reflect the financial position and operations of Creative New Zealand.

Signed on behalf of the Arts Council



R S Grant

Chairman, Arts Council

28 October 2015



Darrin Haimona

Arts Council Member

28 October 2015



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