



ARTS COUNCIL OF NEW ZEALAND TOI AOTEAROA

 2017
for the year ended 30 June

ANNUAL REPORT *PŪRONGO Ā TAU*

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

Contact us

Website: www.creativenz.govt.nz

Wellington Office

Level 10
Aorangi House
85 Molesworth Street
PO Box 3806
Wellington 6140

T: 04 473 0880

F: 04 471 2865

E: info@creativenz.govt.nz

Auckland Office

Level 1
Southern Cross Building
Cnr High and Victoria Streets
PO Box 1425
Auckland 1140

T: 09 373 3066

F: 09 377 6795

E: northern@creativenz.govt.nz

Christchurch contact

E: southern@creativenz.govt.nz

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FRONT COVER: Black Grace 'As Night Falls' Artistic
Direction, Neil Jeremia. Photography, Duncan Cole

In accordance with section 150(3) of the Crown Entities Act 2004, the Annual Report for 2016/17 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 2016/17 financial year – 1 July 2016 to 30 June 2017 – and reports against Creative New Zealand's one output class: Promotion and support of the arts.

A handwritten signature in black ink, appearing to read 'Michael Moynahan', with a stylized, flowing script.

Michael Moynahan

Chair, Arts Council

25 October 2017

A handwritten signature in black ink, appearing to read 'Caren Rangi', with a stylized, flowing script that ends in a long horizontal line.

Caren Rangi

Deputy Chair, Arts Council

25 October 2017

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Our koru signifies the path we're travelling as Aotearoa's national arts development agency

Tēnā koutou, Kia ora, Kia orana, Mālo ni, Fakaalofa lahi atu, Talofa lava, Mālō e lelei, Ni sa bula, Fakatalofa atu, Namaste – Warm Pacific greetings.

He toi whakairo, he mana tangata – Where there is artistic excellence there is human dignity.

Ia manuia le fai o le faiva – May the fishing go well.



Our Future

Titiro whakamua

We want dynamic and resilient New Zealand arts, valued in Aotearoa and internationally *through* stronger arts communities, artists and organisations *and* greater public engagement with the arts.

Our Focus

Te arotahi

What we want to achieve by 2021:

- We regularly refine our investment to ensure that the arts continue to develop in New Zealand for New Zealanders.
- We develop the arts sector's capacity to succeed.
- We are a powerful advocate for the arts.
- We improve service delivery and systematically look afresh at how best to deliver activities with and for the arts sector.
- We become a more focused, higher-performing, learning organisation

Our Foundation

Te tūāpapa

We exist to encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders *guided by* our core values.

OUR YEAR IN REVIEW

TE AROTAKE I TE TAU NEI

The year at a glance

319

NEW

New Zealand works



220 artists & organisations
presenting internationally



226,651
participants



87 organisations in our
Investment programmes,
six more than target

35%

ABOVE TARGET

Attendances at arts
performances higher



2,374 grants were
awarded



32 capability building
initiatives



18 submissions made to
central or local government



Investment organisations that
met or exceeded expectations

Thoughts from our Chair and Chief Executive

We are delighted to present Creative New Zealand's Annual Report for 2016/17, the first report against our new Statement of Intent 2016–2021.

This annual report stands as a record of our work over the past 12 months to ensure the arts continue to have a meaningful impact on the lives of all New Zealanders.

This year, we invested \$40.4 million directly into the arts sector in the form of our funding, capability building and advocacy programmes. Your public investment via Creative New Zealand continues to go a long way. For every dollar we put into our Investment programme, a further \$2.85 is leveraged from other sources.

We are forever passionate about the arts – actively championing the intrinsic beauty they possess and the transformative instrumental power they wield. Each day, members of the Arts Council and Creative New Zealand staff see the arts change lives.

Local talent ...

We continued to support the presentation of high-quality arts throughout Aotearoa, which were enjoyed to the tune of a record 1.28 million attendances – significantly more than our target and topping even last year's high numbers.

We helped New Zealanders get involved in the arts and supported 226,651 participants through our Investment programmes and the Creative Communities Scheme. This represents continued growth in Kiwis participating in the arts by getting involved with some of New Zealand's largest, and smallest, arts organisations.

This impressive level of public engagement is enabled by a very hard-working arts sector, which is also supported by communities, philanthropists, local government, community funders and sponsors around the country.

Some 319 new works were also developed across all the artforms we fund, including ngā toi Māori and Pacific arts. Our investment helped ensure New Zealand artists and organisations could produce high-quality arts that reflect our stories and values.

The arts in New Zealand truly flourished in 2016/17, and a number of artists and arts organisations are in demand internationally.

... and international success

This year has seen Kiwi artists showcasing their talents on the world stage. We were proud to present Lisa Reihana as New Zealand's artist for La Biennale di Venezia, with the powerful and well-received *Lisa Reihana: Emissaries*.

We also supported the presentation of work by three artists at one of the world's most highly regarded contemporary art exhibitions, for the first time. On the other side of Europe, our artists shone at the Edinburgh festivals and presented a wide range of work. This work spanned a variety of artforms and was distinguished in its creativity and quality.

In total, 220 artists and organisations presented internationally on 765 occasions, which represents a significant increase on previous years.

The only constant is change

To realise the ambitious strategy we've set for ourselves, we've started changing the way we do things. This will help us reach our vision of dynamic and resilient New Zealand arts that are valued in Aotearoa and internationally.

We have driven change from the inside and have seen change come from outside Creative New Zealand. This included receiving a significant and very welcome, though unexpected, increase in revenue from the New Zealand Lottery Grants Board after a period of lower-than-forecast results. This has allowed us to replenish our reserves and provide greater stability in funding into the future.

Change can bring uncertainty, but it also presents significant opportunity. Creative New Zealand has embraced this opportunity in 2016/17 and will continue to improve its services, and the organisation, in the coming years.

Ngā mihi rārau

We thank the former Chairman of the Arts Council, Dr Dick Grant, for his tireless efforts in leading the organisation over the previous four years. It was an honour to see first-hand his leadership in transitioning the Arts Council to a unitary structure, his steadfast resolve during periods of uncertainty and his endless devotion to championing the value of the arts.

We also thank our principal investors: the New Zealand Lottery Grants Board and the Crown through the Ministry for Culture and Heritage. We thank our Minister for 2016/17, Hon Maggie Barry, and the presiding member of the New Zealand Lottery Grants Board, the Minister for Internal Affairs, Hon Peter Dunne.

Finally, to our staff, Arts Council members, peer advisors, artists, practitioners, sponsors, patrons, partners, volunteers and everyone who supports or values the arts in New Zealand, ngā mihi nui ki a koutou.



Michael Moynahan

Chair, Arts Council



Stephen Wainwright

Chief Executive, Creative New Zealand

About Creative New Zealand

Creative New Zealand is Aotearoa's national arts development agency. Our statutory purpose is to encourage, promote and support the arts in New Zealand, for the benefit of all New Zealanders.

We fund arts activity by New Zealand artists, arts practitioners and arts organisations, both within New Zealand and internationally. This is where most of our money is spent.

We also support the professional development of artists and help build the capability of arts organisations so that they can grow their audiences and markets.

Complementing our funding and development work, we also advocate for the value of the arts to New Zealand – both to the public and to groups and organisations.

More about Creative New Zealand is included in the 'Our organisation' section of this report, on page 84.

About this report

This annual report covers the 2016/17 financial year – 1 July 2016 to 30 June 2017 – and reports on:

- our year in review – a look at Creative New Zealand's achievements and those of the arts sector over the past year
- non-financial planning and performance – achievements against our outcomes, priorities and deliverables as set out in our Statement of Intent 2016–2021 and Statement of Performance Expectations 2016/17
- trends in our funding delivery – how our funding has changed over time, across our outcomes and funding programmes, and how our funding is distributed across New Zealand and internationally and across artforms
- our financial performance – financial statements for the 2016/17 year and the notes to those statements
- our organisation – more information about Creative New Zealand.

Our year in stories

Over the past year, our support has enabled artists and arts organisations to create and perform both in Aotearoa and internationally. We have helped more New Zealanders participate in the arts, and experience the arts as audience members, than ever before.

We are proud to highlight some of the sector's inspiring stories from the past year. These projects have also been vital in allowing us to achieve our strategic outcomes.

Further stories from the arts sector are available on Creative New Zealand's website at www.creativenz.govt.nz/news-and-blog and on our Facebook page: www.facebook.com/creativenz

The exciting work featured here has helped achieve:

**HIGH-QUALITY
NEW ZEALAND
ART IS
DEVELOPED**



Between East and West
(page 7)



On the fringe
(page 8)



A life's work examined
(page 9)



Celebrating our arts leaders
(page 10)

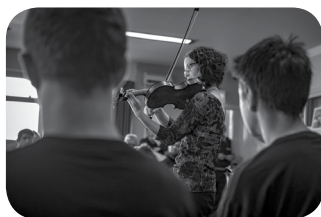


Shining in Edinburgh
(page 11)



Visual arts showcased in Europe
(page 12)

**NEW ZEALAND
ARTS GAIN
INTERNATIONAL
SUCCESS**



Music transcending barriers
(page 13)



Making community connections
through photography (page 14)

**NEW
ZEALANDERS
PARTICIPATE IN
THE ARTS**

**NEW ZEALANDERS
EXPERIENCE
HIGH-QUALITY
ARTS**

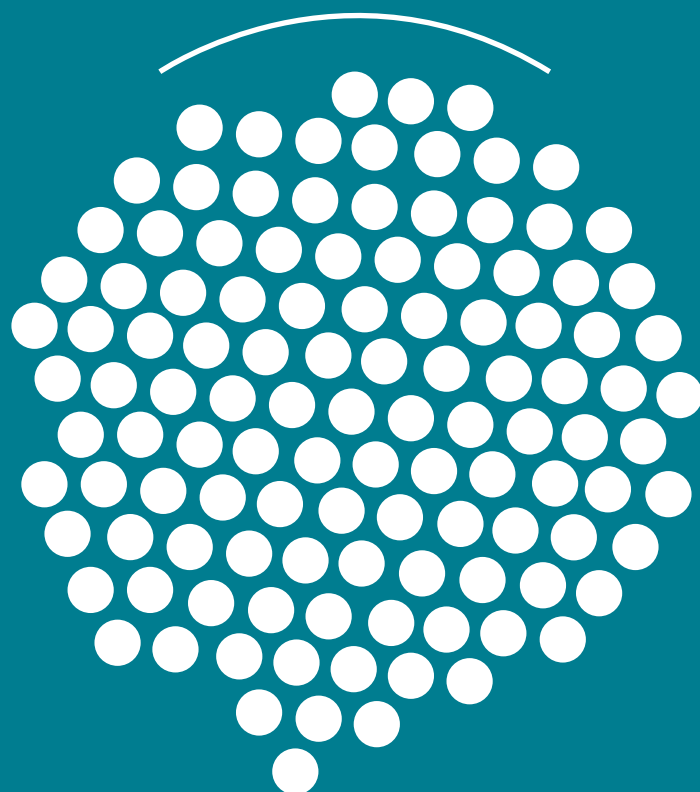


As Night Falls throughout
New Zealand (page 15)



New platforms for a new audience
(page 16)

Our Year in Review



To get a quick interactive overview of the revenue we received and how we invested it
to support the arts in 2016/17 go to:

www.creativenz.govt.nz/annual-report



‘THE BONE FEEDER’

Photograph Supplied by New Zealand Opera.

Between East and West

A young New Zealand Chinese man searches for his roots with the help of a magical cicada and a Māori ferryman in a story that explores the themes of migration, home and a sense of belonging.

Developed from a play into a stunning opera, *The Bone Feeder* received funding through the Asia/New Zealand Co-Commissioning Fund to be developed and presented with New Zealand Opera.

“The opera takes [composer] Gareth Farr’s unique combination of Western, Māori and Chinese instruments to create a sweeping, beautiful and playful piece of music sung in English, Māori and Cantonese.” – Auckland Arts Festival.

A multicultural story unique to New Zealand, the story moves between two worlds – contemporary New Zealand and the afterlife – and is heavily influenced by the experience of early Chinese settlers and their interactions with Māori and Pākehā.

“I have spent the 20 something years of my career to date dreaming of writing an opera, and striving for new and interesting ways to combine the music of different cultures. When both dreams materialised in a commission from the Auckland Arts Festival as *The Bone Feeder*, I was beyond thrilled,” said composer Gareth Farr.

The Bone Feeder was presented at the Auckland Arts Festival in March 2017.

Artform – Music

Location – Auckland

Funding – Asia/New Zealand Co-Commissioning Fund
\$119,060



TAKE A SEAT

Photograph by Doug Brooks.

On the fringe

Now in its third year, the Nelson Fringe Festival once again delighted sold-out audiences with an eclectic mix of quirky shows, workshops and visual arts projects. This year saw 37 original shows from international, national and local performers converging on Nelson for nine days in May.

The shows included an alternative education of Nelson improvised on foot, a farce within a murder within a comedy, a buzzy inter-dimensional adventure, a one-woman musical dabbling on the light and dark of human nature and New Zealand's own Donald Trump impersonator.

“As an artist, you can feel really isolated in a small community ... then, for nine days, you witness remarkable humans from around New Zealand and the world forming friendships, collaborations, connections and sharing of themselves on stage and off.” – Laura Irish, Artistic Director.

Creative New Zealand's support helped fund personnel, production and marketing costs for the festival for the second year running.

Alongside entertainment for audiences, the festival featured a strong focus on artists and ensured that those participating had the opportunity to build on their artistic abilities by developing and workshopping their art.

The festival saw more than 100 artists and 60 volunteers helping the festival accommodate an audience of 2,200, well up from last year's festival.

Planning for the 2018 season has already begun.

Artform – Theatre

Location – Nelson

Funding – Arts Grants \$10,143



KOBI

Kobi in his studio. Still from Kobi: A Life Work.

A life's work examined

The life and work of famed New Zealand jeweller Kobi Bosshard was shared nationwide in a documentary screened during the New Zealand International Film Festival.

Daughter Andrea Bosshard captured the classic simplicity and elegance of her father's work, as well as the personal tale that led Kobi from his birthplace of Switzerland to a modest workshop in Central Otago. Super-8 home movies, archival footage and readings from family letters retell a personal history that is equally accessible by an audience of strangers.

Kobi's jewellery features prominently in *Kobi: A Life Work* and introduces fans, both new and old, to the timeless elegance of his work. The personal stories and works of art are interwoven through a succession of interviews with the men and women who have had jewellery fashioned for them by Kobi. The film invites the audience to ruminate on how the context that artists work in affects their work.

“If ever there is a metaphor for a person's life, and in this case, Kobi's, it is in the many cut facets on a gemstone, each facet contributing to the colour, the luminosity and sparkle of the whole.”
– Andrea Bosshard.

The film was screened in 12 centres throughout New Zealand, from Auckland to Gore.

Artform – Craft/Object

Location – Nationwide

Funding – Arts Grants \$30,000



ARTS PASIFIKA AWARDS 2016

Josefa Enari Memorial Award winner, Madison Nonoa.

Celebrating our arts leaders

Creative New Zealand honoured contributions by artists to Māori arts, Pacific arts and literature through awards ceremonies held in late 2016.

Hosted in Rotorua, the Te Waka Toi Awards honoured tohunga, artists and community leaders for their contribution to preserving and helping secure the future of high-quality ngā toi Māori (Māori arts).

New Zealand novelist, short story writer and children's writer Patricia Grace DCNZM was recognised with the supreme award, Te Tohu Aroha mō Te Arikinui Dame Te Atairangikaahu.

Awards were given to Māori artists for their contribution to toi Māori and te reo Māori (Māori language), as well as awards celebrating young emerging Māori artists.

Talented and innovative Pacific artists and creative leaders were recognised for their contribution to Pacific arts at the Arts Pasifika Awards hosted in Wellington.

The Senior Pacific Artist award was shared by directors, writers and actors Dave Fane and Oscar Kightley MNZM.

New Zealand's literary talent was also recognised through the Prime Minister's Awards for Literary Achievement, hosted by Prime Minister the Rt Hon John Key in a ceremony at Premier House in Wellington.

Writers Atholl Anderson (non-fiction), Marilyn Duckworth (fiction) and David Eggleton (poetry) were recognised for their lifetime contributions to literature in Aotearoa New Zealand.

Creative New Zealand is proud to recognise and celebrate Aotearoa's exceptional arts talent. Our awards make a strong contribution to our advocacy work and our goal of being a powerful advocate for the arts.

Artform – Multiple

Location – Nationwide

Funding – \$277,000



NZ AT EDINBURGH

New Zealand at Edinburgh 2017 season launch. Photograph by Jani Anne Gilchrist.

Shining in Edinburgh

Following a highly successful 2014 season, New Zealand artists returned to the Edinburgh festivals this August. The 2017 season featured New Zealand theatre, literature, music, visual arts, comedy and family shows that received strong reviews and coverage in international and New Zealand media.

“The Edinburgh festivals offer a unique international opportunity for New Zealand artists, and it was a pleasure to support such a strong and varied season of New Zealand work across these global platforms.” – Cath Cardiff, Creative New Zealand Senior Manager for International.

This year’s artists explored themes around desperation, devastation and negotiation; the beauty of community in salvation; the hopes and failings and potential transformation of people; sexual empowerment, gender

equality and friendship; as well as a highly charged look at prejudice through the eyes of a Caribbean DJ. There was also an homage to New Zealand Māori show bands with a contemporary ‘Rat Pack’ twist.

Alongside the NZ at Edinburgh Season, Creative New Zealand and the British Council in New Zealand supported 11 Kiwi artists to engage in two bespoke development programmes. These were aimed at helping artists increase their international experience and build relationships for future presentations and collaborations.

Eight artists participated in the Edinburgh festivals’ annual international delegate programme Momentum, which focuses on building relationships with United Kingdom and other international artists, presenters, producers, publishers, curators and cultural partners. Three New Zealand performers joined those from Scotland and Hong Kong on a new programme, International Co-lab, to look at creating new work which, one day, might be performed in each of their home countries.

Artform – Multidisciplinary

Location – Edinburgh, Scotland

Funding – International Presentation Fund \$219,094



NEW ZEALAND AT VENICE

Lisa Reihana. Photograph by Michael Hall.

Visual arts showcased in Europe

New Zealand's visual artists this year embraced the opportunity to present their works in the most important contemporary visual arts festivals in the world. La Biennale di Venezia in Venice, Italy, and the five-yearly *documenta* hosted in Kassel, Germany and Athens, Greece, played host to some of New Zealand's finest visual artists.

Creative New Zealand was proud to present Lisa Reihana as New Zealand's artist for the 57th La Biennale di Venezia. *Lisa Reihana: Emissaries* featured the artist's vast panoramic video *in Pursuit of Venus [infected]*, 2015–17, alongside interrelated photo-based and sculptural works that explored and disrupted notions of beauty, authenticity, history and myth.

"The best artwork at the Biennale? That will be Lisa Reihana's *in Pursuit of Venus*, in the New Zealand pavilion ... Where most panoramas present a fixed viewpoint, this one moves and unfolds in a riveting animated sequence that took 10 years to complete and that deserves to be recognised as one of the key artworks of recent years."

– The Sunday Times (UK)

Numerous international media outlets highlighted *Lisa Reihana: Emissaries* as one of the top pavilions this year, including *The Telegraph*, *The Times*, *The Venice Insider*, *frieze*, *The Upcoming*, *Elephant Magazine* and *The Art Desk*.

New Zealand artists were exhibited for the first time at *documenta* – one of the world's largest and most highly regarded contemporary art exhibitions. Work by the late Hone Papita Raukura Hotere, Mata Aho Collective and Nathan Pohio brought a voice from Aotearoa New Zealand to the European stage.

"We have selected these artists to show ground-breaking and radical forms of art. They have not only shaped, and continue to shape, New Zealand art history, but also make a significant contribution to the international discourse on contemporary art," said *documenta* 14 curator, Hendrik Folkerts.

Artform – Visual Arts

Location – Italy, Germany, Greece

Funding – International Presentation Fund (\$700,000 Venice; \$122,798 *documenta*)



CSO'S CATHY IRONS

Photograph by Fairfax Media NZ / The Press.

Music transcending barriers

Three musicians from the Christchurch Symphony Orchestra (CSO) gave offenders from the Christchurch Men's Prison Youth Unit the chance to learn new skills and gain the confidence needed to make positive change in their lives.

The week-long programme gave the 12 participants, all aged between 17 and 20, the chance to develop basic music reading and playing skills culminating in a concert performance. Their new-found abilities were showcased by performing ensemble pieces including *Over the Rainbow* and *Hotel California* to other participants and corrections officers.

"I found it really hard ... but I was determined to stick it out for the full week and make the graduation. I want the certificate so that I can show my mum I am making changes." – Participant.

CSO First Violin and Community Engagement Project Leader Cathy Irons acknowledged that both the participants and the teachers benefitted from the experience. "There were times when we sang and played that I felt we could be anywhere on the planet, just enjoying the moment in time together. Music transcends any barriers."

The programme was supported by Pathway Trust, the Department of Corrections, and the Christchurch Men's Prison – which was also awarded the Arts Access Corrections Leadership Award in 2017 for its commitment to the arts in its prisoner rehabilitation programme.

Artform – Music

Location – Christchurch

Funding – Total Kahikatea investment funding for CSO \$799,000



HUMANS OF HENDO

Toi Ora Trust. Photograph supplied.

Making community connections through photography

Photography, storytelling, and youth leadership have culminated in an exhibition of work celebrating the community of Henderson in west Auckland.

Inspired by the now iconic online photo-essays *Humans of New York*, *Humans of Hendo* saw students aged from 14 to 17 given cameras and tasked with building positive connections within their community.

A series of portraits and interviews allowed the young photographers to express themselves in new ways. It also allowed the students, many of whom have struggled in mainstream schools, to build their courage and self-belief.

Their work was then celebrated by members of the Henderson community, who pored over photos and quotes that had been collected during the 12-month project.

“Henderson has often been the centre of attention for all the wrong reasons ... a town that people see as broken, and often violent, not one that people celebrate for its resourcefulness, rich diversity and creative and courageous youth.” – Amber Walls, Toi Ora Trust.

While students finished the project by publishing books that recorded their endeavours, they more importantly left with a new-found confidence and a supportive community network, which they had helped build.

Artform – Visual Arts

Location – Auckland

Funding – Creative Communities Scheme \$5,500



BLACK GRACE

As Night Falls, Black Grace; Neil Ieremia, Artistic Director. Photograph by Duncan Cole.

As Night Falls throughout New Zealand

Following a sold-out season in Auckland in 2016 and a highly successful tour through the United States, dance company Black Grace and Tour-Makers received funding from Creative New Zealand to tour *As Night Falls* to an additional eight venues in Aotearoa New Zealand.

“The predominantly classical soundtrack allows the dancers to perform in an extraordinary fluid fashion, with a mixture of contemporary and classical with occasional baroque flourishes.” – John Daly-Peoples, NBR

As Night Falls is the latest evening-length work by Black Grace founder and artistic director Neil Ieremia. Set to the timeless and passionate sounds of Antonio Vivaldi, it was funded through Creative New Zealand’s National Touring Fund to ensure more New Zealanders experience high-quality arts.

“I had initially wanted this work to be the expression of my concerns and fears of the darkness that seems to be eroding the value of equality and human life. Instead, I feel compelled to respond with a contrasting beauty and physical vitality, musicality and hope,” said Neil Ieremia.

As Night Falls played to strong audiences throughout the country in June and July 2017.

Artform – Dance

Location – New Plymouth, Nelson, Dunedin, Gisborne, Tauranga

Funding – National Touring Fund \$82,800



THE PANTOGRAPH PUNCH
Photographs supplied.

New platforms for a new audience

An online presence for diverse voices saw funding go to *The Pantograph Punch* and *The Spinoff Review of Books* this year.

The Pantograph Punch began in 2011 “publishing punchy arts and cultural commentary in Aotearoa New Zealand, from personal essays to criticism and reviews to interviews and analysis”. With a team of contributors led by artist and Editor-in-Chief Lana Lopesi, it offers a forum for many voices and opinions on a variety of subjects, from arts and culture to politics and society.

In recognition of its importance, *The Pantograph Punch* will be supported through Creative New Zealand’s multi-year Toi Uru Kahikatea (Arts Development) Investment Programme from 2018.

The Spinoff Review of Books, edited by renowned New Zealand writer Steve Braunias, was also supported to publish a diverse range of articles by New Zealand writers about this country’s books and literature. *The Spinoff* provides a platform to capture and grow the attention of young writers and readers with its mostly young, urban and mobile audience.

As well as reviewing local work, the site regularly explores issues of importance to the literary community, including regional and Māori writing and diversity in literature, and it regularly features New Zealand poetry.

Both websites are allowing New Zealanders to experience high-quality arts. They can be found at pantograph-punch.com and thespinoff.co.nz/books respectively.

Artform – Literature

Location – Online

Funding – Arts Grants (*Pantograph Punch* \$30,000; *The Spinoff* \$25,000)

STATEMENT OF PERFORMANCE

*TE TAUKI WHAKATUTUKI I
NGĀ MAHI*

About our Statement of Performance

This section reports on how we have delivered against our output class and:

- our two **outcomes** and their associated measures (pages 21-24)
- our five **deliverable areas** and their associated measures (pages 25-41).

These elements are set out in our Statement of Intent 2016–2021 and Statement of Performance Expectations 2016/17. The Statement of Intent and Statement of Performance Expectations capture the refreshed five-year strategic direction the Arts Council put in place in mid-2016.

Creative New Zealand's output class – Promotion and support of the arts – is a reportable class for the purposes of the Crown Entities Act 2004.

Actual revenue earned in respect of this output class for 2016/17 was \$57.390 million, compared with expected revenues of \$44.898 million. This was due to a higher-than-expected allocation from the New Zealand Lottery Grants Board.

Actual expenditure incurred was \$47.463 million against expected expenditure of \$48.008 million.

Further information is in the 'Financial performance' section on page 49.

Our planning and performance context

Our performance framework for 2016/17 is shown overleaf.

Over the past year, we continued to deliver against our purpose – *to encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders* – and towards our vision of *dynamic and resilient New Zealand arts, valued in Aotearoa and internationally*.

We did this within a specific legislative and government framework, guided by the Arts Council of New Zealand Toi Aotearoa Act 2014, by government priorities and by the sector-wide priorities set out in the Ministry for Culture and Heritage's Cultural Sector Strategic Framework.

Our performance framework for 2016/17

VISION

OUTCOMES AND MEASURES

GOALS

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

Stronger arts communities, artists and organisations as shown by:

High-quality New Zealand art is developed

of new New Zealand works developed



New Zealand arts gain international success

of individuals/organisations funded by Creative New Zealand to engage internationally



of international arts activities/events funded by Creative New Zealand



Greater public engagement with the arts as shown by:

New Zealanders participate in the arts

of participants in arts activities funded by Creative New Zealand



New Zealanders experience high-quality arts

of attendances at arts activities/events funded by Creative New Zealand



We regularly refine our investment to ensure that the arts continue to develop in New Zealand for New Zealanders

We develop the arts sector's capacity to succeed

We are a powerful advocate for the arts

We improve service delivery and systematically look afresh at how best to deliver activities with and for the arts sector

We become a more focused, higher-performing, learning organisation

- SPE measure
- Non-SPE measure

DELIVERABLE AREAS AND MEASURES

Annual Priorities

Core Activities

Investing in the arts

Investment strategy

Review of investment programmes

Investment programmes

% of investment organisations that meet/exceed expectations set in their funding agreements

% Investment programme success rate

of organisations in the investment programme: Tōtara and Kahikatea

Project funding

% of completed projects that meet/exceed expectations in funding agreements

of grants awarded (Grants and special opportunities, and International programme)

of grants awarded (Creative Communities Scheme)

% Project completion rate



Developing the arts

Communicating and delivering our capacity offering

Reviewing how we define and measure 'high-quality' arts

% of clients who agree capability building programmes align with their needs and priorities (new SPE measure)

% of clients who rank capability building initiatives as extremely or very effective/relevant/helpful (new SPE measure)

of capability building initiatives delivered to the sector



Advocating for the arts

Case for the value of the arts

Working with local government

of advocacy actions, including submissions on arts matters

of unique views of the Advocacy Toolkit through CNZ website



Improving service delivery

Testing our initiatives

Reducing complexity

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

% funding decisions made within timeframes



Improving our organisation

Business intelligence tool

Learning and development

Maintain or improve audit management ratings

% Improve on Best Workplaces Survey – overall performance index

\$ Maintain operating costs

Undertake internal review of process and policy against standards



Our outcomes

- We funded 319 new works – a great body of work across all the artforms we fund, including ngā toi Māori and Pacific arts.
- We helped showcase the best New Zealand art to the world, supporting 220 artists and organisations to present on 765 occasions, significantly exceeding previous levels.
- We continued to see growth in the overall number of participants in the arts with 226,651 participants recorded in 2016/17, up on 217,820 in 2015/16. Programmes run by our investment clients and through the Creative Communities Scheme exceeded participation targets by 28 percent and 82 percent respectively.
- Attendances at arts performances reached record levels, with 1.28 million attendances recorded, 35 percent higher than our target of more than 955,000, and a 30,000 increase on 2015/16.

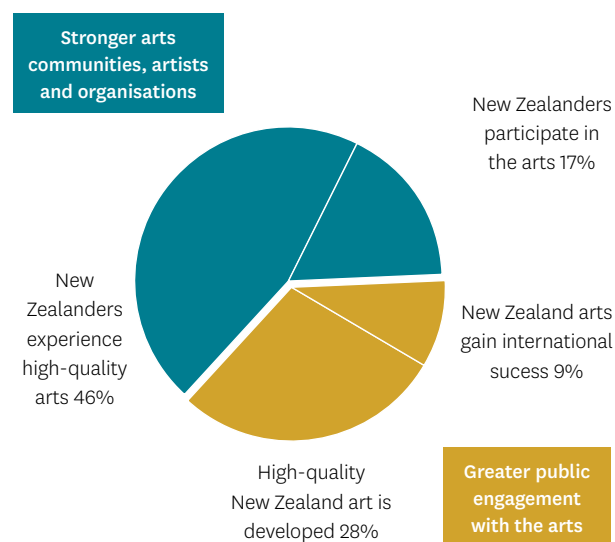
Our outcomes describe the difference we want to make. They guide our work, including how we assess applications to our funding programmes as well as how we deliver our development and advocacy initiatives.

In 2016/17, Creative New Zealand worked towards achieving two strategic outcomes.

- **Stronger arts communities, artists and organisations** as shown by:
 - high-quality New Zealand art is developed
 - New Zealand arts gain international success.
- **Greater public engagement with the arts** as shown by:
 - New Zealanders participate in the arts
 - New Zealanders experience high-quality arts.

Funding across the outcomes shifts from year to year, as the demand for funds fluctuates. Around a third of our investment supports stronger arts communities, artists and organisations, with around two-thirds supporting greater public engagement with the arts. Figure 1 shows the proportion of funding that supported each outcome in 2016/17.

Figure 1: Investment by outcome 2016/17



Stronger arts communities, artists and organisations as shown by:

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

Dynamic and resilient arts come from sustainable and successful arts communities, artists and organisations. We aim to ensure that the best New Zealand artists have the opportunity to develop their work, reach their full potential and evolve their artforms, both here and overseas.

The stories on pages 7-16 highlight the results of our work across this outcome. Further reports are available on the Creative New Zealand website at: www.creativenz.govt.nz

High-quality New Zealand art is developed

Creative New Zealand supported 319 high-quality New Zealand works in 2016/17. Funding high-quality arts is important; these are the tangible works that help develop artists' practice and challenge, provoke and delight New Zealanders.

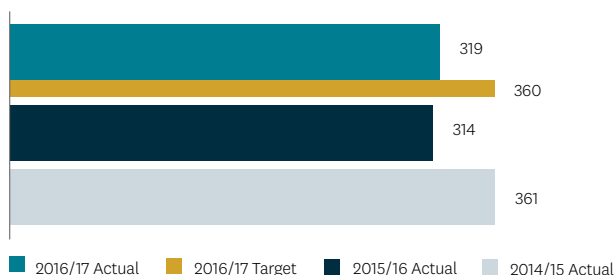
This year's result was under our target of 360. This was not unexpected, because the number works funded depends on the quality of applications and the amount of funding

requested in each funding round, balanced by the total funding available.

The works produced are the result of providing artists and arts organisations opportunities to continually develop their art and to support them to be innovative, take risks and create work that excites and engages audiences. Creative New Zealand ensures high-quality New Zealand art is funded through a robust application assessment process. The result includes:

- the number of new works developed through Investment programmes (140 works)
- the number of grants provided to clients who will develop new works funded through Grants and special opportunities (179 grants).

Figure 2: Number of new New Zealand works developed 2014/15–2016/17



As one grant can contribute to the development of several pieces of new work, the number of works is therefore understated. In 2016/17, work was completed to improve the way we capture information. From 2017/18, new works developed will be captured across all Creative New Zealand programmes.

To help achieve this result, Creative New Zealand provided substantial investment through the Toi Tōtara Haemata (Arts Leadership) and Toi Uru Kahikatea (Arts Development) Investment programmes – \$7.16 million under this area. These organisations are vital in providing leadership, developing talent and supporting innovation and artistic risk. In addition, our Grants and special opportunities funding and International programme supported individual artists, arts practitioners and arts organisations to create new work and develop their artistic skills.

Our robust application and assessment processes ensure works of the highest quality are funded. Assessors for Arts

Grants, Quick Response and the Tōtara and Kahikatea Investment programmes pay particular attention to the strength of the idea, the viability of the process, the experience and ability of the people involved, and the soundness of the budget. Applications that demonstrate strength in all four areas are seen as having the greatest potential to realise a high-quality work or project (refer to page 26 for further detail on our individual funding programmes).

New Zealand arts gain international success

International success is an important part of a healthy New Zealand arts sector. Our support helps New Zealand artists and arts organisations develop international audiences, readers and viewers, expanding the reach of their work onto the global stage. This in turn helps them increase their income and develop their practice in relation to the international arts environment, and it promotes New Zealand and its arts to international audiences.

Both measures of international success significantly exceeded their targets in 2016/17 (Figure 3 and Figure 4), by 47 percent and 206 percent respectively.

Figure 3: Number of individuals/organisations funded to engage internationally (across all programmes)

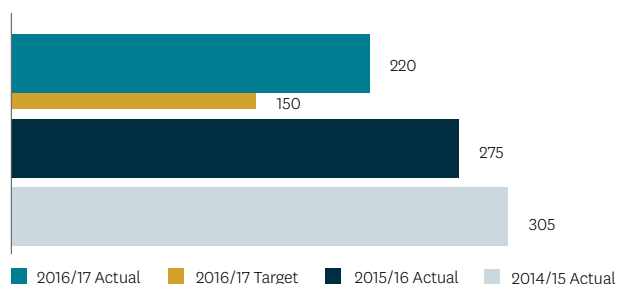
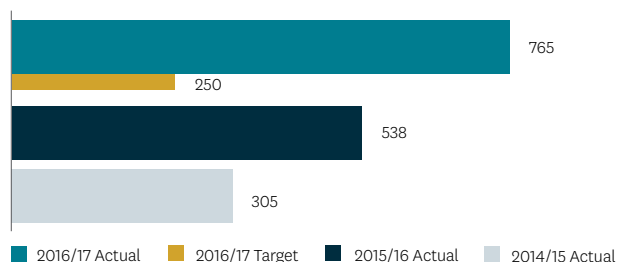


Figure 4: Number of international arts activities/events funded (across all programmes)



Several projects funded through the International Presentation Fund resulted in longer periods for audiences to experience the art. For example, the Venice Biennale 2017 opened on 13 May 2017 for 48 exhibition days.

To achieve these results, we used a variety of initiatives across all our major funding programmes. The International Presentation Fund supports the international presentation of high-quality work, targeting those who have engaged with Creative New Zealand's International programme. The Cultural Exchange and Artform Exchange programmes offer artists and arts practitioners reciprocal opportunities to engage with international cultural practice, sharing artistic techniques and developing participants' arts practice. The programmes also contribute to the establishment, or consolidation, of international relationships and partnerships.

In addition, Creative New Zealand supported 29 international buyers and 'key influencers' from across artforms to visit New Zealand through the Te Manu Ka Tau programme to experience New Zealand arts in their local context. We also provided capability building for those wanting to develop skills to engage with international markets and audiences and develop their work.

Several programmes 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 our ongoing partnership with the Asia New Zealand Foundation to deliver programmes through the Focus on Asia initiative and the British Council in New Zealand for support with Te Manu Ka Tau.

Greater public engagement with the arts as shown by:

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

By engaging with the arts, New Zealanders show that they appreciate and value them as a part of their day-to-day lives. The New Zealanders and the arts 2014 survey showed that nearly nine in 10 New Zealanders (89 percent)

attended or participated in at least one arts event in 2014. This was up from 85 percent in 2011.

The stories on pages 7-16 provide examples of how our funding delivers to this outcome. Further reports are available on the Creative New Zealand website at: www.creativenz.govt.nz

New Zealanders participate in the arts

Participation in the arts brings huge benefits to individuals and communities. These include personal health and well-being, the development of people skills and bringing communities together to work on positive, creative projects.

In 2016/17, we provided funding opportunities for communities to participate in a range of artforms and arts practices. This included opportunities to celebrate, practise and transmit diverse artistic traditions and cultural heritage and to develop links between communities that improve cross-cultural understanding.

This year, 226,651 individuals participated in projects or events funded by Creative New Zealand, an increase of 7,831 on 2015/16. This figure comprises our Investment programme clients with continuous funding agreements and participants in the Creative Communities Scheme (Figure 5 and Figure 6). Both exceeded targets by 28 percent and 82 percent respectively.

Given the sustained excellent results in this area, the targets for 2017/18 have been lifted to 40,000 (from 35,000) and 150,000 (from 100,000) respectively.

Figure 5: Number of participants in arts activities funded by Creative New Zealand – Investment programmes, 2014/15 – 2016/17

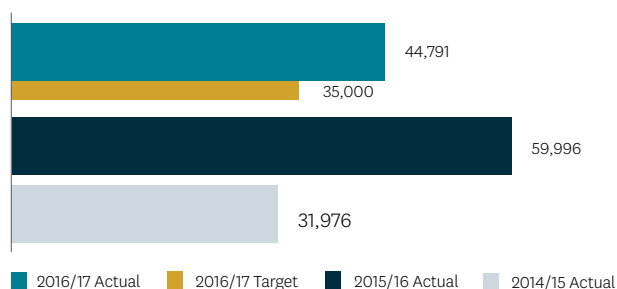
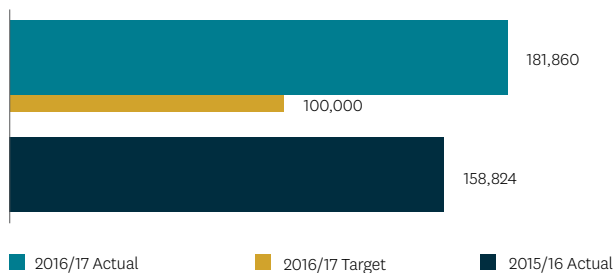


Figure 6: Number of participants in arts activities funded by Creative New Zealand – Creative Communities Scheme 2015/16 – 2016/17



Compared with 2015/16, the participation reported by Investment clients has decreased due to it being the 'off year' for biennial festivals, such as the Christchurch Arts Festival and the New Zealand Festival in Wellington. However, the target has still been exceeded due to the Auckland Arts Festival now being an annual event.

The 1,576 Creative Community Scheme projects completed resulted in 181,860 reported participants (2016: 1,488 projects completed resulted in 158,824 reported participants).

Monitoring participation in the arts helps us understand which funding programmes are successfully providing and increasing opportunities for New Zealanders to participate in the arts. In 2016/17, work was completed to improve the way we capture this information. From 2017/18, participation will be captured across Grants and special opportunities funding.

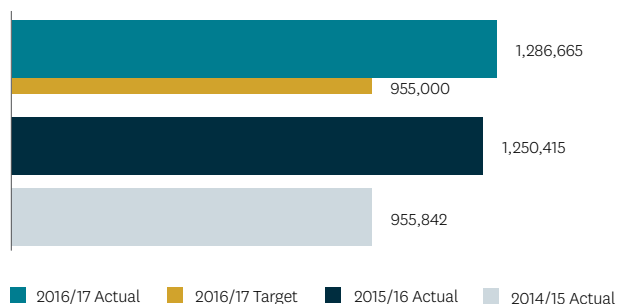
New Zealanders experience high-quality arts

Audiences are vital to a vibrant arts sector. When New Zealanders gather together to appreciate Aotearoa's arts, it helps maintain those arts' vibrancy and vitality. We support the arts sector so New Zealanders can experience the arts, giving them access to a diverse range of artistic experiences.

The main success indicator here is the level of attendance at presentations we fund. Monitoring attendance enables us to understand which of our funding programmes are successfully providing opportunities for New Zealanders to experience high-quality arts.

Overall, 1,286,665 attendances were reported by Investment clients in 2016/17, a slight increase on 2015/16 (Figure 7).

Figure 7: Number of attendances at arts activities/events funded - Investment programmes



Attendance refers to audience numbers, including paid audiences, readers, viewers and attendances at free events.

The positive result over the target is caused by the Auckland Arts Festival now being an annual event, resulting in 97,000 attendances, as well as the significant increase in literature clients (an increase of 147,000 attendances).

As with the number of participants, attendance numbers are not available for 2016/17 in respect of Grants and special opportunities funding. Baseline data will be developed in 2017/18.

Creative New Zealand's investment here is primarily through our Tōtara and Kahikatea Investment programmes (\$15.3 million). A further \$2.9 million was distributed through Grants and special opportunities and the capability building programme.

The capability building programme provides targeted initiatives to help artists, arts practitioners and arts organisations to address identified development needs (refer to pages 31-32 for further detail on this programme). Our investment under that programme may also have contributed to the increase in audience numbers through the programme's relevant audience development initiatives.

Our deliverables

- There were 81 organisations in our Investment programmes, six more than our target, with a success rate of 96 percent against key performance indicators (KPIs) in funding agreements.
- A total of 2,374 grants were awarded across our Grants and special opportunities and our International programme, along with the Creative Communities Scheme, exceeding targets by 7 percent and 9 percent respectively.
- The average percentage of grants and Investment organisations that met or exceeded expectations in their funding agreements was 100 percent.
- We delivered 32 capability building initiatives for artists and arts organisations, with 84 percent of participants saying that these aligned with their needs and priorities, exceeding target by 14 percent.
- Eighteen submissions were made to central or local government on arts matters, 10 more than the target we set ourselves, and we involved the arts sector more in the advocacy process.

Creative New Zealand's deliverables comprise the service areas that support us in achieving our five strategic goals/objectives. These in turn support us in reaching our outcomes and our vision.

In 2016/17, our deliverables fell under five areas.

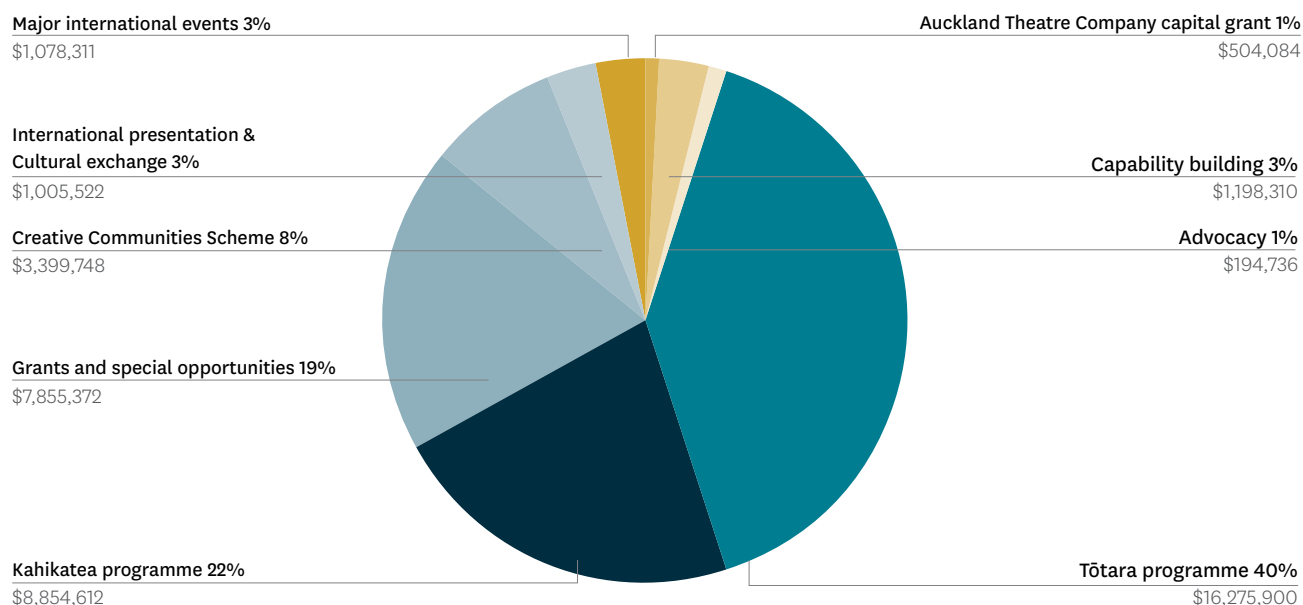
- **Investing in the arts:** Providing financial support to artists, arts practitioners and arts organisations and their projects. Most of the grants funding we provide falls into this service area (97 percent of our funding to the arts sector: \$38.973 million).
- **Developing the arts:** Supporting arts organisations and individual artists and practitioners to develop their skills and capability, including their community engagement. Our Capability Building programme comes under this service area (2.6 percent: \$1.198 million).
- **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 (0.4 percent: \$0.194 million).
- **Improving service delivery:** Continuing to improve how we deliver services to the arts sector, including focusing on what we're best placed to deliver (no fixed sum is allocated towards this deliverable; Creative New Zealand's 2016/17 operating costs were \$6.873 million).
- **Improving our organisation:** Improving the way we operate as New Zealand's national arts development agency (again, no fixed sum is allocated, which falls within our operating costs of \$6.873 million in 2016/17).

Each deliverable area is made up of a combination of:

- **Annual priorities:** These are a mix of new projects and ongoing work and tend to be more innovative or high-profile than core activities. They are likely to change from year to year as we make progress towards meeting our goals.
- **Core activities:** These are more 'business-as-usual' activities, such as running funding programmes like Arts Grants or Quick Response, delivering capacity building initiatives or carrying out advocacy such as submissions to local government.

Figure 8 outlines the full funding picture in 2016/17 (that is, our spend under 'Investing in the arts', Developing the arts and Advocating for the arts).

Figure 8: Creative New Zealand expenditure 2016/17 (excluding operating costs)



Investing in the arts

Investing in the arts supported the following strategic goal/objectives in 2016/17:

Goal	Objectives
We regularly refine our investment to ensure that the arts continue to develop in New Zealand for New Zealanders (external focus)	<ol style="list-style-type: none"> 1. We'll develop an investment strategy that systematically tests the contribution of our key programmes to improving the resilience of artists and arts infrastructure and delivery to New Zealanders. 2. We'll use the investment strategy as the principal tool for guiding investment decisions in the arts sector, and improve the sector's understanding of the policies, guidelines and criteria that underpin investment decisions. 3. We'll refine our investment decisions and re-allocate resources based on transparent policies.

Creative New Zealand funding supports individual professional development opportunities as well as the creation, presentation and distribution of art – across community and professional arts – throughout New Zealand and overseas.

Most of Creative New Zealand's work is delivered through investing in the arts via our key funding programmes, as outlined below. More information about funding programmes is available on our website: www.creativenz.govt.nz/en/getting-funded

Programme	Funds	Timeframes	Description
Investment programmes	Toi Tōtara Haemata (Arts Leadership)	Funding for 2 to 5 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)	Funding for 1 to 3 years	
Grants and special opportunities	Quick Response Grants (including Tohunga/Tukunga)	Funding up to \$7,500, 3 times a year	Contestable shorter-term funding to arts practitioners and organisations, to support the delivery of arts that meet our outcomes.
	Arts Grants (including Toi Ake)	Funding up to \$65,000 (up to \$130,000 depending on artform), 2 times a year	
	Scholarships/Residencies/ Bursaries	Varies	
International programme	International Presentation Fund	\$350,000 per annum with 4 funding rounds per year	International presentation and exchange initiatives that support the presentation of New Zealand arts internationally.
	Other international funding (for example, Venice Biennale)	Varies	
Creative Communities Scheme	Creative Communities Scheme	Average funding of \$2,000, administered through local authorities	Small grants funding that supports community arts projects and encourages broad community involvement and diversity and engages young people.

What we did in 2016/17

Investment programmes

Creative New Zealand's Investment programmes – Toi Tōtara Haemata (Arts Leadership) and Toi Uru Kahikatea (Arts Development) – support the development of arts organisations, and a sustainable infrastructure in the arts sector, by funding significant arts organisations for fixed terms. The positive results of the funding on participation and attendance are described on page 24.

We focused on two key annual priorities related to our investment programmes in 2016/17 (Table 1, measures G1.1 and G1.2). The 2016 Review of Investment Programmes aimed to ensure the programmes remained relevant and appropriate five years after they began. As part of implementing the results of the review in 2017, Creative New Zealand consulted with the sector to more clearly define the concept of leadership within the Tōtara programme.

New Zealand is becoming more diverse. A key priority for us is to ensure our investment, resources and development opportunities respond to the country's diverse and rapidly

changing population. Work has begun on an Investment Strategy that aims to reach out to emerging populations to increase participation and engagement and the production of high-quality New Zealand art. The new strategy will be implemented and communicated in 2017/18.

We regularly monitor the performance of Tōtara and Kahikatea Investment organisations throughout the year and work with them to improve their performance. Organisations are assessed against the expectations set out in their funding agreements across four component areas (artistic, financial, organisation, audience).

Two measures reported this year detail organisations' performance against Creative New Zealand's programme requirements (Table 2, measures G1.3 and G1.4). These broad measures tell us whether the overarching aims of the Investment programmes are being delivered as intended, not just whether organisations are performing as expected.

Grants and special opportunities, and International programme

Creative New Zealand provides grants funding to artists, arts practitioners and arts organisations through a range of programmes. At least 500 projects are supported each year under this group, including:

- Arts Grants, including the Toi Ake programme and grants funded from the Māori Arts Development Initiative and Māori Arts Presenters Fund and Kava grants focusing on outcomes for Pasifika artists and communities
- Quick Response grants, including the Tohunga Tukunga programme and Moana community grants
- special opportunities, including awards, residencies, bursaries and scholarships
- International programme funding, which supports individual artists, arts practitioners, arts organisations or groups of artists to tour, exhibit or perform internationally
- other funding, including the Flexible Funding portfolio (a fund used at the Chief Executive's discretion).

In 2016/17, 568 projects were supported through Grants and special opportunities funding and the International programme. While this was a decrease from the previous year (2015/16: 608), it was 7 percent above forecast (Table 2, measure G1.6). The number of grants funded depends on the quality of applications and the amount of funding requested in each round, balanced by the total funding available. Across all projects funded in this group, the average grant was \$13,830, compared with \$16,496, in 2015/16.

The process for assessing the quality of applications differs across programmes. All applications are assessed on how effectively the project supports Creative New Zealand's outcomes. Under our legislation, assessment processes must include Māori in any assessment process relevant to Māori arts and must include Pacific Island people in any assessment process relevant to the arts of the Pacific Island peoples of New Zealand.

The quality of all projects is assessed by Creative New Zealand staff; Arts Grants are also assessed by external peer assessors. Projects are assessed 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?

Detailed assessments are given to the appropriate advisory panel to inform final decisions on Arts Grants. Applications for other funding programmes may also be assessed against additional criteria specific to those particular programmes. Once completed, grant recipients must submit completion reports to Creative New Zealand. These are evaluated against the expectations in the initial application and funding agreement. Of those projects evaluated in 2016/17, 100 percent met or exceeded expectations, which was above target and an increase on 2015/16 (Table 2, measure G1.5).

Creative Communities Scheme

The Creative Communities Scheme is a small grants scheme that supports local community arts projects and activities across territorial authorities. Creative New Zealand allocates funds to territorial authorities 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 next.

Decisions 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, which are:

- **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.

Territorial authorities made 1,806 grants in 2016/17, an increase on the 1,725 awarded in 2015/16 and 9 percent over the target of 1,650 or more (Table 2, measure G1.7). The average grant has increased to \$1,996 over the past four years (2012/13: \$1,779).

Investing in the arts: Reporting performance against measures for the year ended 30 June 2017

Annual priorities

Table 1: Performance against 'Our annual priorities: Investing in the arts' measures 2016/17

Measures:

No.	Name	Description	Achievement result	2016/17 milestones	2016/17 result	Notes
G1.1	Investment strategy	An investment strategy is developed that systematically tests the contribution of our key programmes	Investment strategy guides decision-making on allocation of resources.	Investment strategy completed and agreed by Arts Council (June 2017).	Milestone partially completed	The Council approved the architecture of the investment strategy at its June 2017 meeting, as well as recommendations on further work required to complete the draft strategy by December 2017.
G1.2	Review of investment programmes	Recommendations arising out of the 2016 review of investment programmes are agreed by the Arts Council and implemented	Investment programmes are improved in accordance with agreed recommendations.	Recommendations are agreed by Arts Council (July 2016) and implemented (by June 2017).	Milestone completed	Recommendations arising out of the 2016 review of investment programmes were agreed by the Arts Council in July 2016 and all work streams resulting from the recommendations have been completed by 30 June 2017.

Core activities

Table 2: Performance against ‘Our core activities: Investing in the arts’ measures 2016/17

Measures:

No.	Name	2014/15 Actual	2015/16 Actual	2016/17 Target	Result	Variance	Note
INVESTMENT PROGRAMMES							
G1.3	Percentage of investment organisations that meet/exceed expectations set in their funding agreements	91%	≥97%	≥95%	95%	0%	Met target. This measure reports on investment clients’ delivery against performance in four areas: artistic, audience, financial and organisational. It includes all Tōtara and Kahikatea clients with continuous funding agreements. Of the 64 organisations with continuous programme funding agreements, 61 organisations met or exceeded expectations. Of the three organisations that did not meet overall expectations, all met artistic expectations.
G1.4	<i>Investment programme success rate</i>	90%	≥90%	≥95%	96%	1%	Met target. This measure reports on investment clients’ delivery against the key performance indicators (KPIs) for each programme. It includes all Tōtara and Kahikatea clients with continuous funding agreements.
PROJECT FUNDING							
G1.5	Percentage of completed projects that meet/exceed expectations in funding agreements	97%	≥97%	≥98%	100%	2%	Met target. Of the 588 projects evaluated in the reporting period, 586 met or exceeded expectations. This measure reports on evaluated completion reports for project funding, including project-funded Kahikatea clients, Grants and special opportunities, International and capability building programme grants and other project funding.
G1.6	Number of grants awarded: Grants and special opportunities and International programme	593	≥505	≥530	568	7%	Exceeded target. Compared with 2015/16, funding awarded through these programmes has decreased by 14 percent (2016/17: \$8.201 million; 2015/16: \$9.572 million). The decrease is attributable to a number of one-off initiatives that ended in 2015/16, such as the Christchurch initiatives, Sistema Aotearoa, RNZB and NZ Opera matched funding.
G1.7	Number of grants awarded: Creative Communities Scheme	1,680	≥1800	≥1650	1,806	9%	Exceeded target. In 2016/17, local/territorial authorities approved 1806 applications to a value of \$3.544 million, compared with 1725 applications approved to a value of \$3.443 million in 2015/16. The target for 2016/17 has been decreased due to the increase of the average size of the grant over the years.

Developing the arts

Developing the arts supported the following goal and objectives in 2016/17:

Goal	Objectives
We develop the arts sector's capacity to succeed (external focus)	<ol style="list-style-type: none"> 1. We'll identify relevant capacity areas to provide services in, which support the growth and development of the arts sector. 2. We'll communicate our capacity offerings to the arts sector, and those offered in complementary areas by others, and deliver initiatives which help support: <ul style="list-style-type: none"> • Māori, Pasifika and New Zealand's growing diversity • artistic quality and renewal and international success • audience focus and diversifying revenue generation • digital expertise. 3. We'll ensure that those we provide services for/to maximise the opportunities they take up, and use this development as a strong platform for future growth.

In addition to providing funding, Creative New Zealand provides opportunities for arts organisations and individual artists and practitioners to build their skills and capability. This work is delivered primarily through the capability building programme, several funding programmes and expert staff advice.

What we did in 2016/17

We focused on two key annual priorities under this deliverable in 2016/17 (Table 3, G2.1 and 2.2). Our tailored capability offering was informed by key findings from a self-assessment survey of investment clients, which is data we receive from clients about their organisations, and from key trends identified by consultation with the sector and our strategic priorities. A survey conducted in April 2016 assessed the impact of the capability building programme over the previous two years and contributed to its development for 2016/17.

Preliminary work around what 'high-quality' arts should mean to Creative New Zealand and the arts sector was carried out as planned. Stage 2 of this work is in development and is being considered for the 2017/18 workplan.

Within our core activities in 2016/17, we focused on providing Investment clients with distinct packages to address the needs of their organisations. These packages focused on areas such as digital strategy, income diversification and database management and systems for the new Arts Philanthropy and Partnerships Programme.

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 and by taking advantage of digital tools and online marketing. Our key audience development gathering *Nui te Kōrero: Talking About Diversity* was held in Auckland in June and was attended by over 150 representatives of arts organisations across the country. The hui provided a platform for conversations around inclusion in the arts and responsiveness to our communities.

Arts Philanthropy and Partnerships Programme

This programme supported arts organisations to diversify sources of income, increase support from donors and business partnerships and develop their fundraising capability. Three initiatives were delivered to 16 participants: the Partnership Incentive Fund, Fundraising Coaching and Fundraising for the Arts – Staff Placement.

Strategy and governance

Several initiatives that focused on strategy helped arts organisations acquire and apply the skills to develop or revise a strategic plan. An online initiative with follow-up coaching sessions, *Building Resilience*, was introduced in 2016/17 to help investment organisation leaders to put their thinking and plans into practice.

Digital strategy coaching helped organisations to make the best use of digital tools and channels, to improve operational efficiency and support marketing and audience development, fundraising and education. Investment clients were also offered the opportunity to work with international arts experts to develop an international strategy. Governance and health and safety webinars were available free to arts and cultural organisations.

Arts sector development

Various initiatives within the capability building programme strengthened the national arts infrastructure and arts sector development. These include:

- arts management training via Māori, Pasifika and publishing internships
- distribution of New Zealand work through support of a national touring agency and the Performing Arts Touring Fund for New Zealand dance, music and theatre
- the Māori Arts Presentation Fund for the distribution of ngā toi Māori work to Māori audiences
- the Auckland Diversity Project Fund which focuses on developing Māori, Pasifika and Asian artists and audiences.

In 2016/17, \$1.198 million was spent on 32 capability building initiatives for artists and arts organisations. This was 2.6 percent of our total funding for the year (excluding personnel costs and overheads). Two new measures were introduced in 2016/17 to provide data to help us tailor capability initiatives and respond to areas of need (Table 4, G2.3 and G2.4). A total of 83 percent of participants strongly agreed or agreed that the initiatives aligned with their needs and priorities, while 72 percent of participants found the initiatives to be extremely relevant or very effective. This feedback will help to shape future initiatives.

Developing the arts: Reporting performance against measures for the year ended 30 June 2017

Annual priorities

Table 3: Performance against 'Our annual priorities: Developing the arts' measures 2016/17

Measures:

No.	Name	Description	Achievement result	2016/17 milestones	2016/17 result	Notes
G2.1	Communicating and delivering our capacity offering	Our capacity offering to the arts sector, and offerings in complementary areas by others, will be communicated and then delivered.	Capacity offerings are effectively communicated and delivered to the arts sector.	Capability building programme announced (September 2016), with regular updates as they arise (June 2017), and then delivered over remainder of 2016/17 (June 2017).	Milestone completed	The delivery of the tailored programme commenced in December 2016. Almost all activity was completed by 30 June 2017 (with the exception of some coaching dates that have been extended on the request of individual clients due to their own time-frames).
G2.2	Reviewing how we define and measure 'high-quality' arts	Preliminary work around considering what 'high-quality' arts should mean to Creative New Zealand and the arts sector.	Understanding of what 'high quality' means is enhanced.	Scoping report and first-stage research conducted (November 2016).	Milestone completed	Scoping report and first-stage research was completed and approved by the Senior Leadership Team in November 2016. Stage 2 of this work is in development and will be considered for the 2017/18 workplan.

Core Activities

Table 4: Performance against 'Our core activities: Developing the arts' measures 2016/17

Measures:

No.	Name	2014/15 Actual	2015/16 Actual	2016/17 Target	Result	Variance	Note
G2.3	Percentage of clients who agree capability building programmes align with their needs and priorities	n/a	Baseline developed	≥70%	84%	14%	Exceeded target. These measures are based on the Organisational Development Model (ODM) survey, a self-assessment tool for investment clients to review their organisation's strengths and weaknesses and to track progress over time. The survey results help us tailor capability initiatives that respond to areas of need. The survey has previously been completed every two years and will be completed annually from 2016/17.
G2.4	Percentage of clients who rank capability building initiatives as extremely or very effective/relevant/helpful	n/a	Baseline developed	≥70%	74%	4%	

Advocating for the arts

Advocating for the arts supported the following goal and objectives in 2016/17:

Goal	Objectives
We are a powerful advocate for the arts (external focus)	<ol style="list-style-type: none">1. We'll create, in partnership with the arts sector, a compelling case for the value of the arts to New Zealanders.2. We'll systematically strengthen our relationships with iwi, local authorities and other co-investors and funders and provide and communicate a suite of unique research, analysis and reports.3. We'll proactively measure and report on our success in advocating for the arts and how this contributes to strengthening the arts sector and improving public engagement.

Creative New Zealand provides research and resources to the arts sector and advocates for the arts, particularly to central and local government. Our advocacy work covers a variety of activities and includes:

- making submissions on issues affecting the arts sector or Creative New Zealand
- carrying out policy development and research for the benefit of the sector
- recognising and promoting success in the arts through our own awards (the Te Waka Toi Awards, the Arts Pasifika Awards and the Prime Minister's Awards for Literary Achievement) and other awards we sponsor
- delivering other resources to the sector, including maintaining our Advocacy Toolkit
- collaborating with other agencies on areas of mutual interest
- carrying out other advocacy initiatives (for example, developing new ways to engage the public with the arts).

What we did in 2016/17

In 2016/17, \$0.194 million was spent directly on advocacy, with much of this work being delivered through existing programmes and resources. While this is less than 1

percent of our total arts sector investment for the period, we continue to recognise our unique position as New Zealand's national arts development agency and how that gives us the ability to advocate for the arts.

Through two key annual priorities in 2016/17, we have worked towards reaching our goal of becoming a powerful advocate for the arts (Table 5, G3.1 and 3.2). A refreshed Advocacy Strategy for 2016–2021 was published on the Creative New Zealand website in April 2017 and forms the foundation for achieving the above-mentioned goal and objectives.

The Advocacy Strategy has three aims.

1. **New Zealanders are highly engaged with the arts** – our advocacy will tackle arts engagement directly and will seek to ultimately improve the frequency of New Zealanders' attendance, participation and personal investment in the arts.
2. **Support for the arts is broadened** – our advocacy will continue promoting and developing a broader support base for the arts, whether that's financial, through volunteering or by other means of support.
3. **The arts sector's voice is further empowered** – our advocacy will keep enabling the arts sector to advocate on its own behalf.

We have started work to form an arts sector advisory group for advocacy. Once established, this group will create a compelling case for the value of the arts to New Zealanders.

We also continued to take a leadership role in the sector through advocating to local government. Successful engagement was held around the 2016 Local Government New Zealand conference, with attendees rating Creative New Zealand's sponsored keynote speaker (author and community development consultant Peter Kageyama) as the best presentation of the conference. We also sponsored the Excellence Award for Best Creative Place, awarded to New Plymouth District Council for the Len Lye Centre.

In addition, we commenced a survey of 16 territorial authorities to examine their capital and operating expenditure in arts and culture. The survey also enquired into their strategic and delivery frameworks for arts and culture in their areas. This initiative allows us to better

understand the wide-ranging support that arts and culture receive from local government and it extends Creative New Zealand's relationship with the councils involved.

Alongside this work, we continued to strengthen our relationship with central government agencies. A Memorandum of Understanding (MoU) developed by Creative New Zealand and Te Puni Kōkiri during the year was signed by the agencies' chief executives in August 2017. The MoU sets out the strategic intent for how the two organisations will work together in the areas of funding, capacity building, advocacy, research and initiatives in order to advance Māori arts and culture.

Along with other core activities, such as developing advocacy tools and resources for the sector (available on our website), Creative New Zealand made 18 submissions to central and local government on arts matters (Table 6, measure G3.3), with a focus on making submissions to territorial authorities on their annual plans. The increased number of submissions (15 in 2015/16) is due to an ongoing focus on territorial authority annual plans and a greater number of submissions being made to central government agencies than we originally anticipated.

Advocating for the arts: Reporting performance against measures for the year ended 30 June 2017

Annual priorities

Table 5: Performance against 'Our annual priorities: Advocating for the arts' measures 2016/17

Measures:

No.	Name	Description	Achievement result	2016/17 milestones	2016/17 result	Notes
G3.1	Case for the value of the arts	A compelling case for the value of the arts to New Zealanders will be created, alongside the arts sector, as part of a refreshed advocacy strategy.	The case for the value of the arts is used by the sector to advance the position of arts in New Zealand.	Refreshed advocacy strategy agreed by the Arts Council (December 2016)	Milestone completed	The refreshed advocacy strategy was finalised by the Arts Council in February 2017, and an advocacy action plan for the balance of 2016/17 was endorsed. These were published on Creative New Zealand's website on 28 April and communicated to the arts sector. Work to form an arts sector advisory group for advocacy has commenced; once established, this group will help create a compelling case for the value of the arts to New Zealanders.

G3.2	Working with local government	Enhancing our relationship with local government, as important co-funders of the arts in New Zealand.	Local government support for the arts increases.	Engagement around Local Government New Zealand conference (July 2016)	Milestone completed	Successful engagement was held around the 2016 LGNZ conference, with attendees rating Creative New Zealand's sponsored keynote speaker (Peter Kageyama) as the best presentation of the conference. A brochure highlighting arts in the community was also provided to attendees, and a follow-up direct communication to all attendees was sent. This included practical advice on engaging 'co-creators' in attendees' communities. Creative New Zealand also sponsored the Excellence Award for Best Creative Place, and sponsorship for the July 2017 conference/awards has been secured.
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Core Activities

Table 6: Performance against 'Our core activities: Advocating for the arts' measures 2016/17

Measures:

No.	Name	2014/15 Actual	2015/16 Actual	2016/17 Target	Result	Variance	Note
G3.3	Number of advocacy actions, including submissions on arts matters	26	15	≥8	18	125%	Exceeded target. Eighteen submissions were made to local and central government agencies across 2016/17, and opportunities for the arts sector to engage with these processes were highlighted as relevant. The high number of submissions is due to an ongoing focus on territorial authorities' annual plans, along with a greater number of submissions being made to central government agencies than originally anticipated.

Improving service delivery

Improving service delivery supported the following goal and objectives in 2016/17:

Goal	Objectives
We improve service delivery and systematically look afresh at how best to deliver activities with and for the arts sector (external/internal focus).	<ol style="list-style-type: none">1. We will systematically look at our initiatives and activities and test whether we should continue to do them, change them or invite others to take them on.2. We will simplify our current programmes and initiatives to provide clarity and enhance our focus on work that we are better placed to advance than others.3. We will routinely seek insights from users to improve their experience of our digital platforms.

The way we support the arts sector is important to us. In recent years, we have continued to make things simpler for our customers and clients when they engage with us (for example, in our funding applications, our contracting and our reporting requirements). The continued roll-out of our grants management system is the key means for achieving this.

What we did in 2016/17

In 2016/17, we tested a selection of our project-funded initiatives and activities to see whether we should continue to do them, change them or invite others to take them on (Table 7, G4.1). This allowed us to identify which activities we were best placed to deliver, and it freed up funds for other investment.

To provide better services in a resource-constrained environment, we also reviewed the processes around our current programmes and initiatives to simplify, clarify and enhance our focus on work that we are better placed to advance than others (Table 7, G4.2). With the Review of Special Opportunities for Artists completed and implemented, all internally managed opportunities are now aligned with Arts Grants or Quick Response processes. This will provide more streamlined

funding rounds for applicants. These priorities link to implementation of an Investment Strategy and the review of Investment programmes reported earlier (Table 1, page 29).

We continue our objective to routinely seek insights from users to improve their experience of our digital platforms (Table 8). The 2016/17 satisfaction survey was conducted online and was completed by 339 customers and clients (2015: 326; 2011: 458). A satisfaction rating of 78.5 percent resulted, which is a significant improvement on previous years (2015: 66 percent; 2011: 63 percent). This is attributable in part to our recent digital offerings (noting that the 2015 survey took place before we had a digital user experience available to most of our customers and clients).

We also have a formal complaints management system and monitor informal feedback from customers and clients through social media and daily interaction with staff.

Unlike our funding spend (that is, investing, developing and advocating), no fixed sum is allocated towards 'Improving our services'. At \$6.873 million, Creative New Zealand's 2016/17 operating costs are at the lowest level they have been in the past nine years, though these are budgeted to rise in 2017/18 as we implement our new operating model (see 'Improving our organisation' on pages 39-41).

Improving service delivery: Reporting performance against measures for the year ended 30 June 2017

Annual priorities

Table 7: Performance against 'Our annual priorities: Improving service delivery' measures 2016/17

Measures:

No.	Name	Description	Achievement result	2016/17 milestones	2016/17 result	Notes
G4.1	Testing our initiatives	A selection of our project-funded initiatives/ activities will be tested, to see whether we should continue to do them, change them or invite others to take them on.	Project-funded initiatives/ activities are best placed to deliver into the future, or funds are freed up for other investment.	First tranche of project-funded initiatives/ activities are examined (December 2016).	Milestone completed	Review of Special Opportunities for Artists (SOFA) completed and implemented. As a result, 13 opportunities were retained, nine were modified to improve their efficiency or effectiveness, one was outsourced and three were cancelled. The first combined Arts Grants/SOFA round was completed in May 2017, as per recommendations.
G4.2	Reducing complexity	The processes around our current programmes/ initiatives will be simplified to provide clarity and enhance our focus on work we are better placed to advance than others.	Processes around our current programmes / initiatives are simplified, making them clearer and helping us focus on work we are best placed to do.	First tranche of current programmes/ initiatives are simplified (June 2017).	Milestone completed	Review of SOFA completed and implemented. All internally managed SOFAs are now aligned with Arts Grants or Quick Response processes unless they are linked to a specific event or timeframe. The Investments Streamlining and Simplification project is under way in conjunction with the Diversity in the Arts Policy Implementation project. Changes arising from this work were implemented in March 2017 for Investments applications and contract extension submissions. Stage 2 of this work will continue until July 2018 (and includes transition to online reporting for all clients). This priority also links to 'Investment strategy' (G1.1) and the 'Review of investment programmes' priority (G1.2).

Core Activities

Table 8: Performance against 'Our core activities: Improving service delivery' measures 2016/17

Measures:

No.	Name	2014/15 Actual	2015/16 Actual	2016/17 Target	Result	Variance	Note
G4.3	Percentage of clients who are satisfied with overall service received from Creative New Zealand	66%	n/a	≥70%	78.5%	8.5%	Exceeded target. The 2016/17 satisfaction survey was conducted online by staff and asked the same or similar questions that were used in the two prior surveys conducted by research agency Colmar Brunton (2015: 66%; 2011: 63%). The 2017 survey was completed by 339 clients (2015: 326; 2011: 458). The significant improvement in customer and client satisfaction is attributable in part to our digital offerings (noting that the 2015 survey took place before we had a digital user experience available to most of our customers and clients).

Improving our organisation

Improving our organisation supported the following goal and objectives in 2016/17:

Goal	Objectives
We become a more focused, higher-performing, learning organisation (internal focus).	<ol style="list-style-type: none"> 1. More focus means we give more effort to fewer things that have the most impact. 2. We'll improve the tools we have to do our jobs, set and then achieve high performance expectations, enhance our learning in identified areas, and become a best practice organisation in terms of how we engage with Māori, Pasifika and diverse groups in New Zealand. 3. We'll ensure that the way we improve our performance evolves over time, responding to our own successes, areas for improvement and the external environment.

Along with improving service delivery, this area focuses on how we can carry out our work better. This area has a particular focus on us as an organisation, rather than as a deliverer of services to our customers and clients.

What we did in 2016/17

We recognise that our organisational culture and our people are critical to our success. This year, through our Organisational Development Project, we've developed a new operating model that will help position us to better achieve our strategic direction to 2021.

To support this evolution, we proposed changes to the structure of our organisation and consulted on these with staff and the Arts Council. By year-end, we confirmed a new structure, which has since been implemented and will be fully staffed by December 2017.

Our 2017 staff engagement results showed a good level of overall engagement despite a decrease from the results last year. This year's survey took place in the midst of team changes and much of the shift reflects the temporary uncertainty during that period of change (Table 10, G5.4).

In order to become a higher-performing organisation for our customers and clients, we have given more effort to fewer things that have the most impact. One focus has been to improve the tools we have to do our jobs. Following the roll-out of our grants management system in 2015/16, we started to implement a business intelligence tool in 2016/17 (Table 9, measure G5.1). This reporting and decision-making tool aims to provide all staff with better

and timelier insights into funding patterns and sector performance.

With our objectives for this goal, we have worked to ensure that staff are continuously learning and developing. Our learning and development policy was updated in 2016/17, and progress has been made toward mandating individual learning plans for all staff (Table 9, measure G5.2).

As with 'Improving our services', no fixed sum is allocated towards 'Improving our organisation'. As mentioned earlier, Creative New Zealand's 2016/17 operating costs were \$6.873 million, though these are budgeted to rise in 2017/18 as we implement the new operating model.

Improving our organisation: Reporting performance against measures for the year ended 30 June 2017

Annual priorities

Table 9: Performance against 'Our annual priorities: Improving our organisation' measures 2016/17

Measures:

No.	Name	Description	Achievement result	2016/17 milestones	2016/17 result	Notes
G5.1	Business intelligence tool	An effective business intelligence tool is implemented as part of our grants management system.	The business intelligence tool allows all staff better and more timely insights into funding patterns and other information.	Business intelligence tool is in place and starts being used by staff (December 2016).	Milestone partially completed	The business intelligence tool 'Qlik View' is being used by the Grants Processing team to assist wider teams with decision making in funding rounds, and for ad hoc and regular reporting. The plan to roll out the tool to other users for self-service reporting is currently under development and is expected to be implemented in the first half of 2017/18.
G5.2	Learning and development	Our learning and development policy is updated, including mandating individual learning plans for all staff.	Continuous learning becomes an essential element of staff performance expectations.	Policy updated and all staff have individual learning plans in place (August 2016).	Milestone partially completed	<p>Policies were updated to include the requirement that all employees have an active, agreed development plan in place. Approximately 90 percent of employees have an individual development plan in place for the 2016/17 performance year.</p> <p>Other initiatives to incorporate learning into our work practices are in the planning stages. Interested staff have had several workshops looking at models for organisational learning and have identified a pilot for an organisational learning project (that is, testing models and identifying learning and system/processes to transfer learning). This work has been subsumed into a more significant organisational development project, which commenced in early 2017.</p>

Core Activities

**Table 10: Performance against ‘Our core activities:
Improving our organisation’ measures 2016/17**

Measures:

No.	Name	2014/15 Actual	2015/16 Actual	2016/17 Target	Result	Variance	Note
G5.3	Maintain or improve audit management ratings	Very Good Very Good Good	Very Good Very Good Good	Very Good	Very Good Very Good Good	N/A	This measure includes annual audit ratings for management control environment, financial systems, and service performance information.
G5.4	Improve on Best Workplaces survey – overall performance index	72.8%	74.6%	≥74%	65.2%	-8.8%	<p>Did not meet target. The 2017 overall result shows a decrease from that of last year. Much of this shift reflects temporary uncertainty during a period of organisational change when the survey was undertaken. We expect the overall performance index to return to more regular levels in 2017/18.</p> <p>The Best Workplaces survey is run annually in July/August, in respect of the previous financial year. The results for previous financial years have been recast in this table to correspond to the financial year the result relates to rather than the year in which the survey was held.</p>

TRENDS IN OUR FUNDING DELIVERY

*O TATOU NEKENEKEHANGA TONO
PŪTEA*

Evaluating change over time

This section features our key trend information which helps us with our future decision making.

Funding across outcomes

In 2016/17, Creative New Zealand's funding was distributed across the following outcomes.

- **Stronger arts communities, artists and organisations** as shown by:
 - high-quality New Zealand art is developed
 - New Zealand arts gain international success.
- **Greater public engagement with the arts** as shown by:
 - New Zealanders participate in the arts
 - New Zealanders experience high-quality arts.

While investment across these outcomes increased steadily between 2011/12 and 2015/16, decisions taken by Creative New Zealand through the 2016/17 planning process reduced some programmes and operating costs for the year. This was carried out in an uncertain environment, where funding from the New Zealand Lottery Grants Board was forecast to reduce.

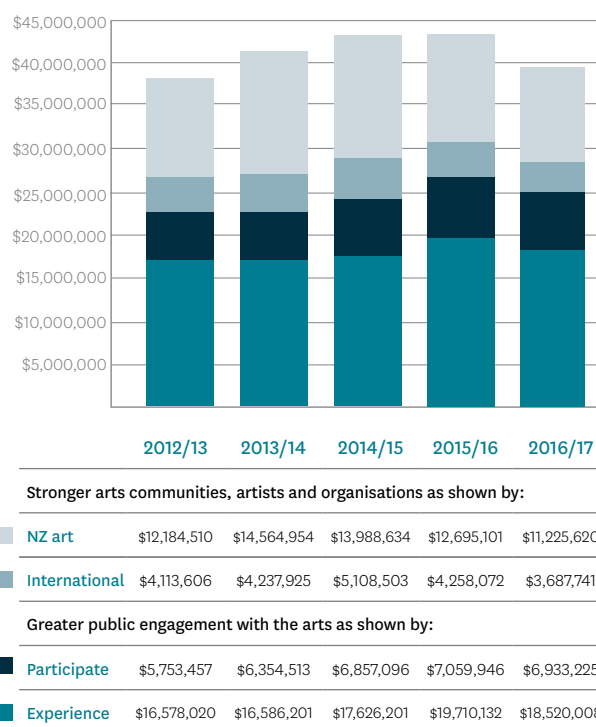
As a result, overall investment across outcomes decreased slightly in 2016/17 (Figure 9), despite funding across our ongoing programmes being maintained.

As mentioned, much of the reduction came from one-off initiatives that either ended or neared completion in 2015/16 or from reprioritised funding, along with some reduction in International funding. These include:

- a one-off grant for the new Waterfront Theatre in Auckland (total of \$4.5 million over three years, of which \$3.058 million was paid in 2015/16; the theatre opened in September 2016)
- the end of the Touring Australia pilot, which helped open up markets for New Zealand companies across the Tasman (total of \$804,000 from 2011/12 to 2015/16)

- the longer-term support for earthquake recovery in Christchurch (from 2010/11 to 2015/16, an additional \$5.110 million was provided to the city's arts sector in emergency and recovery funds, and other initiatives, over and above our regular investment into Christchurch).

Figure 9: Investment by outcome, 2012/13–2016/17



Funding across programmes

In 2016/17, Creative New Zealand funding was distributed under four broad funding programmes: Investment programmes, Grants and special opportunities, the International programme and the Creative Communities Scheme.

The results of our investment in individual funding programmes in 2016/17 are detailed in section three (page 44).

Table 11 sets out the proportional distribution of funding across our four broad funding programmes, for the past year and the 2011/12 year by way of comparison.

¹ A one-off capital grant as a contribution to the building of the new ASB Waterfront Theatre in Auckland.

Table 11: Comparison of funding distribution 2011/12 and 2016/17

Funding programme	2011/12		2016/17	
	\$	%	\$	%
Investment programmes (Tōtara and Kahikatea)	22,591,958	61	25,130,512	65
Grants and special opportunities (including Earthquake Recovery support)	8,941,600	24	7,855,372	20
International programme	2,241,716	6	2,083,833	5
Creative Communities Scheme	3,310,725	9	3,399,748	9
Capital grant (one off) ¹	–	–	504,084	1
TOTAL	37,085,999	100	38,973,549	100

On the whole, we're funding more these days through our Investment programmes than we are through Grants and special opportunities. This reflects the growth in the number of organisations within the Investment programmes, which were formerly funded through grants funding.

Overall performance

Across funding programmes, a significant percentage of clients met or exceeded expectations (Figure 10). 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, 91 percent of clients met expectations and 7 percent exceeded expectations. The 'Investing in the arts' section has further details about client performance (page 30).

Investment programmes

The Tōtara and Kahikatea Investment programmes were implemented from 1 January 2012 (replacing the Recurrently Funded Organisations programme). Since that time, a small but steady increase has occurred in the number of participating organisations (Figure 11). This is mainly because of the number of organisations participating in the Kahikatea (Arts Development) programme, which has tended to fluctuate more than the Tōtara (Arts Leadership) programme.

Figure 10: Performance against expectations 2016/17²

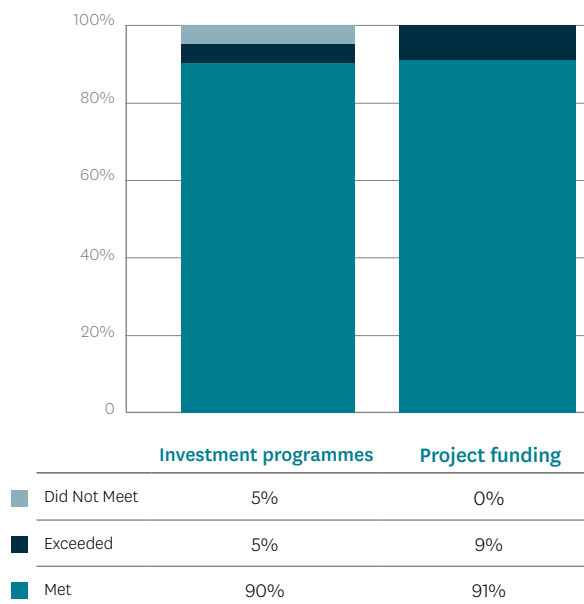
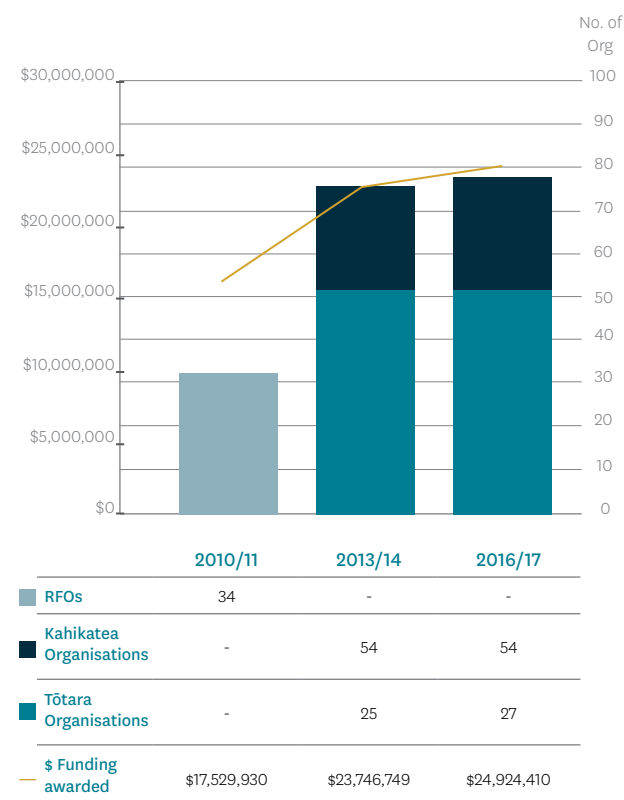


Figure 11: Number of clients and total investment in Investment programmes for 2010/11, 2013/14 and 2016/17



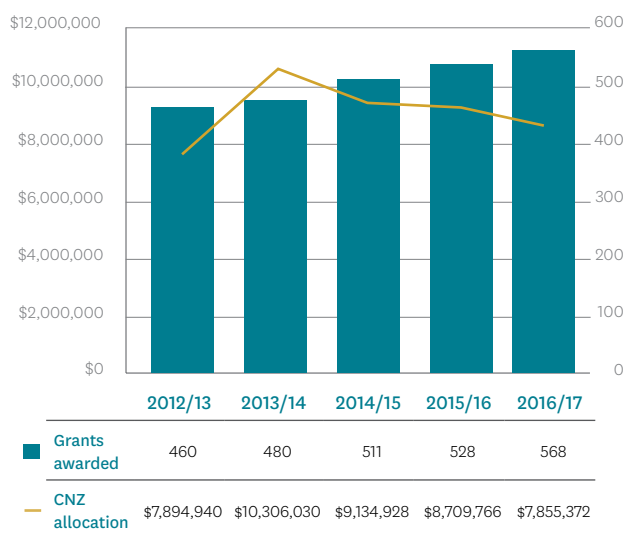
² Excludes capability building and advocacy programmes.

Grants and special opportunities

Creative New Zealand provides grants funding through various programmes, selecting the best applications from artists, arts practitioners and arts organisations. Over the five years to 2016/17, a steady increase has occurred in the number of projects supported each year under this group (Figure 13). The programmes received a significant increase in funding in 2013/14 of \$2.4 million, with funding reducing slightly in subsequent years.

In 2016/17, the number of Grants and special opportunities awarded increased to 568 (2015/16: 528), 7 percent above forecast. The number of grants funded depends on the quality of applications and the amount of funding requested in each, balanced by the total funding available. Across all projects funded in the Grants and special opportunities group, the average grant amount was \$13,830, compared with \$16,496 in 2015/16, reflecting the higher number of grants awarded in 2016/17.

Figure 12: Number and value of Grants and special opportunities programmes 2012/13–2016/17

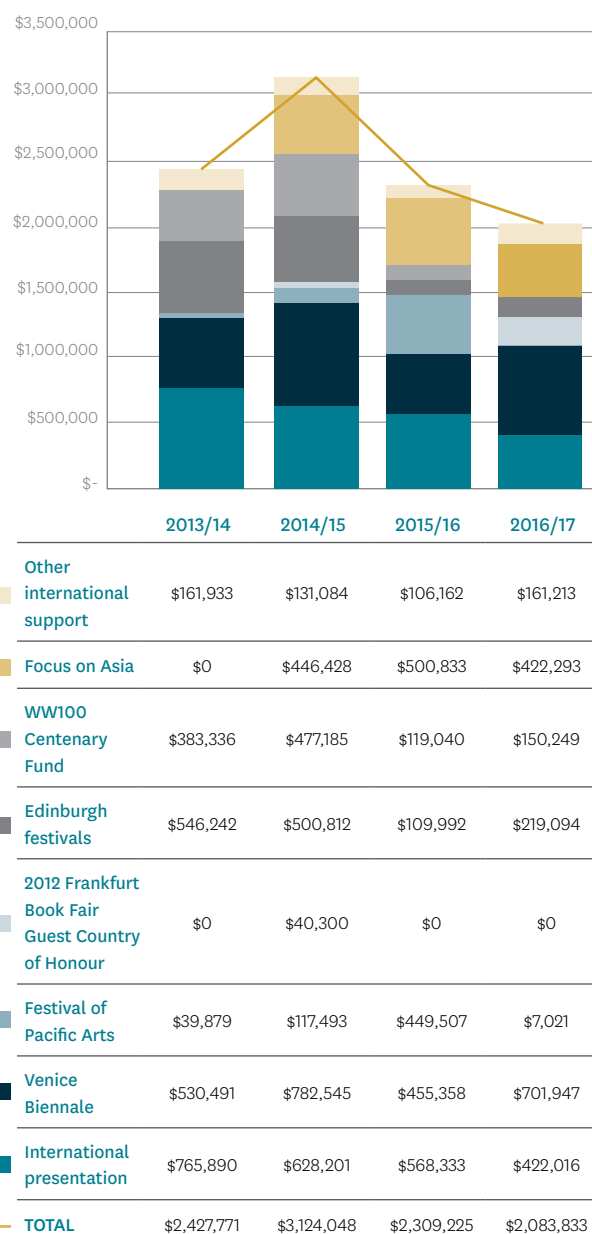


International programmes

Through the International programme's presentation and events funding, Creative New Zealand supports individual artists, arts practitioners, arts organisations or groups of artists to tour, exhibit or perform internationally. This is in addition to other support for internationally-focused work which comes through programmes like Grants and special opportunities.

Fluctuations in International programme funding are driven primarily by our investment in major international projects each year. In 2014/15, the investment in International programmes increased by almost 30 percent to \$3,124,048 (Figure 13). This was primarily due to the introduction of the Focus on Asia initiative and increased investment in New Zealand's representation at the Venice Biennale. Investment reduced again in 2015/16 and 2016/17 as major projects, including the Festival of Pacific Arts, came to an end.

Figure 13: Investment in International programmes 2013/14–2016/17



Note: WW100 = First World War Centenary.

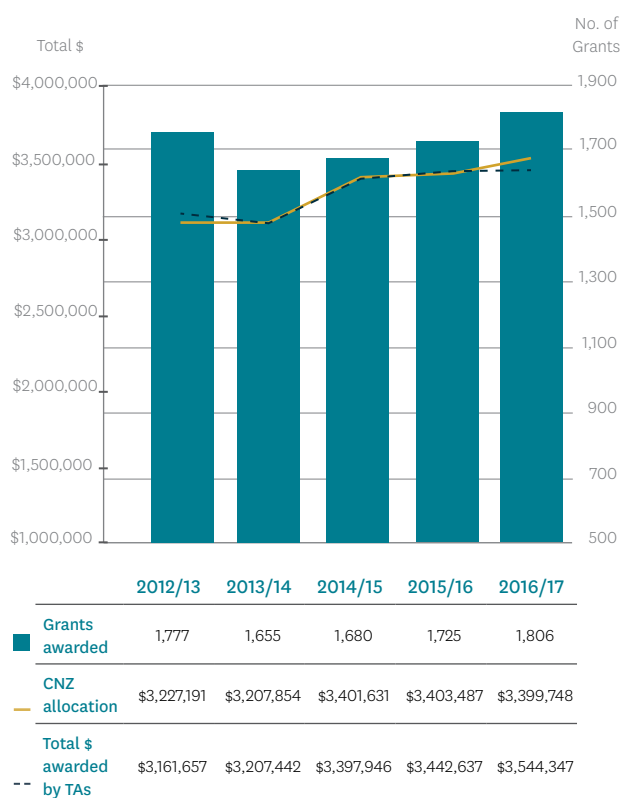
Creative Communities Scheme

The Creative Communities Scheme is a small-grants scheme that supports local community arts projects and activities across New Zealand and in every territorial authority.³ Creative New Zealand allocates funds to territorial authorities based on a funding formula and population size.

The number of grants awarded and the total amount awarded by the territorial authorities continues to increase for a third year, with Creative New Zealand's contribution remaining steady after slight increases in 2014/15 and 2015/16 (Figure 14).

In total, 1,806 grants were made by territorial authorities in 2016/17, an increase on the 1,725 awarded in 2015/16 and 9 percent above target for the year. The average grant of \$1,963 (2015/16: \$1,996) is in line with the increased funding. Project completion (that is, the delivery on Creative Communities Scheme contracts funded by territorial authorities) again reached 100 percent in 2016/17.

Figure 14: Number and value of Creative Communities Scheme grants awarded 2012/13–2016/17



Funding across locations

Creative New Zealand principally allocates funding based on the quality of applications rather than the location of the applicant.

The Creative Communities Scheme – where funding is allocated to territorial authorities on a population basis – is an exception to this, as is the Regional Arts Pilot programme, which has seen dedicated funds applied to developing the arts in Waikato and Southland. Although location is not a significant consideration in how we distribute our funds, we do monitor the geographic spread of all funding to give us an understanding of New Zealand's arts landscape.

Figure 15 (on page 47) 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.

Figure 16 (on page 47) compares the distribution of our funding with that of the population from the 2013 Census and shows the extent to which funding matches the distribution of population. The proportionally higher funding rates in Wellington can be explained by the tendency for artists to congregate disproportionately in larger urban centres. Auckland totals in Figure 15 and Figure 16 include most of a one-off capital grant as a contribution to the building of the new ASB Waterfront Theatre in Auckland.

Location	Funding (\$)	%
North Island	19,888,820	51
South Island	5,728,367	14
Chatham Islands	14,586	<1%
National ⁴	10,309,467	26
International	3,417,807	8.5
Total	39,359,047	100

³ See www.creativenz.govt.nz/find-funding/funds/creative-communities-scheme

⁴ Organisations funded to tour work are recorded as 'national', and grants to individuals and organisations to work internationally are recorded as 'international'.

Figure 15: Funding by location 2016/17

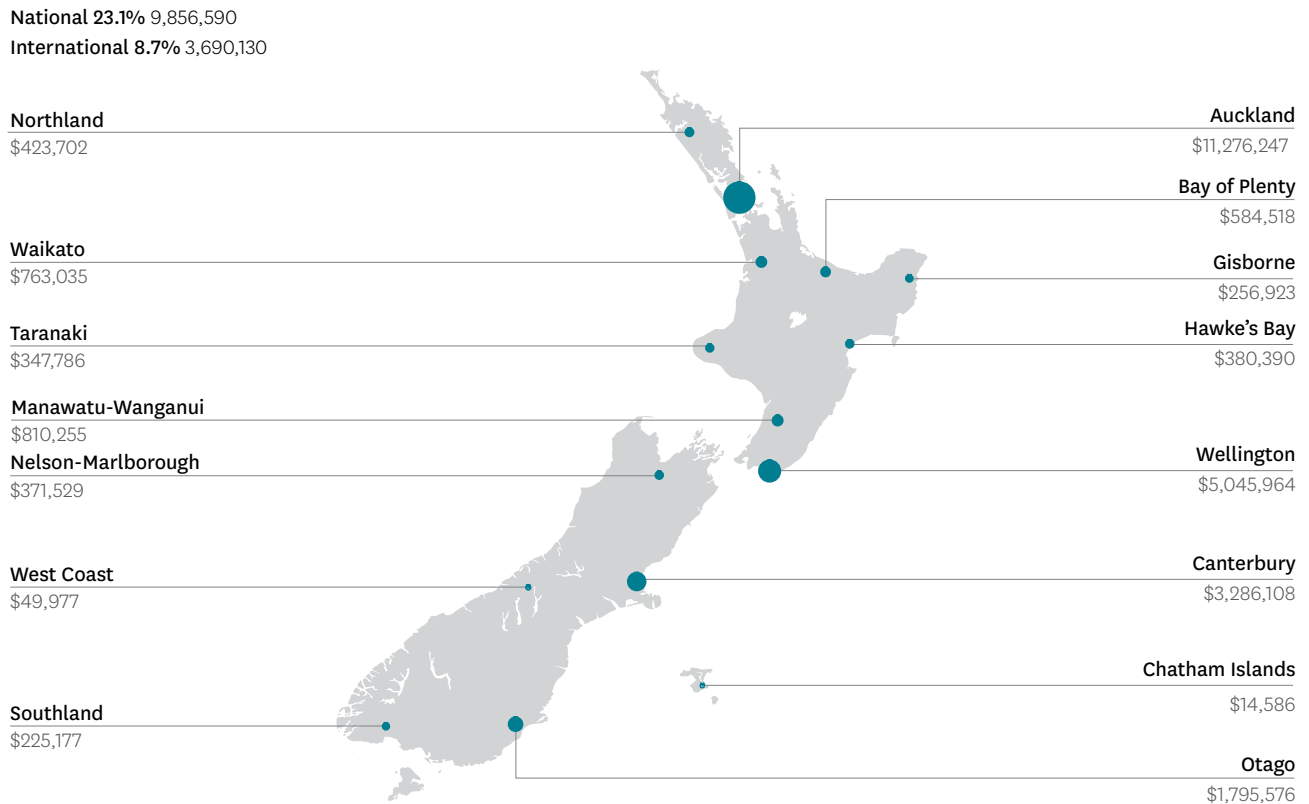
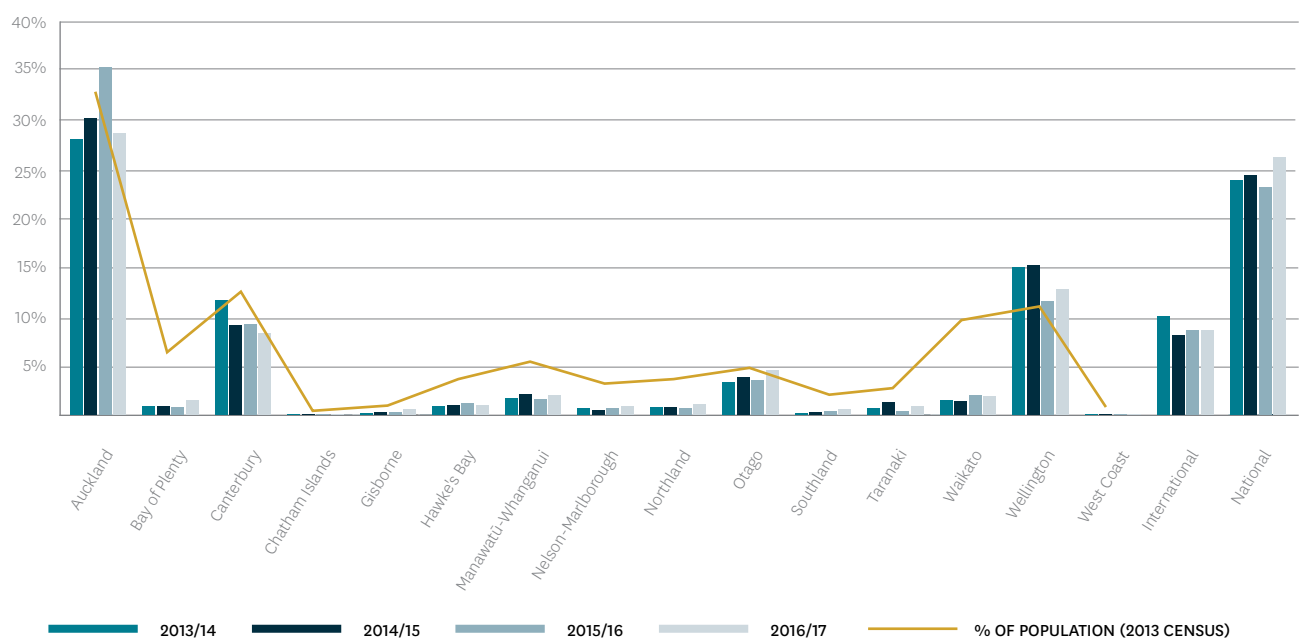


Figure 16: Distribution of funding by region 2013/14–2016/17



Funding across artforms

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

More information is on our website at: www.creativenz.govt.nz/about-creative-new-zealand/what-we-do/arts-funding

Figure 17 outlines Creative New Zealand's distribution of funding across three financial years. In 2016/17, music received the highest proportion of funding, comprising \$10.7 million.

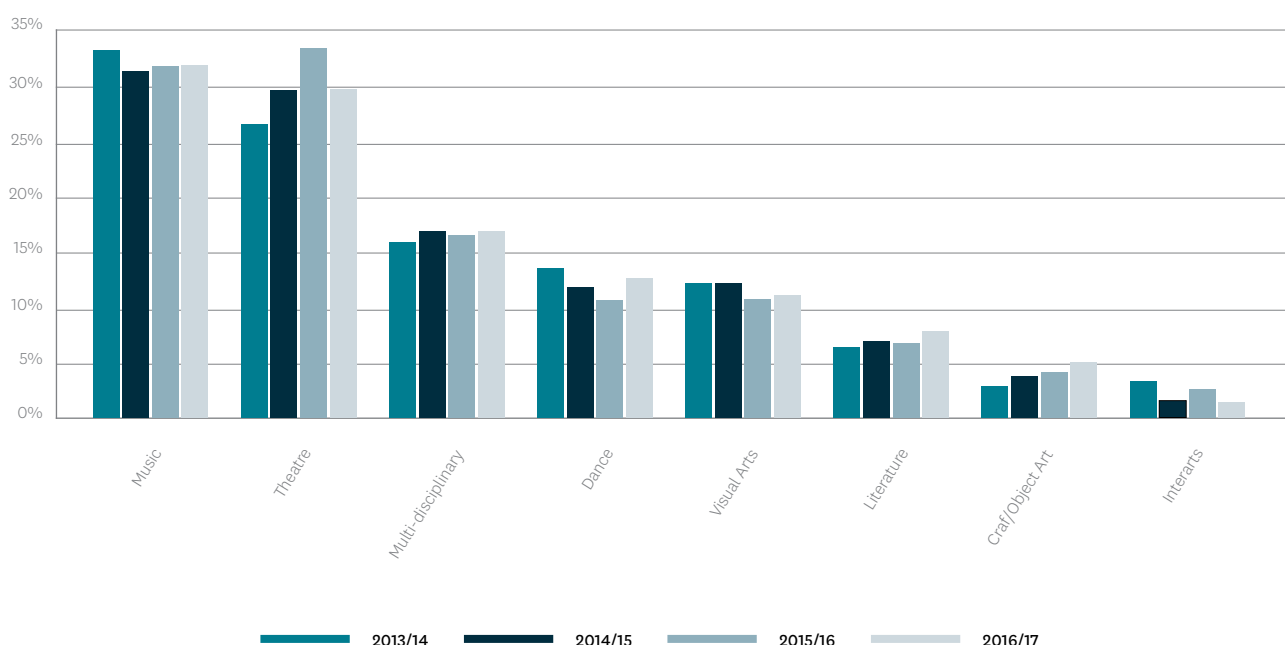
Variances in funding across artforms are the result of several factors, including:

- the variable costs of delivery across artforms (for example, orchestral music and opera have high fixed costs)

- the extent to which other funders are involved (for example, territorial authorities play a significant role in funding visual arts infrastructure through the network of regional art galleries).

Over recent 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. In 2015/16, we completed our four-year programme of reviews across all the artforms we fund. The reviews, in consultation with the arts sector, studied how each artform can be best supported by funding priorities, programmes and initiatives and made recommendations on the individual needs of each artform.

Figure 17: Funding by artform 2013/14–2016/17



FINANCIAL PERFORMANCE

NGĀ WHAKARITENGA PŪTEA

Financial performance

Summary of financial performance

The following narrative describes in more detail the 2016/17 financial performance and the context for 2017/18.

2016/17 financial performance

The 2016/17 year was one of unprecedented revenue volatility for Creative New Zealand, but ended on a positive note with an operating surplus of \$9.927 million. This positions the Arts Council extremely well for the future.

By way of context, Creative New Zealand did not begin the year anticipating a record revenue year, a prudent tone having been set following two years of declining revenue in 2014/15 and 2015/16 along with and lower lotteries forecasts for 2016/17. Note 4 to the accounts highlights that in September 2016, we were anticipating the receipt of \$28.662 million via the New Zealand Lottery Grants Board (NZLGB), a figure that was overtaken as lotteries profits surged over the second half of the financial year. By August 2017, we were advised that we could expect to receive \$40.512 million.

As a consequence of this, the operating loss of \$3.1 million that was forecast in September 2016 had, by 30 June 2017, become a very welcome and significant surplus of \$9.927 million.

The decisions Creative New Zealand had made through the 2016/17 planning process around reductions in some of programmes and operating costs also contributed to the solid result. Even at the start of the planning process, in April 2016, we had been very keen to ensure that our contributions to the arts in 2016/17 (via funding, capability building and advocacy) were as close as possible to those in 2015/16.

Overall, Creative New Zealand invested \$40.366 million in the arts sector in 2016/17, down from the \$43.723 million

invested in 2015/16. Funding for our core programmes (Investment programmes and Grants and special opportunities) has increased, as has funding for our capability building and advocacy programmes.

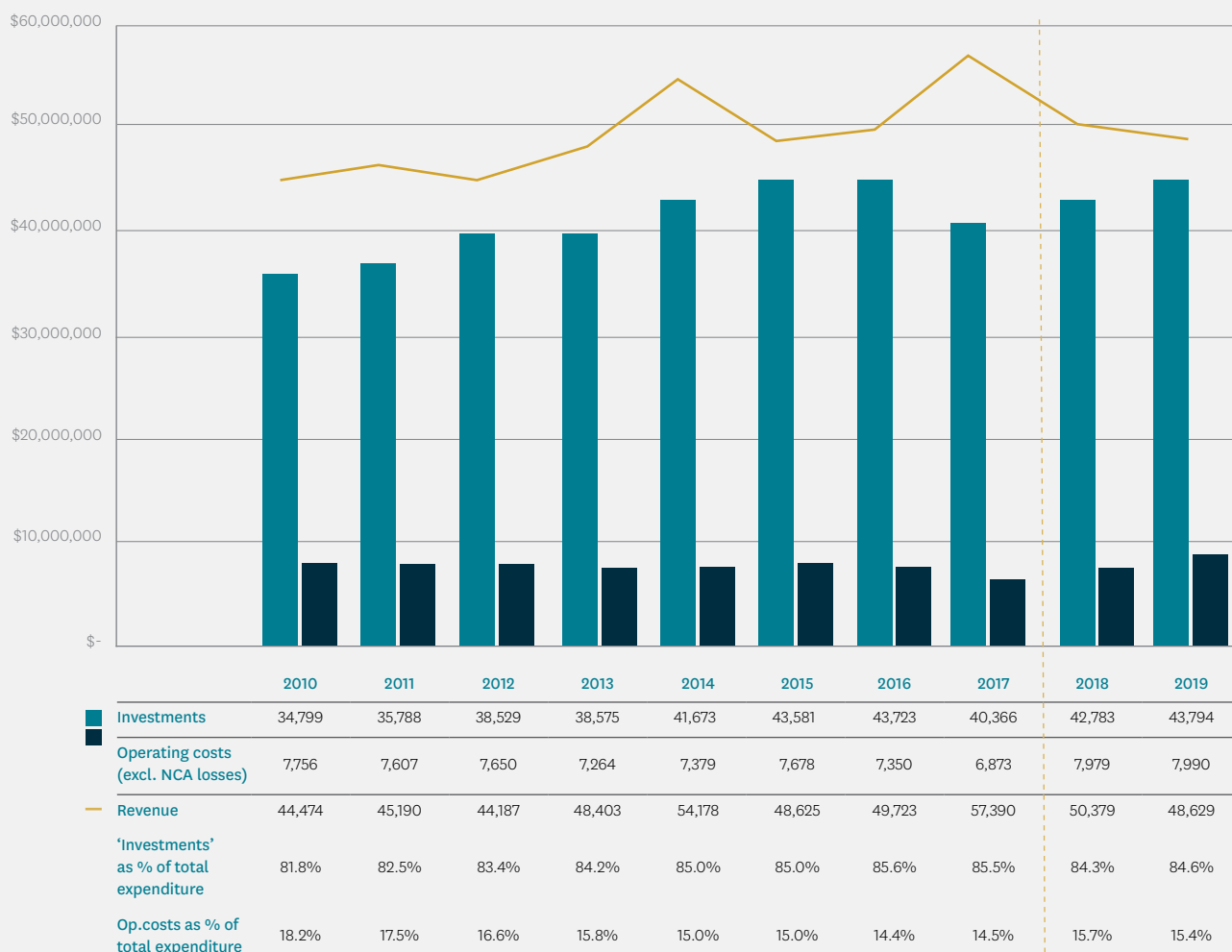
Much of the reduction in the overall investment came from one-off initiatives that either ended or neared completion in 2015/16 or came from reprioritised funding, along with some reduction in our International funding. These include:

- a one-off grant for the new Waterfront Theatre in Auckland (a total of \$4.5 million over three years, of which \$3.058 million was paid in 2015/16; the theatre opened in September 2016)
- the end of the Touring Australia pilot, which helped open up markets for New Zealand companies across the Tasman (total of \$804,000 from 2011/12 to 2015/16)
- the longer-term support for earthquake recovery in Christchurch (from 2010/11 to 2015/16, an additional \$5.110 million was provided to the city's arts sector in emergency and recovery funds, and other initiatives, over and above our regular investment into Christchurch).

Our 2016/17 operating costs (excluding net losses on disposal of assets) of \$6.873 million are at the lowest level they have been in the past nine years and have reduced by \$445,000 compared with budget. We've made a positive decision to invest in our organisational capability and capacity going forward through our Organisational Development Project and related changes to our operating model. As such, operational costs are likely to see a modest rise in 2017/18.

Our longer-term revenue and expenditure trends are shown in Figure 18. These show the stability of our operating costs, a gradual increase in our investment in the arts sector over time and the volatility of our revenue.

**Figure 18: Revenue and expenditure trends
2009/10–2018/19**



*Note: Investments include funding, capability building and advocacy expenditure
NCA = non-current assets.*

2018, 2019 = current
budget for 2017/18 and
2018/19, subject to
change

Planning context for 2017/18

The Arts Council wants to give as much confidence as possible about the reliability of Creative New Zealand's future investment in the arts. This involves the Arts Council having the ability to shield the sector from the annual variability in revenue Creative New Zealand receives.

To help achieve this, the Arts Council has:

- set a higher equity policy and cash management strategy that secures this confidence for at least the next three years, while increasing the overall investment between 2017/18 and 2019/20 (a key catalyst for this will be the Council's new Investment Strategy which will be agreed in 2017/18)
- established a policy on Creative New Zealand's operating costs that locks in efficiency gains over the last 10 years and sets an upper limit at 16.5 percent of total expenditure
- supported the organisation to look at how it organises itself and its work, through a new Investment Strategy and the Organisational Development Project, so that Creative New Zealand is able to proactively respond to changes in arts practice and in New Zealand society. This will contribute to a further improvement in our

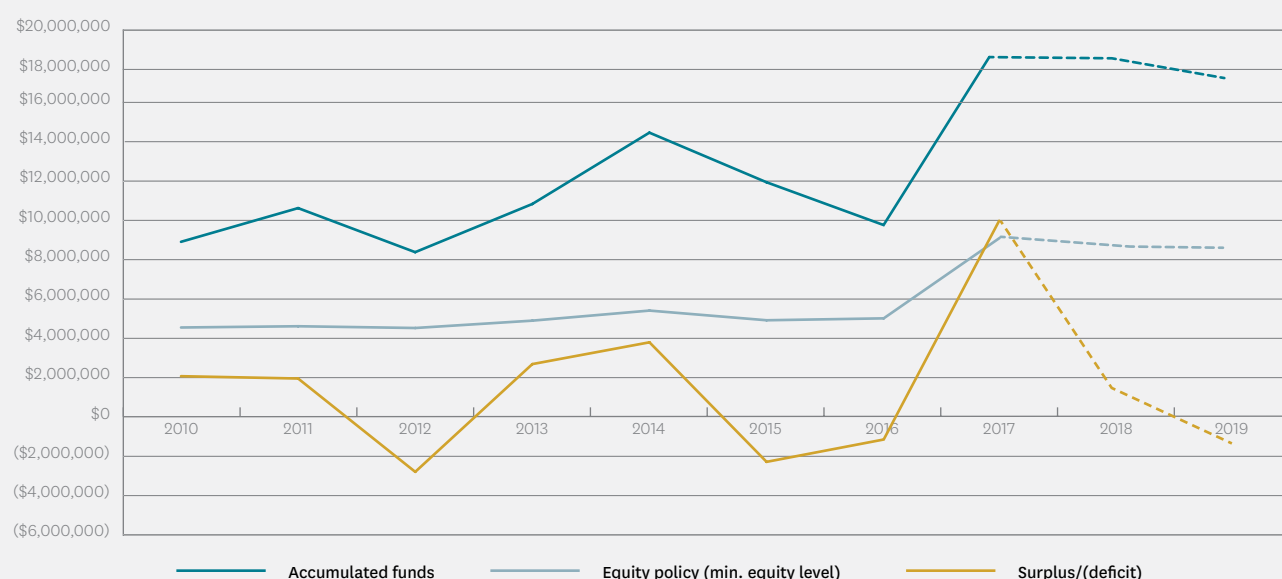
service levels and increase our collaborative and development work over the remainder of the current Statement of Intent cycle.

On the first point, the Arts Council amended its policy on accumulated funds/retained earnings, increasing the minimum level from 10 percent to 15 percent of total revenue, or from \$4.8 million to \$7.2 million. This helps create a more robust financial buffer that exceeds the largest single-year drop in actual NZLGB revenue in recent times.

Our Investment programmes are growing as more organisations are accepted into these programmes and as funding for existing organisations is increased. As a result, we are now committing more of our budget to longer-term funding agreements. The amended policy on accumulated funds will give the Arts Council the ability to better signal its longer-term investment intentions.

Figure 19 shows changes to Creative New Zealand's accumulated funds position and the link to variable operating results, which is mostly caused by the volatility in lotteries revenue. For further information see Creative New Zealand's Statement of Performance Expectations 2017/18, available on our website at: www.creativenz.govt.nz/statement-of-performance-expectations-2017-18

Figure 19: Operating surplus/(deficit) versus equity 2009/10–2018/19



Note: 2018, 2019 = current budget for 2017/18 and 2018/19, subject to change

Statement of financial performance

For the year ended 30 June 2017

	NOTE	ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000
REVENUE				
Revenue from the Crown	3	15,689	15,689	15,689
Revenue from the New Zealand Lottery Grants Board	4	40,512	28,665	30,930
Interest revenue		506	330	599
Other revenue	5	683	214	2,505
TOTAL REVENUE		57,390	44,898	49,723
EXPENDITURE				
Funding (Investing in the arts)	9	38,973	39,243	42,405
Capability building (Developing the arts)	9	1,198	1,239	1,131
Advocacy (Advocating for the arts)		195	208	187
Operating costs				
Personnel expenses	6	4,466	4,681	4,812
Depreciation and amortisation	7	302	355	201
Net losses on disposal of assets	5,13,14	224	–	106
Other expenses	8	2,105	2,282	2,337
TOTAL EXPENDITURE		47,463	48,008	51,179
NET OPERATING SURPLUS / (DEFICIT)		9,927	(3,110)	(1,456)

Explanations of major variances against budget are provided in Note 2.
The accompanying accounting policies and notes form part of these financial statements.

Statement of comprehensive revenue and expense

For the year ended 30 June 2017

	NOTE	ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000
Net operating surplus/(deficit) for the year		9,927	(3,110)	(1,456)
Other comprehensive revenue and expense				
Loss on revaluation of works of art	14	(9)	–	(7)
Total other comprehensive revenue and expense		(9)	–	(7)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		9,918	(3,110)	(1,463)

Statement of changes in net equity

For the year ended 30 June 2017

	NOTE	ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000
Total equity as at 1 July		11,768	11,768	13,231
Net operating surplus/(deficit) for the year		9,927	(3,110)	(1,456)
Other comprehensive revenue and expense		(9)	–	(7)
Total comprehensive revenue and expense		9,918	(3,110)	(1,463)
TOTAL EQUITY AS AT 30 JUNE	19	21,686	8,658	11,768

Explanations of major variances against budget are provided in Note 2.

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

Statement of financial position

As at 30 June 2017

	NOTES	ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000
ASSETS				
Current assets				
Cash and cash equivalents	10	6,773	3,010	2,195
Investments in term deposits	11	8,500	9,000	10,000
Receivables	12	17,632	7,575	10,722
Prepayments		396	180	61
Total current assets		33,301	19,765	22,978
Non-current assets				
Property, plant and equipment	13	346	1,350	1,421
Works of art	14	1,071	1,092	1,092
Intangible assets	15	1,400	1,260	1,370
Total non-current assets		2,817	3,702	3,883
TOTAL ASSETS		36,118	23,467	26,861
LIABILITIES				
Current liabilities				
Grants payable		13,478	13,800	14,181
Creditors and other payables	16	545	509	479
Revenue in advance		10	10	11
Employee entitlements	17	260	350	285
Total current liabilities		14,293	14,669	14,956
Non-current liabilities				
Employee entitlements	17	42	40	42
Lease make-good provision	18	97	100	95
Total non-current liabilities		139	140	137
TOTAL LIABILITIES		14,432	14,809	15,093
NET ASSETS		21,686	8,658	11,768
EQUITY				
Accumulated funds	19	19,783	6,748	9,858
Revaluation reserves	19	1,071	1,088	1,088
Restricted reserves – special purpose funds	19	832	822	822
TOTAL EQUITY		21,686	8,658	11,768

Explanations of major variances against budget are provided in Note 2.

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

Statement of cash flows

For the year ended 30 June 2017

	ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$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	34,176	31,744	26,629
Interest received	486	347	727
Grant retirements and gains	134	120	9
Other revenue	647	77	567
Net Goods and Services Tax	(56)	–	38
Cash was applied to:			
Payments of grants	(41,206)	(40,992)	(44,977)
Payments to employees	(4,491)	(4,418)	(4,950)
Payments of operating expenses	(2,111)	(2,566)	(2,639)
Net Goods and Services Tax	–	(12)	–
NET CASH FLOWS FROM OPERATING ACTIVITIES	3,268	(11)	(8,907)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Term deposits maturing (with maturities over 3 months)	10,000	10,000	18,500
Cash was applied to:			
Purchase of property, plant, equipment and intangible assets	(190)	(174)	(144)
Investment in term deposits (with maturities over 3 months)	(8,500)	(9,000)	(10,000)
NET CASH FLOWS FROM INVESTING ACTIVITIES	1,310	826	8,356
NET INCREASE (DECREASE) IN CASH HELD	4,578	815	(551)
Add opening cash brought forward:			
Cash on hand and at bank	90	90	71
Short-term deposits	2,105	2,105	2,675
BALANCE AT END OF YEAR	6,773	3,010	2,195
Represented by:			
Closing cash carried forward:			
Cash on hand and at bank	504	80	90
Short-term deposits	6,269	2,930	2,105
BALANCE AT END OF YEAR	6,773	3,010	2,195

Explanations of major variances against budget are provided in Note 2.

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 2017

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 2017 and were approved for issue by the Board (the Arts Council) on 25 October 2017.

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.

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 January 2017, the External Reporting Board issued a new accounting standard PBE IFRS 9 Financial Instruments for application by public sector entities for reporting periods beginning 1 January 2021. PBE IFRS 9 introduces into PBE standards the reforms introduced by NZ IFRS 9 in the for-profit sector.

Creative New Zealand will early adopt PBE IFRS 9 in 2018/19 to align its reporting to the Crown reporting for the Financial Statements of Government 2018/19. This standard replaces most of the requirements of PBE IPSAS 29. We understand the main changes in PBE IFRS 9 from our existing financial instrument standard are:

- a new way to classify and measure financial assets (for subsequent measurement), with new rules around when the amortised cost measurement basis can be used
- new impairment requirements for loans and receivables (moving from an incurred loss model to a forward looking expected loss model)
- new hedge accounting requirements (which more closely aligns to an entity's hedging activity and the economic substance of hedges)
- new disclosure requirements.

Creative New Zealand will assess what the impact of adopting PBE IFRS 9 will be on its financial statements, and review the requirements around restating comparatives for 2017/18.

1.3. Significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

1.3.1. 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.

1.3.2. Goods and services tax

All items in the financial statements are exclusive of goods and services tax (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, the Inland Revenue Department is included as part of receivables or payables in the Statement of Financial Position.

The net GST paid to, or received from, the Inland Revenue Department, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

1.3.3. 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.

1.3.4. 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. Explanations of major variances against budget are provided in Note 2.

1.3.5. 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.

Significant accounting judgements

- Grant expenditure – refer to Note 9
- Impairment of non-financial assets – refer to Note 13
- Leases classification – refer to Note 21.

Significant accounting estimates and assumptions

- Estimation of useful lives of property, plant and equipment – refer to Note 13
- Revaluation of works of art – refer to Note 14
- Estimation of useful lives of software assets – refer to Note 15.

2. Significant budget variances

Creative New Zealand's budget figures are derived from the Statement of Performance Expectations 2016-17 (SPE) published in September 2016, based on the budget approved by the Arts Council at its September 2016 meeting. 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.

These budget figures are based on several assumptions, which are causing variances to actual figures.

- Revenue from the NZLGB for 2016/17 has been estimated based on Lotto NZ's forecast payment to the NZLGB of \$28.665 million (as published in Lotto NZ's Statement of Performance Expectations 2016/17).
- For any financial year, the actual revenue from the NZLGB depends on the actual Lotto NZ profit for that year, which creates a degree of inherent revenue unpredictability. To manage this unpredictability, Lotto NZ, through the NZLGB, pays the entities it funds on a quarterly basis and may take into account the latest profit forecast for the period.
- 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.

Explanations for specific major variances are outlined below:

Statement of financial performance

An operating surplus of \$9.927 million for the year ended 30 June 2017 is reported against the net operating deficit budget of \$3.110 million, a variance of \$13.037 million, mainly due to an exceptional 2016/17 financial year reported by Lotto NZ. As a result, additional funding allocation of \$11.847 million (41 percent above budgeted) has been allocated to Creative New Zealand through the NZLGB (details disclosed in note 4).

Total expenditure for the year tracked close to budget, with an overall under-spend of \$0.545 million. Details of funding and capability building expenditure are provided in note 9.

Statement of financial position

Variances in the Statement of Financial Position are mainly caused by the variance in the operating result. Total current assets reflect higher revenue receivable from the NZLGB consisting of the additional Lotto NZ's profit allocations, including the profit wash-up payment (notes 4 and 12).

The variance in the property, plant and equipment balance of \$1.004 million is mainly attributable to the sale of the residential property in London, England, gifted to Creative New Zealand from the Estate of Hilda Dawn Sturgeon (notes 5 and 13).

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.

3. Revenue from the Crown

Accounting policy

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

Creative New Zealand considers there are no conditions attached to the funding (a condition refers to an enforceable legal right of return of the transferred asset if it is not used for the specific intended purpose). The funding is recognised as revenue at the point of entitlement. The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

The funding provided from the Crown amounted to \$15.689 million (2016: \$15.689 million).

Apart from the general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2016: \$nil).

4. Revenue from the New Zealand Lottery Grants Board

Accounting policy

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

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

Breakdown of revenue from the NZLGB

	2017 \$000	2016 \$000
Funding allocation for the year (based on budgeted profit)	28,662	27,750
Additional allocation for the year (based on forecast profit)	5,769	–
Additional profit allocation (wash-up from current year's profit)	6,081	2,850
Additional profit allocation (wash-up from previous year's profit)	–	330
	40,512	30,930

5. Other revenue

Accounting policy

The specific accounting policies for significant other revenue items are explained below:

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 and/or expert advice for assets of a similar type, condition and age, at the time the asset is received.

Grant retirements

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

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

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

Breakdown of other revenue

	2017 \$000	2016 \$000
Venice Biennale – Patrons	477	–
Venice Biennale – other contributions	–	74
Retirement of grants	194	74
Bequest from the estate of Hilda Dawn Sturgeon – residential property (Note 13)	–	925
Bequest from the estate of Hilda Dawn Sturgeon – monies	–	589
Donations and bequests – special purpose funds (Note 19)	–	827
The Todd Trust	10	10
Other	2	6
	683	2,505

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.

The estate amounting to \$1.514 million at 30 June 2016 consisted of:

- a residential leasehold property in London, England, valued at GB£490,000 (NZ\$925,000) on 10 May 2016, when the legal title was transferred to Creative New Zealand (Note 13). The fair value was determined by DN Harvey MRICS, the registered valuer with Huggins Edwards & Sharp
- monies held in England and New Zealand of NZ\$589,000.

The residential property in London was sold on 31 March 2017 for GB£430,000, with net sales proceeds amounting to NZ\$747,000. The estate was fully distributed to Creative New Zealand on 3 July 2017.

Movements in the Statement of Financial Performance resulting from the bequest are as follows:

	Total \$000	2017 \$000	2016 \$000
Residential property at fair value (Note 13)			925
Monies received in 2016			475
Monies receivable at 30 June 2016 (Note 12)			114
Total revenue recognised in 2016			1,514
Net sale proceeds of residential property		747	
Less depreciation of residential property (Note 7)		(9)	
Less cost of disposal of residential property (Note 13)		(916)	
Less other costs associated with administration of the estate		(23)	
Net loss on disposal of asset recognised in 2017		(201)	
Total net revenue from the estate of Hilda Dawn Sturgeon	1,313		
distributed as follows:			
Monies received in 2016	475		
Monies received in 2017	75		
Monies receivable (including the sales proceeds) at 30 June 2017 (Note 12)	763		
	1,313		

6. Personnel expenses

Accounting policy

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.

Breakdown of personnel expenses

	2017 \$000	2016 \$000
Salaries and wages	4,309	4,599
Other staff-related costs	168	158
Employer contributions to defined contribution plans	34	36
Increase/(decrease) in employee entitlements	(45)	19
	4,466	4,812

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

During the year ended 30 June 2017, there were no employees who received compensation relating to the cessation of their employment with Creative New Zealand (2016: \$nil).

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

Total remuneration paid or payable:	Number of employees	
	2017	2016
\$100,000–\$109,999	3	4
\$110,000–\$119,999	4	3
\$120,000–\$129,999	1	Nil
\$130,000–\$139,999	1	2
\$140,000–\$149,999	Nil	1
\$150,000–\$159,999	1	1
\$160,000–\$169,999	Nil	1
\$190,000–\$199,999	1	Nil
\$280,000–\$289,999	Nil	1
\$310,000–\$319,999	1	Nil

The Chief Executive's remuneration and benefits is in the \$310,000 to \$319,999 band (2016: \$280,000 to \$289,999). The movement between the bands reflects the job sizing of the Chief Executive's role.

7. Depreciation and amortisation

	2017 \$000	2016 \$000
Depreciation		
Building improvements	65	70
Computer equipment	53	60
Furniture, equipment and fittings	30	30
Residential property (Note 5)	9	–
Amortisation		
Computer software	145	41
	302	201

8. Other expenses

	2017 \$000	2016 \$000
Fees to auditor – Audit New Zealand – for audit of financial statements	61	56
Board member remuneration (Note 24)	204	202
Operating lease payments	320	311
Interest expense – discount unwind on provisions (Note 18)	2	4
Other expenses	1,518	1,764
	2,105	2,337

9. Funding and capability building expenditure

Accounting policy

Grant expenditure

Discretionary grants are those grants where Creative New Zealand has no obligations to award on receipt of the grant application. For discretionary grants without substantive conditions, the total committed funding is expensed when the grant is approved by Creative New Zealand and the approval has been communicated to the

applicant. Discretionary grants with substantive conditions are expensed at the earlier of the grant payment date or when the grant conditions have been satisfied. Conditions usually include milestones that must be met to be eligible for funding.

When multi-year funding agreements are entered into, amounts granted under these agreements are recognised in the Statement of Financial Performance to the extent that they relate to the current financial year. The agreed funding for the out years is conditional on the programme and budget being agreed within the timeframes and any special conditions for the drawdown of funding being met (disclosed in Note 27).

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

Non-discretionary grants are grants that are awarded automatically if the grant application meets the specified criteria, that is, Creative Communities Scheme funding to territorial authorities. This funding is expensed annually when communicated and distributed as there is no application process and there are no substantive conditions that need to be fulfilled to receive the grant.

Critical accounting estimates and judgements

Creative New Zealand has exercised judgement in developing its grant expenditure accounting policy because there is no specific accounting standard for grant expenditure.

With the recent introduction of the PBE accounting standards, there has been debate on the appropriate framework to apply when accounting for grant expenses and whether some grant accounting practices are appropriate under these new standards. A challenging area, in particular, is the accounting for grant arrangements that include conditions or milestones. Creative New Zealand is aware that the need for a clear standard or authoritative guidance on accounting for grant expenditure has been raised with the New Zealand Accounting Standards Board.

	ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000
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FUNDING

Investment Programmes

Tōtara (Arts Leadership) investments	16,276	16,276	16,048
Kahikatea (Arts Development) investments	8,855	8,875	8,572
Sector development incentives	–	–	305
	25,131	25,151	24,925

Grants Funding

Arts Grants, Quick Response Grants and Special Opportunities (residencies, fellowships and internships)	6,414	5,951	5,593
National touring	718	720	708
Diversity Auckland	249	296	252
Regional arts pilot	178	287	187
Christchurch initiatives (incl. New Zealand Opera matched funding)	–	–	742
Sistema Aotearoa	–	–	495
Other grants funding	296	1,040	733
	7,855	8,294	8,710

Funding International Initiatives

Presentation of art, touring and cultural exchange	583	590	674
Venice Biennale International Art Exhibition*	702	400	455
Focus on Asia	422	470	501
Edinburgh International Festival	219	246	110
First World War Centenary (WW100) Co-commissioning Fund	150	150	119
Festival of Pacific Arts 2016	7	34	450
	2,083	1,890	2,309

	ACTUAL 2017 \$000	BUDGET 2017 \$000	ACTUAL 2016 \$000
Creative Communities Scheme	3,400	3,404	3,403
Auckland Theatre Company capital grant	504	504	3,058
Total Funding	38,973	39,243	42,405

CAPABILITY BUILDING

National programmes	834	852	599
International programmes	364	387	532
Total Capability Building	1,198	1,239	1,131

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 2.

*Venice Biennale expenditure is exclusive of revenue contributions received and disclosed in Note 5. The expenditure for each Venice Biennale is incurred over two financial years.

10. Cash and cash equivalents

Accounting policy

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.

Breakdown of cash and cash equivalents

	2017 \$000	2016 \$000
Cash at bank and on hand	504	90
Term deposits with maturities less than 3 months	6,269	2,105
Total cash and cash equivalents	6,773	2,195

11. Investments in term deposits

Accounting policy

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.

Breakdown of investments in term deposits

	2017 \$000	2016 \$000
Term deposits with maturities between three and six months	8,500	10,000
Total investments	8,500	10,000

The carrying value of term deposits approximates their fair value.

12. Receivables

Accounting policy

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.

Breakdown of receivables

	2017 \$000	2016 \$000
Receivables from non-exchange transactions		
New Zealand Lottery Grants Board	16,581	10,245
GST receivable	94	38
Receivable from the estate of Hilda Dawn Sturgeon	763	114
Sundry receivables	97	248

Receivables from exchange transactions

Interest receivable	97	77
Total receivables	17,632	10,722

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:

	2017			2016		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	17,631	–	17,631	10,720	–	10,720
Past due 1 – 30 days	1	–	1	1	–	1
Past due 31 – 60 days	–	–	–	1	–	1
Past due 61 – 90 days	–	–	–	–	–	–
Past due over 90 days	–	–	–	–	–	–
	17,632	–	17,632	10,722	–	10,722

13. Property, plant and equipment

Accounting policy

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

Residential property is carried at fair value. All other asset classes are measured at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to Creative New Zealand and the cost of the item can be measured reliably.

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

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

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Creative New Zealand and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the Statement of Financial Performance as they are incurred.

Revaluation

The residential property is to be 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 registered valuer. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of assets. Where any decrease in valuation results in the asset revaluation reserve falling below zero, this reduction is recognised in the Statement of Financial Performance. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit is recognised first in the surplus or deficit, up to the

amount previously expensed, and then recognised in other comprehensive revenue and expense.

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.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives.

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

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

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

Impairment of property, plant and equipment

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

Non-cash generating assets

Property, plant and equipment and intangible assets held at cost that have finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

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

The reversal of an impairment loss is recognised in the surplus or deficit.

Critical accounting estimates and judgements

Estimation of useful lives of property, plant and equipment

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.

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 (Note 14) and intangible assets (Note 15). If an impairment trigger exists, the recoverable amount of the asset is determined.

Movements for each class of property, plant and equipment are as follows:

	Residential property*	Leasehold improvements	Furniture, equipment & fittings	Computer equipment	Total
Cost or valuation					
Balance at 1 July 2016	925	343	357	437	2,062
Additions	–	–	5	10	15
Disposals	(925)	(28)	(18)	–	(971)
Reclassification	–	–	–	–	–
Revaluation increase/(decrease)	–	–	–	–	–
Balance at 30 June 2017	–	315	344	447	1,106
Accumulated depreciation					
Balance at 1 July 2016	–	178	123	340	641
Depreciation expense	9	65	30	53	157
Eliminated on disposal/reclassification	(9)	(18)	(11)	–	(38)
Eliminated on revaluation	–	–	–	–	–
Balance at 30 June 2017	–	225	142	393	760
Carrying amount at 30 June 2017	–	90	202	54	346
Cost or valuation					
Balance at 1 July 2015	–	514	292	476	1,282
Additions	925	32	74	21	1,052
Disposals	–	(203)	(9)	(60)	(272)
Reclassification	–	–	–	–	–
Revaluation increase/(decrease)	–	–	–	–	–
Balance at 30 June 2016	925	343	357	437	2,062
Accumulated depreciation					
Balance at 1 July 2015	–	207	100	340	647
Depreciation expense	–	70	30	60	160
Eliminated on disposal/reclassification	–	(99)	(7)	(60)	(166)
Eliminated on revaluation	–	–	–	–	–
Balance at 30 June 2016	–	178	123	340	641
Carrying amount at 30 June 2016	925	165	234	97	1,421

* Details on residential property are disclosed in Note 5 under bequest from the estate of Hilda Dawn Sturgeon.

14. Works of art

Accounting policy

Creative New Zealand owns a 'furnishing works of art collection' with items on display in Creative New Zealand offices. These items are rotated on a regular basis with items held in storage. Some items are also on loan to other organisations, including museums and other arts organisations.

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

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

Critical accounting estimates and judgements

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 works in New Zealand. Creative New Zealand is relying on the valuer's judgement and expertise in this area.

The works of art are stated at fair value as determined by Christopher Moore of Christopher Moore Gallery as at 30 June 2017. Christopher Moore is an art dealer and an experienced independent valuer of works.

Movements in works of art values are as follows:

	2017 \$000	2016 \$000
Valuation		
Balance at 1 July	1,092	1,099
Additions	–	–
Revaluation increase/(decrease)	(9)	(7)
Disposals	(12)	–
Carrying amount at 30 June	1,071	1,092

15. Intangible assets

Accounting policy

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

Critical accounting estimates and judgements

Estimation of useful lives of software 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.

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

- the period of time the software is intended to be in use
- the effect of technological change on systems and platforms
- the expected timeframe for the development of replacement systems and platforms
- historical experience for similar software assets.

An incorrect estimate of the useful lives of software assets will affect the amortisation expense recognised in the surplus or deficit and the carrying amount of the software assets in the statement of financial position.

Movements for each class of intangible assets are as follows:

	Computer software \$000	Work In Progress \$000	Total \$000
Cost			
Balance at 1 July 2016	1,620	1,334	2,954
Additions	159	16	175
Reclassification*	1,350	(1,350)	–
Disposals	–	–	–
Balance at 30 June 2017	3,129	–	3,129

Accumulated amortisation and impairment losses

Balance at 1 July 2016	1,584	–	1,584
Amortisation expense	145	–	145
Eliminated on disposal/ reclassification	–	–	–
Impairment losses	–	–	–
Balance at 30 June 2017	1,729	–	1,729

	Computer software \$000	Work In Progress \$000	Total \$000
Carrying amount at 30 June 2016	1,400	–	1,400
Cost			
Balance at 1 July 2015	1,610	1,327	2,937
Additions	10	7	17
Reclassification	–	–	–
Disposals	–	–	–
Balance at 30 June 2016	1,620	1,334	2,954
Accumulated amortisation and impairment losses			
Balance at 1 July 2015	1,543	–	1,543
Amortisation expense	41	–	41
Eliminated on disposal/ reclassification	–	–	–
Impairment losses	–	–	–
Balance at 30 June 2016	1,584	–	1,584
Carrying amount at 30 June 2016	36	1,334	1,370

* The work in progress balance of \$1.350 million relates to the build of a Grant Management (GMS) and Customer Relationship Management (CRM) system, transferred to use on 1 November 2016.

16. Creditors and other payables

Accounting policy

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; therefore the carrying value of creditors and other payables approximates their fair value.

Breakdown of creditors and other payables

	2017 \$000	2016 \$000
Payables under exchange transactions		
Trade payables	489	425
Accrued expenses	56	54
	545	479

Creative New Zealand has a bank credit card facility of up to \$200,000 (2016: \$200,000). \$10,341 of the total facility was used at 30 June 2017 (2016: \$22,666).

17. Employee entitlements

Accounting policy

Short-term employee entitlements

Employee entitlements expected to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, long service leave entitlements expected to be settled within 12 months and time in lieu accrued up to balance date. Creative New Zealand has no liability for sick leave entitlements.

Long-term employee entitlements

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

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information
- the present value of the estimated future cash flows.

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

Breakdown of employee entitlements

	2017 \$000	2016 \$000
Current portion		
Accrued/(prepaid) salaries and wages	–	(20)
Annual leave	222	257
Long service leave	37	41
Time in lieu	1	7
Total current portion	260	285
Non-current portion		
Long service leave	42	42
Total non-current portion	42	42
Total employee entitlements	302	327

18. Lease make-good provision

Accounting policy

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, when it is probable that an outflow of future economic benefits will be required to settle the obligation and when 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'.

Breakdown of lease make-good provision

	2017 \$000	2016 \$000
Non-current portion		
Lease make-good	97	95
Total provisions	97	95

	2017 \$000	2016 \$000
Movements of lease make-good provision are as follows:		
Balance at 1 July	95	91
Provision made	–	–
Discount unwind (Note 8)	2	4
Balance at 30 June	97	95

In respect of its leased office 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. Further information about Creative New Zealand's leasing arrangements is disclosed in note 21.

19. Equity

Accounting policy

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

- accumulated funds
- revaluation reserve
- restricted reserve.

Revaluation reserve relates to the revaluation of works of art (Note 14).

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

Capital management

Creative New Zealand's capital is its equity, which comprises accumulated funds, revaluation reserves and restricted 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 (through the minimum equity policy) 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.

Breakdown of equity

	2016 \$000	2017 \$000
Accumulated funds		
Balance at 1 July	9,858	12,136
Net operating surplus/(deficit) for the year	9,927	(1,456)
Transfer of special purpose funds to restricted reserves	(10)	(822)
Transfer from revaluation reserve on disposal of works of art carried at revaluation	8	–
Balance at 30 June	19,783	9,858
Revaluation reserves (works of art)		
Balance at 1 July	1,088	1,095
Revaluation of works of art (note 14)	(9)	(7)
Transfer to accumulated funds on disposal of works of art carried at revaluation	(8)	–
Balance at 30 June	1,071	1,088
Restricted reserves (special purpose funds)		
Balance at 1 July	822	–
Transfer of special purpose funds from accumulated funds	10	822
Balance at 30 June	832	822
Total equity	21,686	11,768

Restricted reserves (special purpose funds)

	Opening balance	Revenue	Expenditure	Closing balance
Edwin Carr Foundation	616	21	12	625
Tup Lang fund	77	2	2	77
Christchurch Earthquake Support Fund donation	34	1	–	35
Louis Johnson fund	55	2	3	54
Butland Music Foundation	40	1	–	41
Total Restricted Reserves	822			832

The Edwin Carr Foundation was set up in 2004 as a trust with the Carr family to commemorate New Zealand composer Edwin Carr and provide scholarships to composers. Creative New Zealand is the Trustee of the Foundation and administers the foundation and its associated scholarships.

The Tup Lang Scholarship Fund is a bequest from Octavia Gwendolin Lang, set up in 1999 as a trust. The fund, as stipulated in the will, is used 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 the artist's wishes, is to go towards the Christchurch Earthquake Support Fund and the visual arts community.

The Louis Johnson fund is a gift received in 1989 and 1999 from Mrs Cecilia Johnson to the Literary programme of the Arts Council. The funds are held in trust and the income is used to finance 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.

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

	2017 \$000	2016 \$000
Net surplus/(deficit) from operations	9,927	(1,456)
Add/(less) non-cash items:		
Depreciation and amortisation	302	201
Net losses on disposal of assets	198	106
Bequest from the estate of Hilda Dawn Sturgeon	(60)	(1,039)
Donations and bequests – special purpose funds	–	(827)
Retirement of grants	–	(65)
Total non-cash items	440	(1,624)
Add/(less) movements in working capital items:		
Decrease (increase) in prepayments	(335)	70
Decrease (increase) in receivables	(6,087)	(4,459)
Decrease (increase) in interest receivable	(20)	128
Increase (decrease) in goods and services tax payable/receivable	(56)	38
Increase (decrease) in creditors and other payables	66	(386)
Increase (decrease) in revenue in advance	(1)	11
Increase (decrease) in provision for employee entitlements	(25)	(138)
Increase (decrease) in lease make-good provision	2	4
Increase (decrease) in grants payable	(643)	(1,095)
Net movements in working capital items	(7,099)	(5,827)
Add/(less) items classified as investing activities		
Loss/(gain) on the sale of property, plant and equipment	–	–
Total items classified as investing activities	–	–
Net cash flow from operating activities	3,268	(8,907)

21. Capital commitments and operating leases

21.1. Capital Commitments

	2017 \$000	2016 \$000
Capital commitments		
Intangible assets	-	39
Total capital commitments	-	39

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

The capital commitments at 30 June 2016 relate to the agreed change requests and the data migration phase of the project, all contracted to Fusion5 Limited.

21.2. Operating leases

Accounting policy

Operating leases

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

Finance leases

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

Critical accounting estimates and judgements

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.

	2017 \$000	2016 \$000
Operating leases as lessee, payable:		
Not later than one year	257	259
Later than one year and not later than five years	326	448
Later than five years	-	9
Total non-cancellable operating leases payable	583	716

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

22. Contingencies

22.1. Contingent Liabilities

	2017 \$000	2016 \$000
Bank of New Zealand	150	150
Letter of Credit – Datacom		
Employer Services Limited		

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 MTS 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.

22.2. Contingent Assets

	2017 \$000	2016 \$000
Invoiced to grantees in a default position	148	212

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.

23. 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 condition 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, its committees 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

	2017	2016
Council members		
Remuneration (Note 24)	\$203,566	\$202,400
Full-time equivalent members	1.58	1.58
Leadership team		
Remuneration	\$868,389	\$1,021,572
Full-time equivalent members	4.5	6.00

24. Board member remuneration

The total value of remuneration paid or payable to each Board (Arts Council) member during the year was:

Member	Tenure	2017 \$	2016 \$
Dr Richard Grant	Arts Council Chair, term finished 30 April 2017	27,500	33,000
Michael Moynahan	Arts Council Deputy Chairman from 20 June 2016; appointed Chair from 1 May 2017	20,083	14,000
Suzanne Ellison	Arts Council member; appointed Māori Committee Chair from 1 July 2016	15,400	14,000
Caren Rangī	Arts Council member; Chair of Audit & Risk Committee from 27 April 2016; appointed Deputy Chair from 1 May 2017	14,583	14,000
Andrew Caisley	Arts Council member	14,000	14,000
Hon Luamanuvao Winnie Laban, QSO	Arts Council member	14,000	14,000
Wayne P. Marriott, JJP	Arts Council member	14,000	14,000
Michael Prentice	Arts Council member	14,000	14,000
Professor Taiarahia Black	Arts Council member; appointed 1 July 2016	14,000	–
Dame Jenny Gibbs, DNZM	Arts Council member; appointed 1 July 2016	14,000	–
Karl Johnstone	Arts Council member; appointed 1 July 2016	14,000	–
Roger King	Arts Council member; appointed 1 July 2016	14,000	–
Rose Evans	Arts Council member; term finished 30 April 2017	11,667	14,000
Garth Gallaway	Arts Council member; appointed 1 May 2017	2,333	–
Darrin Haimona	Arts Council member and Māori Committee Chair; term finished 30 June 2016	–	15,400
Karyn Fenton-Ellis, MNZM	Arts Council member; term finished 30 June 2016	–	14,000
Peter-Lucas Jones	Arts Council member; term finished 30 June 2016	–	14,000
Felicity Price, ONZM	Arts Council member; term finished 30 June 2016	–	14,000
		203,566	202,400

No Board members received compensation or other benefits in relation to cessation (2016: \$nil).

25. Financial instruments

Accounting policy

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.

25.1. Financial instrument categories

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

	2017 \$000	2016 \$000
Financial assets		
Loans and receivables:		
Cash and cash equivalents	6,773	2,195
Investments in term deposits	8,500	10,000
Receivables	17,632	10,722
Total financial assets	32,905	22,917
Financial liabilities		
Financial liabilities at amortised cost:		
Grants payable	13,478	14,181
Creditors and other payables	545	479
Total financial liabilities	14,023	14,660

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

25.2. Financial instrument risks

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 2017 were ranging between 3.17% and 3.45% (2016: between 3.25% and 3.28%). Call deposits were invested at the interest rate of 1.75% at 30 June 2017 (2016: 2.25%).

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 registered banks that 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:

	2017 \$000	2016 \$000
Counterparties with credit ratings*		
Cash and cash equivalents		
AA-	6,773	2,195
Investments in term deposits		
AA-	3,500	10,000
A	5,000	-
Total cash and term deposits	15,273	12,195
Counterparties without credit ratings		
Debtors and other receivables		
Existing counterparty with no defaults in the past	17,632	10,722
Existing counterparty with defaults in the past	-	-
Total debtors and other receivables	17,632	10,722

* Credit rating refers to the counterparties' Standard and Poor's credit rating – an independent opinion of the capability and willingness of a financial institution to repay its debts. A rating of A and above indicates strong capacity to make timely payment.

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 table below analyses 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.

2017 (in \$000)	Carrying amount	Contractual Cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
Creditors and other payables	545	545	545	–	–
Grants payable	13,478	13,478	13,478	–	–

2016 (in \$000)

Creditors and other payables	479	479	479	–	–
Grants payable	14,181	14,181	14,181	–	–

26. Events subsequent to balance date

There have been no events subsequent to 30 June 2017 that materially affect these financial statements.

27. Conditional funding approved for out-years

Creative New Zealand enters into multi-year funding agreements with organisations in its Investment programmes. The future commitments resulting from these agreements are not audited. The agreed funding for out-years is conditional on client programmes and budgets being agreed within relevant timeframes, and any special conditions for the drawdown of funding being met.

Amounts granted under these multi-year agreements are expensed in the Statement of Financial Performance to the extent that they relate to the current financial year.

Some funding for specific projects may include milestones that must be met in order to draw down the grant. Grants with substantive conditions that have not been met as at 30 June are considered conditional and are not expensed in the Statement of Financial Performance at year-end.

	2017 \$000	2016 \$000
<hr/>		
Conditional funding, payable in out-years:		
Not later than one year	25,792	14,673
Later than one year and not later than two years	19,902	4,663
Total conditional funding for the out-years	45,694	19,336

The variance in the amount between 2017 and 2016 is caused by the timing of the multi-year funding contracts and the timing of funding decisions.

Independent Auditor's Report

To the readers of the Arts Council of New Zealand
Toi Aotearoa's financial statements and performance
information for the year ended 30 June 2017

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

Opinion

We have audited:

- the financial statements of Creative New Zealand on pages 53 to 78, that comprise the statement of financial position as at 30 June 2017, 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 including a summary of significant accounting policies and other explanatory information; and
- the performance information of Creative New Zealand on pages 21 to 41.

In our opinion:

- the financial statements of Creative New Zealand on pages 53 to 78:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2017; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

- the performance information on pages 21 to 41:
 - presents fairly, in all material respects, Creative New Zealand's performance for the year ended 30 June 2017, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year.
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 25 October 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Arts Council and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Arts Council for the financial statements and the performance information

The Arts Council is responsible on behalf of Creative New Zealand for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Arts Council is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Arts Council is responsible on behalf of Creative New Zealand for assessing Creative New Zealand's ability to continue as a going concern. The Arts Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of Creative New Zealand, or there is no realistic alternative but to do so.

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

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are

differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to Creative New Zealand's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Arts Council.
- We evaluate the appropriateness of the reported performance information within Creative New Zealand's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Arts Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Creative New Zealand's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Creative New Zealand to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Arts Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Arts Council is responsible for the other information. The other information comprises the information included on pages 1 to 20, 42 to 52 and 72 to 92, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

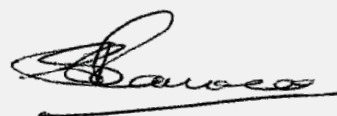
In connection with our audit of the financial statements and the performance information, our responsibility is

to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of Creative New Zealand in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in Creative New Zealand.



Clint Ramoo

Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand

Statement of responsibility

For the year ended 30 June 2017

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 2017 fairly reflect the financial position and operations of Creative New Zealand.

Signed on behalf of the Arts Council:



Michael Moynahan

Chair, Arts Council

25 October 2017



Caren Rangi

Deputy Chair, Arts Council

25 October 2017

OUR ORGANISATION

TŌ TATOU TARI

About our organisation

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

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

The Arts Council

Our governing body, the Arts Council:

- sets Creative New Zealand's strategic direction and monitors its performance
- sets guidelines for allocating funding and implementing initiatives
- establishes assessment processes for allocating funding
- maintains relationships with other agencies and organisations.

The Arts Council comprises 13 members and is a unitary council, replacing the previous division of responsibilities between the Arts Council, the Arts Board, Te Waka Toi and the Pacific Arts Committee. Council members are appointed by, and accountable to, the Minister for Arts, Culture and Heritage. The Council meets six times per year.

Council members have a wide range of skills and experience. The Council has a minimum of four members with knowledge of Ngā Toi Māori (Māori arts), te ao Māori (a Māori worldview) and tikanga Māori (Māori protocol and culture). These members were appointed in consultation with the Minister for Māori Development. Under our Act, they form a committee (the Māori Committee) to advise

the Council on matters relevant to the Council's functions in relation to Māori, and any other functions the Council delegates to the committee.

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

The Council also has an Audit and Risk Committee to advise it on audit, risk and finance matters.

We work to ensure that:

- Council members have appropriate and timely information to make decisions
- Council members are knowledgeable about and engaged with Creative New Zealand's work
- decisions are made at the appropriate organisational level, reflecting their importance, risk and the need for timeliness
- management and staff provide appropriate support to the Council.

Membership of the Arts Council as at 30 June 2017 is outlined in Table 12.

Our relationships

We work with many stakeholders, including the Minister for Arts, Culture and Heritage and the Ministry for Culture and Heritage; the New Zealand Lottery Grants Board; iwi; Pasifika groups; local government; individual artists and practitioners; arts organisations; and, more broadly, the community. We consult with stakeholder groups when developing strategy and reviewing policies that affect the arts sector.

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

Table 12: Arts Council members as at 30 June 2017

Arts Council members	First appointed	Current term expires	Other Arts Council office held
Michael Moynahan (Chair)*	15 Dec 2014	30 Apr 2020	
Caren Rangī (Deputy Chair)**	1 May 2014	30 Apr 2020	Chair, Audit & Risk Committee
Professor Taiaiaha Black	1 Jul 2016	30 Jun 2019	Member, Māori Committee
Andrew Caisley	1 Jul 2015	30 Jun 2018	
Suzanne Ellison	1 May 2014	30 Apr 2018	Chair, Māori Committee
Garth Galloway	1 May 2017	30 Apr 2020	
Dame Jenny Gibbs, DNZM	1 Jul 2016	30 Jun 2019	
Karl Johnstone	1 Jul 2016	30 Jun 2019	Member, Māori Committee
Roger King	1 Jul 2016	30 Jun 2019	
Hon Luamanuvao Winnie Laban, QSO	1 May 2014	30 Jun 2018	
Wayne P. Marriott, JJP	1 May 2014	30 Jun 2019	Member, Audit & Risk Committee
Michael Prentice	1 May 2014	30 Apr 2019	Member, Audit & Risk Committee
[VACANT; Māori]***	–	–	Member, Māori Committee

* Previously Deputy Chair; Appointed Chair effective 1 May 2017

** Appointed Deputy Chair effective 1 May 2017

*** Dean Whiting was subsequently appointed to this position, effective 18 August 2017

Our staff

We rely on having a skilled and engaged staff to achieve our strategic aims. As of 30 June 2017, we have 46 staff (43.93 full-time equivalent staff), based in Auckland, Wellington and Christchurch, and principally working across four teams: Arts Funding; Arts Policy, Capability and International; Business Services; and Planning, Performance and Stakeholder Relations.

Our staff have a range of experience across artforms, international market development and cultural exchange, audience development, project management and corporate and business services. All staff are offered training and development across a variety of areas (for example, on the information technology we use, financial reporting, communication and project management).

The Arts Council delegates authority to manage the operational performance of Creative New Zealand to the Chief Executive. In turn, the Chief Executive delegates particular responsibilities to senior managers, and so on. 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 governors and the Senior Leadership Team. The composition of the Senior Leadership Team as at 30 June 2017 is set out in Table 13.

Table 13: Senior Management Team members as at 30 June 2017

Senior Leadership Team	Role
Stephen Wainwright	<p>Chief Executive – Pou Whakahaere</p> <p>The Chief Executive leads Creative New Zealand and is responsible for its day-to-day operations and the organisation's delivery to plan. The Chief Executive also works closely with the Chair of the Arts Council and its members to deliver the Council's medium-term strategy. A wide range of relationships are also held with allies and stakeholders in the arts sector and across many other spheres of public life.</p>
Cath Cardiff	<p>Senior Manager, Arts Policy, Capability and International – Tumu Whakahaere Matua Kaupapa Toi, Hanga Āheitanga, Ā Taiao</p> <p>The Arts Policy, Capability and International team provides 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.</p> <p>Acting Senior Manager, Arts Funding – Tumu Whakahaere Matua, Toi Pūtea</p> <p>The Arts Funding team manages the development and delivery of Creative New Zealand's suite of funding programmes, including the Investment programmes, Grants and special opportunities and the Creative Communities Scheme.</p>
Angus Evison	<p>Senior Manager, Business Services – Tumu Whakahaere Ratonga Kaipakihi</p> <p>The Business Services team provides administration, grants processing, accounting, information technology, records management and human resource services to the organisation.</p>
David Pannett	<p>Senior Manager, Planning, Performance and Stakeholder Relations – Tumu Whakahaere Mahere, Whakaritenga, Hononga a Iwi</p> <p>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.</p>

Good employer reporting

Section 118 of the Crown Entities Act 2004 requires us to:

- operate personnel policies and practices that comply with the principle of being a 'good employer'
- report on how we comply with those policies, including our equal employment opportunities (EEO) programme, in our annual report.

Creative New Zealand largely met its reporting obligations in 2016, with a compliance score of 94 percent, and was commended by the Human Rights Commission for the comprehensive nature of its 'good employer' reporting.

We show our commitment to our 'good employer' obligations by maintaining and reporting against a personnel policy that includes reference to the seven key good employer elements.⁵ Reporting on how we have performed against these elements in 2016/17 is detailed on the following pages.

Equal employment opportunity policy and practice

Creative New Zealand's Equal Employment Opportunity (EEO) policy is an integral part of the organisation's policy and procedures manual. A copy is available on 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. This policy refers to our commitment to be a 'good employer' and achieve successful EEO outcomes. Our staff profile at 30 June 2017 is shown in Table 14.

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 the collection of ethnicity data, on a voluntary basis, for all candidates shortlisted for an interview.
- Specific fields have been set up in our DataESS payroll system for employees 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.

Table 14: Staff profile as at 30 June 2017

Aspect	Number	Percentage
Staff full-time equivalent	43.93	–
Head count	46	–
Permanent staff	40	87
Fixed-term contracts	6	13
Senior Leadership Team (Chief Executive and direct reports)		
Male	3	75
Female	1	25
All managers (including Senior Leadership Team)		
Male	4	31
Female	9	69
Māori	0	0
All staff		
Male	14	30
Female	32	70
Māori	2	4
Pasifika	3	7
Asian	2	4
Other	0	0
People with disabilities	1	2
Age groups		
20 – 29	5	11
30 – 39	9	20
40 – 49	19	41
50 – 59	8	17
60 +	5	11

⁵ Further detail can be found at: www.hrc.co.nz/your-rights/business-and-work/tools-and-research/crown-entities-and-good-employer-annual-report-review

Responsiveness to Māori

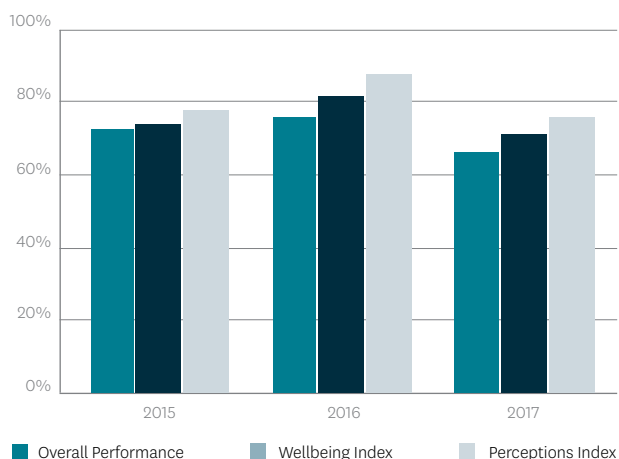
Creative New Zealand continues to provide regular tuition in te reo Māori, with weekly classes available to all staff. Twenty-five staff were signed up for the classes in 2017, and it is a popular professional development activity for both new and long-standing staff. Creative New Zealand is now seeing the cumulative benefits of this endeavour, with many staff becoming confident using te reo in their work. Monthly staff meetings regularly feature talks about tikanga and kaupapa Māori, and those meetings customarily close with a waiata. Business cards and organisational signage feature titles in te reo, and staff are encouraged to use Māori greetings and sign-offs in their communications.

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

Organisational culture

Since 2008, we have participated in an annual engagement survey and have used the results to help us identify ways we can improve. We recently completed the 2017 engagement survey in conjunction with the Ministry for Culture and Heritage and several other agencies in the cultural sector. The results from this survey and for the previous two years are shown in Figure 20.

Figure 20: Key results from Creative New Zealand best workplaces engagement survey 2015–2017



We continue to have a high response rate to the engagement survey, with 86 percent of staff completing it in 2017. The 2017 results indicate a respectable level of overall engagement, despite a decrease from the results last year. This year's survey took place in the midst of reorganising our teams, and much of this shift reflects the temporary uncertainty during that period of change. Staff have a consistently positive response (over 83 percent) to a 'belief in what CNZ is trying to accomplish', agreement that they 'know how my work contributes to the success of CNZ' and that they are 'inspired to go the extra mile to help CNZ succeed'. The results have helped management to prioritise actions to ensure we continue to have a highly engaged workforce.

Leadership and management accountability

'The Person I Report To' section was one of the highest-rated elements of our 2017 engagement survey (81.3 percent mean weighted score). The following questions were rated in our 'top 10'.

- The person I report to treats people with respect (84.3 percent).
- The person I report to encourages and acts on suggestions from the team (79.7 percent).
- The person I report to behaves in a way that is consistent with the values of the organisation (83.3 percent).

Leaders are committed to modelling behaviours they expect of their teams. Leaders are aware of the need to sustain a healthy work-life balance and to 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, selection 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.

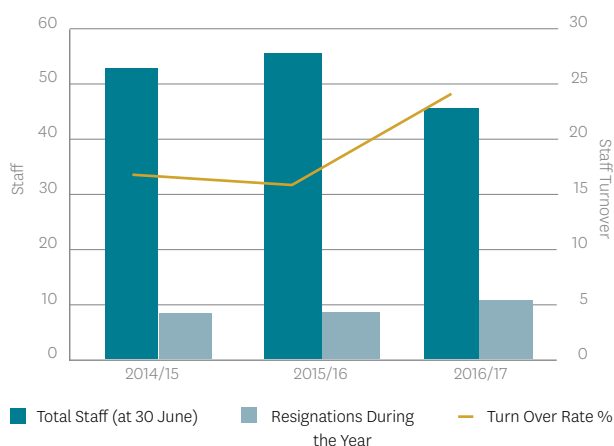
Comprehensive information packs are sent to all new staff in advance of their first day. All new staff are teamed up with a 'buddy' for support during their first weeks in their new role.

A personalised induction programme is prepared for each new employee and designed to ensure they are quickly integrated into their new role, team and the organisation. All new employees are expected to have a performance and development plan in place by the end of their first month of employment, so they have clarity about what is expected of them.

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 in well and have the information and support they need to be effective in their jobs. Follow-up actions to complete the induction process and resolve any issues are identified as appropriate.

The voluntary turnover rate (that is, resignations) for the year to 30 June 2017 was 24 percent. No involuntary turnover (that is, redundancies) occurred in 2016/17. The average length of service of those employees who resigned was 5.6 years. Resignations and turnover rates for the past four years are shown in Figure 21.

Figure 21: Staff resignations and turnover rate 2014/15–2016/17



At the time each vacancy occurred, the position and rationale for it were reviewed in order to contain personnel and operating costs. Several vacant positions were disestablished, as a result of the reviews, and the work associated with those positions was reallocated to others in the organisation. All advertised vacancies attracted a good number of applications from people with appropriate skills, experience and qualifications and from diverse backgrounds.

Staff wellbeing

Creative New Zealand 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
- free flu vaccinations to all staff
- workstation assessments to all new staff and anyone experiencing physical discomfort at their desk
- fresh fruit for staff twice a week
- a 'reasonable' sick leave entitlement for personal and domestic situations
- life and income protection insurance for all permanent staff
- discounted health insurance options for all permanent staff.

We also have an active Health and Safety Committee, which is open to all interested staff. This committee meets bi-monthly and sponsors other health and safety and wellness initiatives for staff in addition to those outlined above.

As a result of the new Health and Safety at Work Act 2015, extensive updating was done on all of our health and safety policies and procedures consistent with the new legislation and as appropriate for Creative New Zealand. The new and updated policies and procedures are accessible to all staff on the Intranet through our online health and safety system (GOSH). The new policies and procedures have been supported with training for Arts Council members, all managers and the members of the Health and Safety Committee. Our 2017 engagement survey score was 78.0 percent for 'CNZ is committed to the health and safety of its people'.

Flexible working arrangements

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

- part-time work – 15 percent of our staff currently work part time (compared with 21 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 – 9 percent of staff currently have a remote working arrangement in place
- flexible hours arrangements (for example, early or late start and finish times and varying hours) 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 over the past 12 months. Our commitment to learning and development is reinforced in our learning and development policy and our requirement that all staff have a current development plan.

The training budget for 2016/17 was \$80,000 – nearly \$1,820 per full-time equivalent staff member or 2 percent of salary costs. Training ranged from Workwise effectiveness, business writing, specialist conferences and workshops, team development days and weekly classes in te reo Māori through to leadership and management development.

Six staff who became eligible for their long service leave entitlement in 2016/17 are preparing proposals to use this leave to complete additional professional development over the coming year. In cases where staff choose to use their long service leave to undertake 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.

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 new market salary information, and making this information available to all staff through 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 2016/17 salary bands is shown in Table 15.

Table 15: Salary equity by gender – average fixed remuneration as a percentage of midpoint of salary 2016/17

Salary band	Male (%)	Female (%)
1 (Administration support)	–	–
2 (Administration officer)	–	91
3 (Administrator)	101	94
4 (Technical specialist)	95	101
5 (Professional/team leader)	99	99
6 (Manager)	89	99

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 circulated to staff for consultation before they are finalised.

During 2016/17, the following policies were reviewed and updated as necessary:

- Remuneration policy
- Leave and Leave Entitlements policy
- Performance Management policy
- Learning and Development policy

Harassment and bullying prevention

Harassment and bullying in any form is unacceptable at Creative New Zealand. It is inconsistent with:

- our values, including Mahitahi (we will work together with others so we can achieve more); Tauutuutu (we will be open, frank and respectful in our relationships); Manaakitanga (we will be welcoming and responsive to all); and Te Taumata (we will set high standards for our work)
- our human resources policies and commitment to Equal Employment Opportunities
- our obligation to be a 'good employer' and provide a safe working environment.

More information

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

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