



ARTS COUNCIL OF NEW ZEALAND TOI AOTEAROA

2018

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: Kupe: Festival Opening Night, 2018
New Zealand Festival. Image: Jeff McEwan.

In accordance with section 150(3) of the Crown Entities Act 2004, the Annual Report for 2017/18 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 2017/18 financial year – 1 July 2017 to 30 June 2018 – 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 long horizontal stroke extending to the right.

Michael Moynahan
Chair, Arts Council
31 October 2018

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

Caren Rangi
Deputy Chair, Arts Council
31 October 2018

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

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.

2017/18 HIGHLIGHTS

WĀHANGA TUATAHI: 2017/2018

NGĀ WHAKAHIRA

OUR YEAR IN NUMBERS



\$42.466M

in funding to the arts in Aotearoa

1,878

NEW ARTWORKS

371 THROUGH
INVESTMENT PROGRAMMES



1,507 THROUGH
GRANTS & SPECIAL
OPPORTUNITIES



Organisations in our
Investment programmes



1,318

International arts activities

161

New Zealand artists and
arts organisations funded
to present internationally



2,192,372

Attendances at the arts



265,673

Participants in the arts

99%

of completed
projects met
or exceeded
expectations



capability building
initiatives

64%

Clients satisfied with
Creative New Zealand's
service



Awarded through Grants,
special opportunities and the
International programme

OUR VISION

Dynamic and resilient New Zealand arts, valued in Aotearoa and internationally

OUR OUTCOMES

Stronger arts communities, artists and organisations

Greater public engagement with the arts

High-quality New Zealand art is developed

New Zealand arts gain international success

New Zealanders participate in the arts

New Zealanders experience high-quality arts

OUR GOALS



INVESTING IN THE ARTS

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



DEVELOPING THE ARTS

We develop the arts sector's capacity to succeed



ADVOCATING FOR THE ARTS

We are a powerful advocate for the arts



IMPROVING SERVICE DELIVERY

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



IMPROVING OUR ORGANISATION

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

Significant work in 2017/18

Along with the successful results for new works, participation and audience attendance in 2017/18 (pages 17-20), we started several important pieces of work this year that will continue in 2018/19. These contribute to creating dynamic and resilient New Zealand arts, valued in Aotearoa and internationally.

OUR WORK IN 2017/18	ALIGNMENT WITH OUR GOALS	PROGRESS IN 2017/18
<p>Implemented our Investment Strategy Te Ara Whakamua 2018—2023 (pages 41-42)</p>		<ul style="list-style-type: none"> ▪ The strategy was approved and our investment priorities communicated to the arts sector ▪ Our investment is beginning to shift to match the Investment Strategy ▪ Good progress was made on the improved integration of the Capability Building and International programmes with the new Investment Strategy
<p>Began development of Creative New Zealand's first Pacific arts strategy (page 43)</p>		<ul style="list-style-type: none"> ▪ Completed four stages of consultation: Pacific Arts Summit, discussion paper (110 plus responses), small group talanoa, and draft strategy consultation ▪ The third-ever Pacific Arts Summit was attended by nearly 150 attendees ▪ Main themes from the summit formed the four pou that are the foundation of the strategy
<p>Began development of a national ngā toi Māori strategy, due December 2018 (page 43)</p>		<ul style="list-style-type: none"> ▪ Held the Ngā Toi Māori roadshow with 24 hui across the country ▪ Engaged with artists, practitioners, iwi and hapū, organisations and government agencies from Kaitiaki to Invercargill to the Chatham Islands
<p>Drove the development of arts sector organisations (pages 55-57)</p>		<ul style="list-style-type: none"> ▪ Capability building initiatives have been integrated into yearly performance targets for organisations in the Tōtara and Kahikatea Investment programmes ▪ 82 percent of Investment clients agree capability building initiatives align with their needs and priorities ▪ Nui te Kōrero: Roadmap to the future (our key audience development gathering) was attended by over 150 representatives with 73 percent of delegates finding the hui effective overall
<p>Enhanced our relationships with Māori and local government (page 58)</p>		<ul style="list-style-type: none"> ▪ Mātauranga Māori Framework developed ▪ Memoranda of Understanding developed with two agencies, with at least four more being progressed in 2018/19 ▪ Regional arts research developed and shared with local government

Released our triennial research New Zealanders and the Arts and Audience Atlas New Zealand 2017 with regional data (pages 13-14)



- Included a breakdown of data by region for the first time
- Developed an interactive dashboard to increase the accessibility and usefulness of the data
- Held the Audience Atlas Roadshow with workshops on regional data in Auckland, Wellington, Christchurch and Dunedin

Aligned our business practices with our investment intentions (page 62)



- The Investment Strategy implementation plan was confirmed and addresses systems alignment as a major workstream
- Reviewing system requirements has begun and will occur as each programme is aligned to the new strategy

Refined our systems (page 62)



- Improved analytics via implementation of activity statistics table
- Improved client reporting functionality
- Legacy systems retired

Implemented a new operating model for our organisation (page 65)



- Increased emphasis on external expertise within the funding assessment process
 - Created specialised teams within Creative New Zealand
 - Established dedicated roles for evolving arts practices
-

Thoughts from our Chair and Chief Executive

In 2017/18, the arts continued to generate value for New Zealanders all over Aotearoa. We exist to benefit New Zealanders and we are delighted that public investment via Creative New Zealand is contributing to record levels of public engagement, both locally and internationally.

New Zealand arts practitioners and arts organisations created and presented an impressive array of high-quality works over the past year. Creative New Zealand has continued to encourage, promote and support many of them, for the benefit of all New Zealanders. In 2017/18, we invested \$42.466 million in the arts, supporting the sector through our funding, capability building and advocacy programmes.

We continue to see evidence of the arts improving our health and wellbeing, developing talent, building prosperous communities and reflecting the diversity of who we are. Across the country, the mahi of our artists and arts practitioners is strengthening our whānau, communities and society.

Strategy-led investment

The Arts Council has committed considerable energy to strategic leadership in 2017/18. We were delighted to see our Investment Strategy Te Ara Whakamua 2018-2023 implemented this year, to guide our investment in the arts sector over the next five years. The strategy aims to ensure we build an investment portfolio that meets the future needs of the arts in Aotearoa. We are committed to reflecting the diversity of New Zealand's population and its arts practices through our investment.

The strategy is designed to evolve with the sector and environment. Our forthcoming strategic work, such as the newly released Pacific Arts Strategy and developing Māori Arts Strategy, is designed to align with the investment priorities of Te Ara Whakamua: diversity and reach, dynamic arts and a resilient arts sector.

Looking ahead, this strategy work combined with our public value framework positions us well to respond to Government's shift towards outcomes and wellbeing.

We find ourselves positioned well for the future, following on from the strong financial performance of Lotto NZ, which we benefit from through the New Zealand Lottery Grants Board. We look forward to building on the progress we made in 2017/18 over the course of the next year.

Collective action to achieve results

Creative New Zealand never works in isolation. Our central kaupapa could not be achieved without strong relationships across and beyond the arts sector. Our clients, public and private investors and partners make a vital contribution towards our vision of dynamic and resilient New Zealand arts. We reflect on our relationships in 2017/18 on pages 21-22 in this report.

A new way of operating

A significant change we've made over the past year is the implementation of our new operating model to better advise and support artists and arts organisations. We've created teams this year that specialise in each area of funding, assessment, capability building, international development and multi-year investment. We now have a specialist team of arts practice directors with artform expertise who have provided a snapshot of arts practice in 2017/18 on pages 25-32 of this report.

Acknowledgements


We thank our principal investors: the New Zealand Lottery Grants Board and the Crown through the Ministry for Culture and Heritage. We thank our Ministers for 2017/18, Rt Hon Jacinda Ardern, Hon Carmel Sepuloni and Hon Grant Robertson, and the presiding member of the New Zealand Lottery Grants Board, the Minister for Internal

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

Mā te mahitahi, ka tipu ngā toi mō te katoa
By working together we can grow the arts for everyone.

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

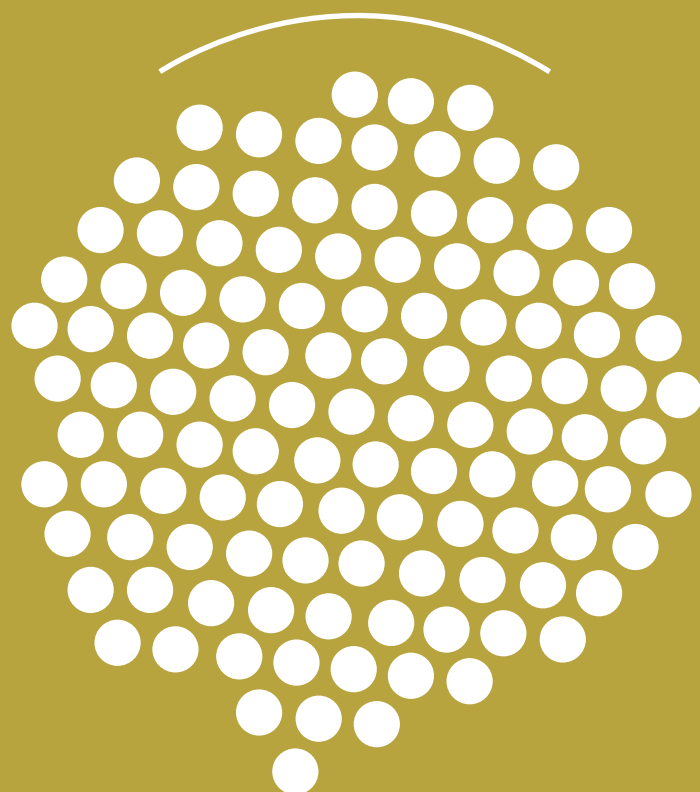
Michael Moynahan
Chair, Arts Council

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

Stephen Wainwright
Chief Executive, Creative New Zealand

OUR YEAR IN REVIEW

TE AROTAKE I TE TAU NEI



To get a quick interactive overview of the revenue we received and how we invested it
to support the arts in 2017/18 go to:

www.creativenz.govt.nz/annual-report

About Creative New Zealand

Creative New Zealand is the national arts development agency of Aotearoa. 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 their practice, and help build the capability of arts organisations so that they can increase 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.

About this report

This annual report covers the 2017/18 financial year – 1 July 2017 to 30 June 2018 – 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 2017/18
- trends in our funding delivery – how our funding has changed over time, across our outcomes and funding programmes, the distribution of funding across New Zealand and internationally, and across the artforms we fund

- financial performance – financial statements for the 2017/18 year and the notes to those statements.

How we behave – our values

Every person working at Creative New Zealand has a role in helping to build dynamic and resilient New Zealand arts, valued in Aotearoa and internationally. Creative New Zealand staff bring passion for the arts, a wide knowledge of the arts sector and specialist skills to the varied roles we hold. We have policy and operational expertise and we value and understand the impact that working with our stakeholders and partners can create. To be successful, our values act as a compass that helps guide our conduct and decision-making. They describe the actions and behaviours the arts sector, our partners and the public can expect from us as we work with them.

- **Mana Toi** — we champion the role of the arts and the contribution artists make to our lives.
- **Tauiwi** — we recognise New Zealand's distinctive cultural and social diversity and work to ensure arts opportunities for all.
- **Mana Māori** — we recognise and support the role of Māori as tangata whenua in the arts.
- **Mana Pasifika** — we recognise the arts of the Pasifika peoples of New Zealand.
- **Mahitahi** — we work together with others so we can achieve more, including exploring the big picture and sharing what we learn.
- **Te Taumata** — we set high standards for our work.
- **Tauutuutu** — we are open, frank and respectful in our relationships.
- **Manaakitanga** — we are welcoming and responsive to all.

How we work

How we work ensures we invest our time and energy the right way, focusing on the right things at the right time. Along with our performance framework (pages 11-12), which guides how we plan and measure our performance, how we work with our funders, the arts community and each other

supports our ongoing effort to increase the value of the arts for all New Zealanders. Figure 1 summarises our areas of focus in 2017/18, with further detail provided in the following section (pages 13-46).

Figure 1: Our areas of focus in 2017/18

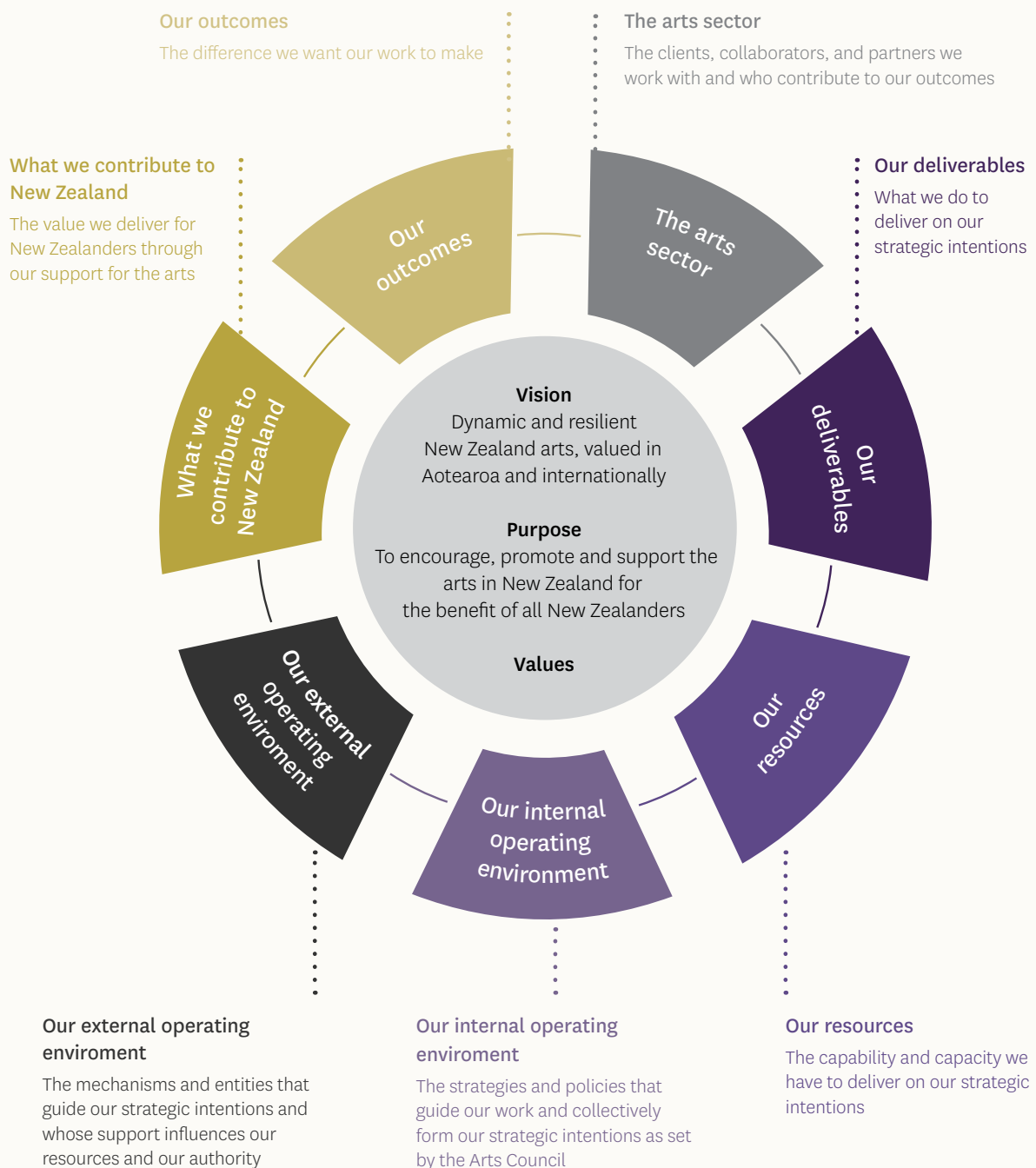


Figure 2: Performance framework for 2017/18



DELIVERABLE AREAS AND MEASURES

ANNUAL PRIORITIES

CORE ACTIVITIES

INVESTING IN THE ARTS

Signalling our future funding intentions

Investment programmes

% of investment organisations that meet or exceed expectations for overall organisational performance

% of investment organisations that meet or exceed expectations against KPIs set in individual 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

Driving the development of arts sector organisations

% of clients who agree capability building programmes align with their needs and priorities

% of clients who rank capability building initiatives as extremely or very effective, relevant and helpful

Realigning our capability and international programmes

% of capability building initiatives delivered to the sector that have met or exceeded our expectations (new SPE measure in 2017/18)

of capability building initiatives delivered to the sector

●

●

●

●

ADVOCATING FOR THE ARTS

Working with Māori and local government

% of advocacy actions described in the annual advocacy action plan that have met or exceeded our expectations (new SPE measure in 2017/18)

of advocacy actions, including submissions on arts matters

Boosting the impact of our research

●

●

IMPROVING SERVICE DELIVERY

Aligning our business practices with our investment intentions

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

% of funding decisions made within timeframes

Refining our systems

●

●

IMPROVING OUR ORGANISATION

Delivering to the Investment Strategy

Maintain or improve audit management ratings

% Improve on Best Workplaces Survey – overall performance index

Developing our people

\$ Maintain operating costs inline with agreed budgets

Undertake internal review of process and policy against standards

●

●

●

●

What we contribute for New Zealanders

The arts matter for everyone, and for many reasons. The arts matter for happy and healthy New Zealanders, for talented and creative New Zealanders, for strong and prosperous communities, and for our identities.¹ Creating and experiencing art makes a difference to our economic, cultural and social well-being and provides many benefits for all New Zealanders.²

<p>ENGAGEMENT IN THE ARTS IS IMPROVING THE LIVES OF NEW ZEALANDERS</p>	<p>ENGAGEMENT IN THE ARTS IS STRENGTHENING OUR WHĀNAU, COMMUNITIES AND SOCIETY</p>	<p>THE ARTS SECTOR CONTRIBUTES TO PROSPEROUS AND RESILIENT COMMUNITIES</p>
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- The arts contribute to personal well-being
- The arts contribute to healthier people
- The arts contribute to education and skills development
- The arts develop creative people who provide new approaches to solving problems

- The arts contribute to social inclusion by connecting people and communities
- The arts contribute to our identity as individuals, whānau, communities and as a nation
- The arts support a strong democracy

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

New Zealanders' views on the arts are a good measure of the progress being made towards realising our vision. As the national arts development agency, part of Creative New Zealand's role is to commission research that adds value to, and provides insight on, the arts sector. Our findings from independent research in 2017 into New Zealanders' attitudes to, attendance at and participation in the arts show that, overall, the arts are held in high regard in New Zealand.³ We seek these views every three years, and a wealth of information is available in the findings. The research also highlights the challenges for Creative

New Zealand and the arts community to address, if we are to grow the value of the arts. We have included the main findings from the research below. Further information is available on our website including the full report and regional reports and interactive tools.

Engagement in the arts is the highest to date but there is room to grow

Eighty percent of New Zealanders had either attended an arts event or participated in the arts in the previous 12 months. Overall engagement has hovered between 75 percent and 80 percent since 2005, suggesting this may be a natural level of engagement for New Zealand. More than half of New Zealanders were actively involved in the arts (52%) in the previous 12 months, which was a substantial increase from 43 percent in the 2014 survey and 36 percent in 2011. We do need to learn more through about the relative effect of barriers to attendance, while also gaining a deeper understanding of why participation is increasing.

"It (the arts) helps me identify with my culture more when I am always so busy juggling work, family and everyday life."
New Zealand European, female, Manawatu-Whanganui

Kiwis agree the arts have many benefits but there are still many 'on the fence'

New Zealanders agree the arts are a source of national pride and should be inclusive and accessible to all. They agree the arts provide many benefits, ranging from personal wellbeing through to economic growth and social cohesion. Three-quarters (74%) of New Zealanders feel proud when our artists do well overseas, while two-thirds (64%) learn about different cultures through the arts. More than half of New Zealanders agree that the arts contribute positively to the economy (59%), improve

1 Creative New Zealand (2016). Creative New Zealand Advocacy Strategy 2016-2021.
2 Creative New Zealand. The evidence to support your advocacy. Retrieved from "The evidence to support your advocacy" (17 October 2018).
3 Colmar Brunton (2018). New Zealanders and the arts: Attitudes, attendance and participation in 2017.

New Zealand society (57%) and help define who we are as New Zealanders (54%). There is strong support for the arts to reflect New Zealand's cultural diversity (67%), and most New Zealanders agree the arts should be a part of everyone's education (61%). New Zealanders who are positive about the arts outnumber those with a negative view, by a strong margin. However, a large neutral middle group of people feel neither one way nor the other. We need to think about how we encourage those 'on the fence' to become more engaged in the arts.

“Art does not prejudice your weight, or height, physical or intellectual abilities. Many people can be a part of art in some shape or form and it brings communities together.”
Māori, male, Auckland

Being creative makes young Kiwis more confident but we need to talk about teens and boys

All young New Zealanders (aged 10 to 14 years) have engaged in the arts in the previous 12 months. Schools continue to be the main driver of attendance and participation, but 91 percent of young New Zealanders were also actively involved in the arts outside of school hours. Most young New Zealanders (67%) feel positive when they are being creative and view the arts as a positive influence on their lives. They agree that being involved in the arts improves their confidence (67%) and helps them to feel good about life (62%) and make new friends (58%). We need to understand more though about the lower levels of enjoyment and participation among those in their early teens and among boys, so we can support them to engage or continue to engage in the arts.

“I think expressing your creativity makes you feel good about yourself.” Boy, 14 years

The arts support cultural understanding and identity but Kiwis differ on how they engage

Most New Zealanders agree that the arts help define who they are as New Zealanders, and 64 percent agree they learn about other cultures through the arts. Promoting an understanding of other cultures was the top reason New Zealanders gave when asked how the arts improve

our society. Māori attend and participate in the arts more frequently than other groups. Thirty-three percent of Māori are high attendees (11 or more events a year), and 31 percent have a high rate of arts participation (13 or more times a year), compared with the national averages of 22 percent and 20 percent respectively.

Pasifika peoples are more likely than other New Zealanders to agree the arts foster social cohesion by helping people understand other cultures (34%, compared with a national average of 17%) and by generating tolerance and acceptance (20%, compared with 8%). We need to explore the best ways to maintain momentum for Māori and Pasifika peoples engaging in ngā toi Māori and Pacific arts, as well as how we introduce more New Zealanders from other ethnic backgrounds to these rich and vibrant practices.

“Through Ngā Toi Māori I am able to rekindle with my tūpuna and maintain their dreams and aspirations for the generations to come.”
Māori, female, Bay of Plenty

Access to the arts varies by region so we need to find effective ways of reaching all Kiwis

Geographical differences are evident when people are asked about their access to arts and arts activities. Those living in main provincial towns and cities are the most likely to agree they have access to a broad range of arts and arts activities (50%). Hotspots for arts access include Wellington City (61%), Nelson City (58%), Otago (59%) and Taranaki (58%). Areas where access is viewed as more challenging include Auckland (44%), Waikato (40%), Southland (36%) and West Coast (31%). Wellingtonians (50%) are more likely than other New Zealanders (national average 30%) to agree that access to the arts is a reason why they live in the city. We need to learn more about the most effective ways to boost arts engagement in some regions, and then work together to put these ideas into practice.

“Without art, we would live in a dull city with no sharing between cultures.” New Zealand Asian, female, Otago



TUROU (2017), Pacifica Mamas. Image courtesy of Raymond Sagapolutele.

Engagement in the arts is improving the lives of New Zealanders – Pacifica Mamas

In October 2017, the Pacifica Mamas held their first exhibition at the Corban Estate Arts Centre. The collective of respected Pacific heritage artists and cultural leaders established the arts centre in 1994, but had never exhibited their work there until last year. *‘Turou – the call from our ancestors, the call to return home’* presented works made by the Pacifica Mamas and members of the communities they work with through the centre.

“When the mamas teach prisoners, they are giving them a sense of home. By creating that fale, the men have given us a home for the exhibit,” – Jarcinda Stowers-Ama, Director of the Pacifica Arts Centre

The exhibition included a fale (traditional house) woven by participants of the Spring Hill Corrections Facility arts programme, run by the mamas.

Along with the Spring Hill programme, the Pacifica Mamas run a school Pacific education programme, art exhibitions

and workshops, to pass on the knowledge of traditional arts to younger generations. The Pacifica Mamas were one of four new additions to Creative New Zealand’s Toi Uru Kahikatea (Arts Development) Investment programme in 2018.

Artform: Pacific Arts

Location: Henderson, Auckland

Funding: Quick Response and Arts Grants, \$21,425

Our outcomes

Our outcomes contribute to the public benefits and value of the arts and are the foundation for our vision of *Creating dynamic and resilient New Zealand arts, valued in Aotearoa and internationally*. They contribute directly to the culture sector vision, outcomes and priorities and describe the difference we want our work to make for the arts in New Zealand.

Our outcomes guide all of our work, including how we assess applications to our funding programmes and the delivery of our development and advocacy initiatives. In 2017/18, we developed the Investment Strategy Te Ara Whakamua 2018–2023, which clearly outlines the direction

our investment in the arts will take over the next five years. The strategy is closely aligned with our outcomes and will allow the Arts Council to develop an arts investment portfolio fit for the future needs of the arts in New Zealand. The strategy comprises seven investment principles and three investment features to guide our investment direction and choices. The strategy, explained in further detail on page 42, started to inform resource allocations from the 2018/19 financial year.

We are proud of what we have achieved for the arts in 2017/18. The highlights are presented overleaf, with further stories and reporting available on our website and in the Statement of Non-Financial Performance on page 48.

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 the quality of their work, reach their full potential and continually evolve their artforms, both here and overseas.

GREATER PUBLIC ENGAGEMENT WITH THE ARTS

as shown by:

*New Zealanders participate
in the arts*

*New Zealanders experience
high-quality arts*

Participating in and experiencing in the arts brings huge benefits to individuals and communities. These include personal health and wellbeing, the development of people skills, and bringing communities together to work on and engage with positive, creative projects.

High-quality New Zealand art is developed

2017/18 key achievements

Dynamic arts are at the core of our vision for the arts in New Zealand. We are committed to developing and strengthening artistic work, and to developing artists' practice. We want artists, arts practitioners and arts organisations to have the opportunity to fulfil their potential by continually developing their artforms, the quality of their work and their artistic skills and capabilities. We also want them to have opportunities to experiment, be innovative and take risks.

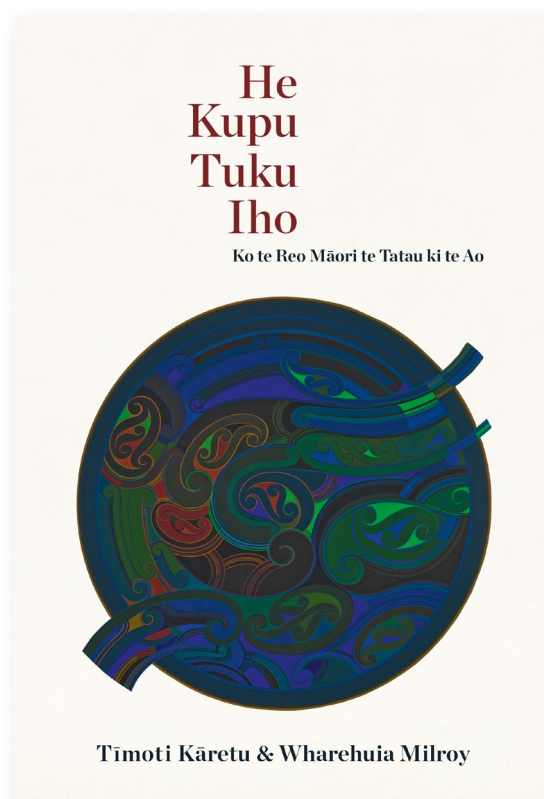
As a result of Creative New Zealand's support, 1,878 high-quality New Zealand artworks were developed in 2017/18. Funding high-quality art is important; these are the tangible works that help develop artists' practice and challenge, provoke and delight New Zealanders.

In 2017/18, 1,507 new New Zealand works were developed through Grants and special opportunities funding. This year's result significantly exceeded the 319 new works in 2016/17 and our target of 360. The results reported in previous years were understated as one grant can contribute to the development of several pieces of new work. We made significant improvements in the way we capture outcome reporting data in 2017/18 across all Creative New Zealand programmes.

Our Tōtara organisations played a vital role in supporting this outcome, through providing leadership, developing talent and supporting innovation and artistic risk. The 371 new works developed through Investment programmes in 2017/18 are the result of providing artists and arts organisations with opportunities to continually develop their artforms and the quality of their work. This funding supports them to be innovative, take risks and create work that excites and engages audiences.

2018/19 focus

An important feature of the Investment Strategy is dynamic arts. This feature seeks to ensure that the development of high-quality, innovative New Zealand art remains an important focus for us. Through alignment with the Investment Strategy, we will support new individual artists, arts practitioners and arts organisations to create new work and develop their artistic skill. We will also provide investment that supports innovation in New Zealand arts practice.



He Kupu Tuku Iho (2018). Image courtesy of Auckland University Press.

He Kupu Tuku Iho

Auckland University Press has published its first book to be printed only in te reo Māori (without an English translation). *He Kupu Tuku Iho* was written by Sir Timoti Kāretu and Dr Wharehuia Milroy, two of New Zealand's leading teachers and scholars of Māori language and culture. The book was on its second reprint less than a week after its release.

He Kupu Tuku Iho is a non-fiction collection of essays that explore important aspects of Māori culture, tikanga and language. It covers topics from grammar, syntax and government policy to humour, creative thought and the divine.

"My time is devoted to and I'm always available to those who are interested and who care about the language and its survival for future generations." – Sir Timoti Kāretu

The book's rapid sell out has signalled a strong market for more exclusively reo works. Auckland University Press says it intends to increase the number of exclusively te reo Māori works it publishes.

Artform: Literature, Ngā toi Māori

Location: Rotorua, Auckland

Funding: Toi Uru Kahikatea Investment Programme, \$61,500

New Zealand arts gain international success

2017/18 key achievements

Three quarters (74%) of New Zealanders feel proud when New Zealand artists do well overseas.⁴ Our support helps New Zealand artists and arts organisations to develop international audiences and expand the reach of their work onto the global stage. This in turn helps them increase their income and develop their practice in the international arts environment. It also promotes New Zealand and its arts to international audiences.

Through our arts development and presentation work and cultural and artform exchanges, we funded 1,318 international arts activities and events in 2017/18. We also supported 161 New Zealand artists and arts organisations to present internationally in 17 countries.

Through our international market development work, we continued to seek long-term engagement with the international arts community including bringing in important overseas presenters, agents, curators and collaborators. Twenty international key influencers from across artforms visited New Zealand through the Te Manu Ka Tau programme in 2017/18, to experience New Zealand arts in their local context and expand the reach of our work onto the global stage.

To support the sector to operate and succeed internationally, we piloted a new international coaching programme, supported arts organisations with their international strategy development and offered a variety of professional development initiatives in Edinburgh, Australia and Asia.

2018/19 focus

International success is an important part of a healthy New Zealand arts sector. Through the Investment Strategy, we will continue to direct support towards partnerships and to international areas of focus, to help New Zealand artists and arts organisations to develop their work and international audiences.

We will work with partners to present Dane Mitchell at the 58th International Art Exhibition – La Biennale di Venezia and continue to deliver programmes within the Focus on Asia and cultural exchange initiatives. We will support important artform-based markets and fairs aimed at providing opportunities for artists and arts organisations to present and sell work internationally.

These markets include Art Basel in Hong Kong, the Munich Handwerksmesse International Trade Fair, Frankfurt Book Fair and Edinburgh Fringe.



Luke Willis Thompson 'autoprotrait', 2017 installation view. Image courtesy of the artist, Hopkinson Mossman, Nagel Draxler, Cologne.

United Kingdom's Turner Prize

Luke Willis Thompson is the second-ever New Zealand artist to have been nominated for the United Kingdom's Turner Prize. This prestigious award is given annually to an artist working in Britain for an outstanding presentation or exhibition during the previous year.

Thompson was nominated for *autoprotrait*, which he produced during a residency at Chisenhale Gallery in London. The work is a 35mm silent film and portrait of Diamond Reynolds, the partner of Philando Castile who was fatally shot by a police officer at a traffic-stop in Minnesota in 2016.

Thompson began working with Reynolds and her lawyer to create an artistic response and 'sister-image' to the Facebook Live video that Reynolds broadcast moments after Castile's fatal shooting. The artist said Reynolds' video "changed the way we think about witnessing and image production".

Thompson's largest solo exhibition to date was held earlier this year at Wellington's Adam Art Gallery as a part of the 2018 New Zealand Festival, and included *autoprotrait*. The work will be on show at Tate Britain from September 2018 to January 2019 along with works by other short-listed artists.

Artform: Visual Arts

Location: London

Funding: Arts Grants, \$61,500

⁴ See Colmar Brunton (2018) above note 3.

New Zealanders participate in the arts

2017/18 key achievements

Participation in the arts brings huge benefits to individuals and communities. More than half (52%) of New Zealanders surveyed in 2017 Participated in the arts in the 12 months prior.⁵

Benefits include personal health and well-being, the development of people skills and bringing communities together to work on positive, creative projects. In 2017/18, we provided funding opportunities for communities to participate in a range of artforms and arts practices. This included celebrating, practising and transmitting their diverse artistic traditions and cultural heritage and developing links between communities that improve cross-cultural understanding.

This year there were 265,673 participants in projects or events funded by Creative New Zealand, an increase of 39,022 on 2016/17. This figure comprises 46,331 participants reported by our Investment programme clients and 164,620 participants in the Creative Communities Scheme. Both exceeded targets by 16 percent. The total participant figure also includes participants through Grants and special opportunities for the first time. The 554 national projects funded through this programme that were evaluated in the 2017/18 reporting period resulted in 44,722 reported participants. Given the sustained excellent results in this area, the targets for 2018/19 have been lifted (see table 3, page 50).

Improving our monitoring of participation in the arts helps us understand which funding programmes are successfully providing and increasing opportunities for New Zealanders to participate in the arts.

2018/19 focus

An important feature of the new Investment Strategy is diversity and reach. This seeks to ensure that Creative New Zealand's support for the arts benefits all New Zealanders. Through the Investment Strategy, we will ensure communities across New Zealand can participate in and experience the arts, and we will provide investment that engages under-represented communities.



IHC Accessible Concert Series, Christchurch (2017), Chamber Music New Zealand. Image courtesy of Jeffrey Wen.

Chamber Music New Zealand

In 2017, Chamber Music New Zealand and the IHC Foundation partnered to produce a series of accessible concerts around the country. These performances focused on inclusion and participation for diverse audiences, and were led by musician Julian Raphael. Three performances took place in Christchurch, Hastings and Wellington featuring chamber music groups Les Bons Vivants and the Aroha Ensemble. Audience members were encouraged to move and express themselves as they wished.

“The music becomes the language of connection when perhaps words and gestures don’t work. Music becomes a way that everyone can actually feel what’s happening.” – Julian Raphael

The musicians worked with groups from the Hohepa communities and local specialist schools in the week leading up to the concerts. They found that learning songs before the concerts and building trust leads to higher levels of participation and a more relaxed environment. “It’s all about making the arts accessible to everybody,” said Sue Jane of Chamber Music New Zealand.

The Chamber Music New Zealand and IHC Foundation partnership is now in its second year with four concerts taking place in 2018.

Artform: Music

Location: Christchurch, Hastings, Wellington

Funding: Toi Tōtara Haemata Investment Programme, \$1.7 million

⁵ See Colmar Brunton (2018) above note 3.

New Zealanders experience high-quality arts

2017/18 key achievements

Audiences are vital to a vibrant arts sector. Seventy-three percent of New Zealanders surveyed in 2017 attended at least one arts event or location in the previous 12 months.⁶

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

The main success indicator is the level of attendance (audience numbers) at presentations we fund. Monitoring attendances lets us understand which of our funding programmes are successfully providing opportunities for all New Zealanders to experience high-quality arts.

To do this, we support arts organisations to provide arts experiences across the country and across all artforms. Overall, 2,192,372 attendances were reported across all Creative New Zealand programmes in 2017/18. The 905,707 increase on our 2016/17 result reflects the attendances reported through Grants and special opportunities for the first time in 2017/18.

The 34 initiatives provided through the Capability Building programme this year created opportunities for artists, arts practitioners and arts organisations to address identified needs and undertake research that can be used to analyse and respond to trends in New Zealanders' attendance at arts events.

2018/19 focus

Through the Investment Strategy, we will support opportunities to engage with new audiences that are not accessing New Zealand arts, either locally or internationally. We will support arts organisations to develop and increase their audiences by learning how to apply audience insight and intelligence, and by taking advantage of digital tools and online marketing.

Digital technologies offer opportunities for people to participate in the arts and to reach new audiences. Increasingly, investment will be directed to support digital delivery of arts, to complement more traditional delivery means.



Meremere (2018), Rodney Bell and Movement of the Human. Image courtesy of Vanessa Rushton.

Meremere

Dancer and choreographer Rodney Bell has toured his award-winning solo work *Meremere* around Aotearoa, including several performances in prisons. Rodney worked in collaboration with Malia Johnston of Movement of the Human (MOTH) to develop the autobiographical work which is a response to recent events in his life.

Rodney has returned to New Zealand after moving to the United States to dance with Axis Dance Company. The end of his contract left him with few savings and no way to return home, and he spent several years homeless in San Francisco before saving enough for a flight home.

Rodney won the 2017 Arts Access Artistic Achievement Award, and the 2016 Attitude Artistic Achievement Award for *Meremere*. "Dance is mauri for me, you know, it's just part of my breath and I felt like especially now – looking back at my dance journey – it's helped me in lots of ways," he said.

In 2018 Rodney's latest work *HuriHuri* debuted at the Commonwealth Games Arts Festival. *HuriHuri* combines skateboarders, kapa haka and poi dancers with live music comprising drums, electronic loops and taonga pūoro.

Artform: Dance, Ngā Toi Māori

Location: Kerikeri, Kaikohe, Auckland, Te Kuiti, Hastings, Waiouru, Wellington

Funding: Arts Grants, \$55,000

⁶ See Colmar Brunton (2018) above note 3.

The arts sector

Our central kaupapa could not be achieved without strong relationships across and beyond the arts sector. Our clients, public and private investors and partners make a vital contribution towards our vision of dynamic and resilient New Zealand arts.

Clients

Our clients are the arts practitioners and arts organisations that receive our funding and that are contracted to deliver works, activities and services. We support arts practitioners and organisations through our Toi Tōtara Haemata (Arts Leadership) and Toi Uru Kahikatea (Arts Development) Investment programmes, International programmes, Grants and special opportunities funding, Creative Communities Scheme, Capability Building

and Initiatives and pilots. Further information on these programmes can be found on page 33.

Public investors and partners

We continue to grow our relationships with investors and partners who recognise the value of the arts. Our public partnerships cover central and local government, philanthropic trusts, and international partnerships.

By working in partnership with other **central government** agencies, we can enhance the public value the arts deliver to all New Zealanders. These relationships show the powerful role the arts have to play in our health and well-being, our prosperity, the development of creativity and talent, and in social cohesion.

Below are some of the agencies Creative New Zealand has worked with during 2017/18.

MANATŪ TAONGA

Ministry for Culture and Heritage
Core Funder

TE PUNA TAHUA

New Zealand Lottery Grants Board
Core Funder

TE PUNI KŌKIRI

Ministry for Māori Development
Memorandum of Understanding

TE PAPA ATAWHAI

Department of Conservation
Wild Creations Programme



TE TAURA WHIRI I TE REO MĀORI

The Māori Language Commission
Memorandum of Understanding

TE MANATŪ MŌ NGĀ IWI O TE MOANA-NUI-A-KIWA

Ministry for Pacific Peoples
Prime Minister's Pacific Youth Awards

TE MANATŪ WHAKAHIATO TAIOHI

Ministry for Youth Development
Young New Zealanders in the Arts Initiative

In 2017/18, our Memorandums of Understanding with Te Puni Kōkiri and Te Taura Whiri i te Reo Māori (the Māori Language Commission) were signed. Creative New Zealand and Te Puni Kōkiri intend to develop an online tool to help Māori navigate government and easily find advice, funding and research that support arts development and marae sustainability. We expect these relationships to develop further within the context of our Māori Arts Strategy.

We continued our relationships with the Department of Conservation (DOC) and the Ministry for Pacific Peoples (MPP). In 2018, Creative New Zealand supported the Prime Minister's Pacific Youth Awards for the fifth year, which are run by MPP. We sponsor the Creativity Award in partnership with Massey University. In 2017, we brought back an updated and broader version of the artist-in-residence programme we ran in partnership with DOC between 2002 and 2012. Three artists took part in Wild Creations 2017, and the programme has been confirmed for another two years.

We work closely with **local authorities** to create opportunities for New Zealanders to participate in the arts. This year, we continued our partnership with 67 territorial authorities to support local community arts projects through the Creative Communities Scheme. We made nine submissions on local council planning and strategy documents in 2017/18, along with a submission to the Local Government (Community Wellbeing) Amendment Bill. We also continued to partner with Local Government New Zealand, the national council of local government authorities, to support its annual conference and EXCELLENCE Awards. The 2018 Creative New Zealand EXCELLENCE Award for Best Creative Place went to Palmerston North City Council for its public art programme.

Creative New Zealand works with **philanthropic trusts** in New Zealand to strengthen the arts ecology and create opportunities for more people to engage with the arts. Two of our partners are Foundation North and Rātā Foundation. Foundation North holds a fund of over \$1 billion for the Auckland and Northland communities. We partner with Foundation North to deliver the Auckland Diversity Project Fund, which offers support for projects that engage with Māori, Pacific and Asian communities in the region. The Rātā Foundation holds trust funds of \$585 million, with a rohe covering Canterbury, Nelson, Marlborough and the Chatham Islands. Rātā provides support to our

Christchurch-based investment clients and is an important partner in the ongoing development of a Christchurch City Arts Strategy.

Private investors and partners

Creative New Zealand works with **iwi and hapū** throughout Aotearoa to strengthen its support for ngā toi Māori and to ensure it provides opportunities for tangata whenua to be a part of strategy development and policy changes that affect the arts sector.

In April and May 2018, Creative New Zealand staff hosted the Ngā Toi Māori roadshow, and spent two months travelling from Kaitaia to Invercargill to engage Māori in the first stage of the Māori Arts Strategy's development.

The Pacific Arts Strategy was also under development during 2017/18. In March 2018, Creative New Zealand hosted the Pacific Arts Summit to gather **Pasifika groups**, Pacific artists and practitioners to fono, talanoa, and share their vision for Pacific arts in New Zealand. The summit produced many of the themes that have shaped the strategy.

In 2017/18, we strengthened our creative industry relationships with others working in the **creative sector**. New relationships were established to support the kaupapa of our creative allies. These included our sponsorship of the Arts Stream at the New Zealand Game Developer's Conference and Māori Television's Matariki Awards, plus our support as the artistic development partner for the New Zealand International Film Festival.

The value of our **patrons** is shown most clearly through New Zealand's presence at the Venice Biennale. The opportunity to present high-quality New Zealand art at one of the most prestigious exhibitions in the art world, such as Lisa Reihana's *The Emissaries* in 2017, continues to be made possible in partnership with the New Zealand at Venice patrons.

Volunteers are a vital life force within the arts sector. However, the results of our Audience Atlas New Zealand 2017 research show a steady decline in the proportion of the cultural market volunteering in support of the arts, which suggests traditional volunteering models need to be reassessed to better align with current lifestyles.⁷

⁷ Morris Hargreaves McIntyre (2018). Audience Atlas New Zealand 2017 (17 October 2018).



Kupe: Festival Opening Night, 2018 New Zealand Festival. Image: Jeff McEwan.

Progress through Partnership – New Zealand Festival

The biennial New Zealand Festival is one of the five largest festivals in Australasia. It plays an important role in presenting high-quality works and supporting the development of new works by New Zealand artists, and presenting high quality works from international artists. The 2018 festival welcomed 1,000 artists from 27 countries to Wellington. More than 100,000 people enjoyed free and paid events, including those as part of the Writers Week and SchoolFest programmes.

The festival involves partners across the sector – including many artists and arts organisations, central government agencies, local government, public and private funders, and creative industries partners.

Waka Odyssey was a nine day immersive experience that opened the 2018 festival. Roughly 20,000 people came to the Wellington waterfront to see the arrival of waka from across Te Moana-nui-a-Kiwa (the Pacific) to honour the legacy of the Pacific explorer and navigator Kupe. The Pacific community and local iwi were a core part of the Waka Odyssey’s organisation and production.

“Our goal was to connect as many people in the greater Wellington region to the waka, and to put waka right at the heart of mainstream art and culture,” – Project director, Anna Marbrook.

Artform: Multidisciplinary

Location: Wellington

Funding: Toi Tōtara Haemata Investment Programme, \$1.7 million

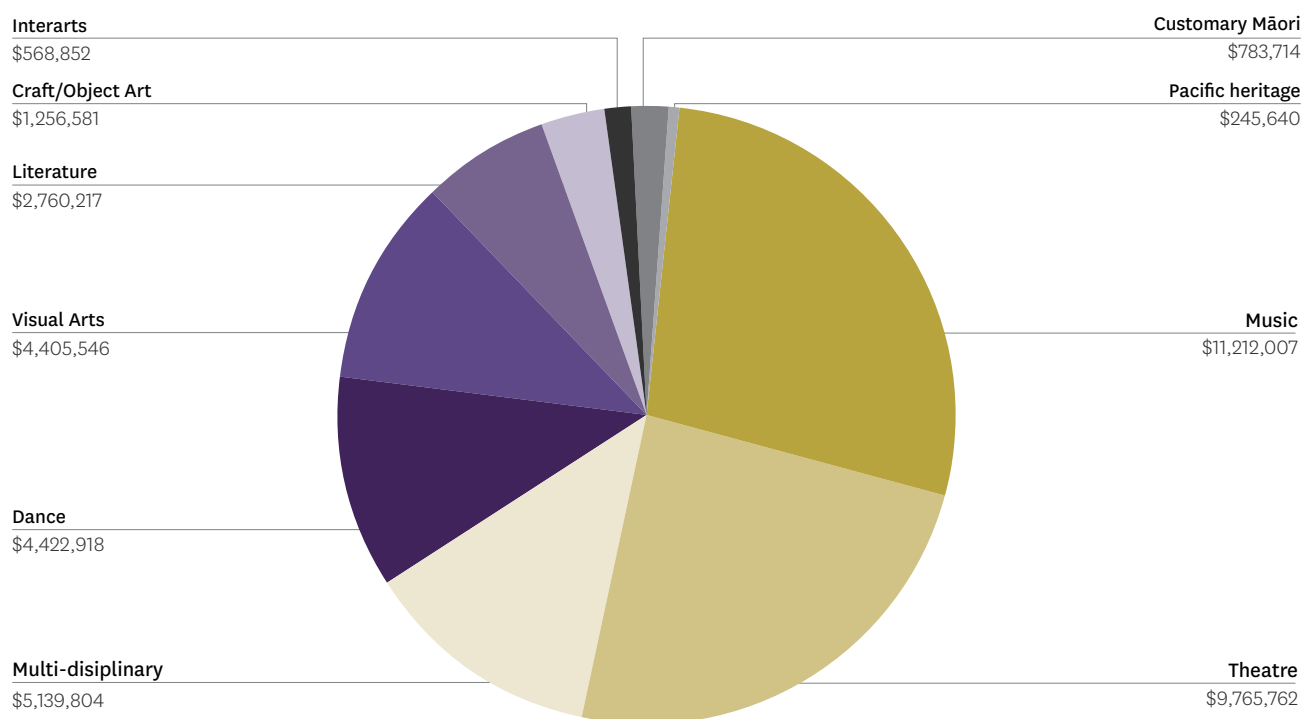
Our support across artforms

We have funded and worked across many forms of arts practice in 2017/18: craft/object, dance, interarts, literature, multidisciplinary, music, ngā toi Māori, Pacific arts, theatre and visual art. Figure 3 presents Creative New Zealand’s distribution of funding across artforms in 2017/18 with further information provided in detail on page 40.

Understanding the landscape of artform practice in New Zealand allows us to recognise and respond to how Aotearoa is changing. These changes include increasing

diversity, the role of iwi and Māori, the need to deliver to under-served communities, the effects of technology and the emergence of alternative funding sources, such as crowdfunding. On pages 25–32, we have provided a snapshot of our artforms, with an overview of support for community arts and arts for young New Zealanders, and how they contributed to our outcomes and the broader arts sector in New Zealand in 2017/18. While overviews for interarts and multidisciplinary arts are not included this year, our support for these practices can be found on our website: www.creativenz.govt.nz

Figure 3: Investment by artform, 2017/18



A snapshot of arts practice in 2017/18

CRAFT/OBJECT

Reflecting New Zealand's diverse communities, supported genres for craft/object arts include ceramics, furniture, glass, jewellery, object making, studio-based design, rāranga, tāniko, tapa making, textiles, tivaevae, typography and weaving.

Strong community engagement and commitment to the maintenance and development of skills and professional networks were features of the support for craft/object projects this year. Topping the table for participation in the 2017 New Zealanders and the Arts survey, the visual arts and craft/object sectors, respectively, boasted 28 percent and 24 percent of active involvement in the making or presentation of these artforms.⁸

24% of New Zealanders participating in the previous 12 months

Although the number of applications for Arts Grants and Quick Response Grants declined significantly this year (2017/18: 80, 2016/17: 121), our clients in the Tōtara and Kahikatea Investment programmes, Toi Maori, Tautai Contemporary Pacific Arts Trust, Objectspace and Makers 101, offered important support to practitioners and audiences. Creative New Zealand also supported craft/object projects via the Creative Communities Scheme.

In 2017, our biennial craft/object fellowship for established practitioners was awarded to Gisborne-based designer Katy Wallace. Previous recipient artist/jeweller Dr Areta Wilkinson (Ngai Tahu) used the fellowship in 2015 to create a body of work that she has been invited to present at the Asia Pacific Triennial of Contemporary Art in November 2018.

The Blumhardt Curatorial Internship remains an important opportunity for emerging curatorial talent to develop their skills at The Dowse. The latest recipient, Simon Gennard, presented *Sleeping Arrangements* by textile artist Malcolm Harrison, alongside works by Grant Lingard, Zac Langdon-Pole and Michael McCabe, to prompt a reconsideration of queer histories in Aotearoa.

Support for craft/object artists and audiences will be extended via new Kahikatea investment clients, the Sarjeant Gallery Te Whare o Rehua Whanganui and the Pacifica Mamas Arts and Cultural Trust, which will help to maintain and ensure the passing on of Pasifika heritage artforms.

The diminished presence of craft/object education at tertiary, secondary and primary school levels was noted as a clear risk during Creative New Zealand's 2013–14 craft/object review, and in late 2017 the Manukau Institute of Technology announced the closure of its contemporary jewellery programme, which had been running for nearly 50 years. With reduced support for craft/object art education, sector innovation and tactical partnerships are resolute features of the craft/object sector's resilience. Recently supported examples include the collaborative approach to the New Zealand issue of *Garland* magazine and the Australasian Glass Conference in Whanganui in 2019.

COMMUNITY ARTS

Community art projects involve communities actively participating in creating and presenting art. This includes leisure and recreational activity; the maintenance and transmission of cultural traditions; and communities using the arts to explore and express issues of importance to them. Community art projects generally include experienced artists as collaborators, facilitators and teachers.

The 2017 New Zealanders and the Arts research found that more than half of adult New Zealanders have participated in the arts in the past 12 months, with 20 percent participating regularly.⁹ Much of this will be in a community art context. Participation is increasing, particularly in areas such as recreational craft; artists working with communities as a core part of their professional practice; and non-arts organisations using the arts as a tool for increasing social, health and educational wellbeing for their clients.

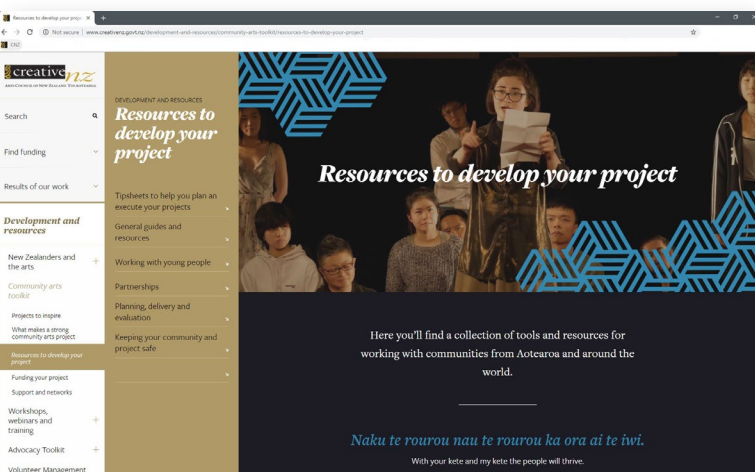
Feedback from the sector has shown a lack of formal training for artists wanting to work with communities; gaps in tools, infrastructure and resources to support community art projects; and challenges for volunteer organisations as memberships grow.

In 2017/18, Creative New Zealand launched the Community Arts Toolkit, which is a resource to support artists working with communities. More consistent systems for identifying and tracking community arts activity were

⁸ See Colmar Brunton (2018) above note 3.

⁹ See Colmar Brunton (2018) above note 3.

also developed so we are better able to identify trends and report on our work. During the year, we funded 73 community arts projects via our Arts Grants and Quick Response Grants, which represented 16 percent of funded projects. We also supported community arts activity via 13 percent of the organisations in our Tōtara and Kahikatea Investment programmes.



Creative New Zealand Community Arts Toolkit.

In 2018/19, we will develop a new Arts in the Regions initiative that, along with our work with local government and regional arts development agencies, will strengthen our delivery to diverse communities across New Zealand. Working with other stakeholders, we will map the wider community arts sector so we can identify opportunities to strengthen the sector. We will also complete a stocktake of tertiary training opportunities for community arts practitioners and make this available via the Community Arts Toolkit.

DANCE

The New Zealand dance sector is a small but dynamic network of practitioners, companies and organisations. Creative New Zealand leads the infrastructure for contemporary dance through its support for two Tōtara companies and five Kahikatea organisations (\$3,027,000 in 2017/18). In addition, funding was allocated to a range of dance projects and capability building initiatives across the sector. The biennial \$100,000 choreographic fellowship

for established practitioners was awarded to Sarah Foster Sproull in 2017.

Our research shows that 11 percent of New Zealanders have attended a dance show in the previous 12 months. The overall market for dance has also enjoyed an upward trend, with 12 percent more people attending dance events in 2017, compared with three years ago.¹⁰ This is largely due to increasing dance attendance in main centres and some North Island regions. The niche audience for contemporary dance means these numbers have remained relatively stable.

New Zealand artists and companies are increasingly connected internationally, and our distinctive choreographic work is sought after in international markets. Black Grace, the New Zealand Dance Company, Java Dance and Atamira all had international success and interest from overseas markets. Indigenous exchange programmes have enabled Māori practitioners and choreographers to undertake international collaborations, and overseas choreographic residencies have been taken up by practitioners in various territories including Asia.

In line with international trends, contemporary dance in this country has become more multidisciplinary and interarts in practice. Independent companies, such as MuscleMouth, Movement of the Human (MOTH) and Good Company Arts, had a variety of international collaborations and partnerships while also presenting work to New Zealand audiences. Touch Compass Dance Company is also diversifying its inclusive practice into theatre and film and reached a wider audience as a result.

A healthy sector relies on a thriving national ecology including a mix of dance companies, venues, festivals and presenters so work can reach audiences and help to build capability in the sector. Finding suitable, cost-effective venues prepared to share risk and support touring continues to be challenging. This is affecting the scale and portability of work and limiting the development of audiences for dance and the performing arts.

“I love dancing and performing. It makes me happy and smile. I feel more confident and not so shy.” – Girl, 10 years

In Wellington, the dance sector is feeling the effects of the closure of significant venues for earthquake strengthening work – which is also affecting touring and audience development. With support from Tour-Makers, some

¹⁰ See Colmar Brunton (2018) above note 3.

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contemporary dance works featured in arts festivals around the country. Tempo Dance Festival also played an important role by supporting choreographers and practitioners and promoting work to increasingly diverse audiences.

While companies such as Footnote Dance provided career development pathways for young dancers and choreographers in 2017, along with education and training, these are significant issues for the development and sustainability of this sector.

FESTIVALS

The New Zealand multidisciplinary arts festivals sector is a thriving and vibrant scene. Most regions now have their own annual or biennial festival, along with iwi festivals and other cultural events. Nearly all of these organisations enjoy partnerships with local government, councils, corporates and trusts and, in return, deliver significant economic benefits to their regions. Creative New Zealand plays a role in ensuring that key festivals have the funds to present the best New Zealand arts and artists to their communities, to commission new work and to facilitate community engagement.



Driftwood by Casus Circus, Hawkes Bay Arts Festival 2017, photography by Tim Whittaker.

The three festivals supported through the Tōtara programme in Auckland, Wellington and Christchurch present New Zealand work and provide leadership to the wider sector. The addition of Dunedin Arts Festival and Tauranga Festival to the Kahikatea portfolio in

2017 also contributed to the stability of the sector. It is acknowledged that festivals are high risk because, while their reach is potentially great, there is limited time to attract audiences, little flexibility with dates and competition is intense. This means audience numbers are subject to fluctuation, and 2017 was challenging.

Many festivals have been operating for several years and have built reputations for longevity and sustainability. The sector has many experienced staff, including artistic directors, managers, producers, media, marketing, and technical teams, and generally is governed by experienced boards. Regional festivals provide an opportunity for more New Zealanders to experience art events that would not otherwise be commercially viable to present.

Festivals contribute to the mobility and longevity of work by supporting touring. The festivals sector operates a network in partnership with local venues and organisations, such as Tour-Makers and Arts on Tour NZ. They use their strong international connections to promote New Zealand work and actively participate in our Te Manu Ka Tau programme by hosting overseas presenters and making performances available to them.

LITERATURE

In 2017/18, New Zealand's literature sector saw several positive trends, including growth in participation, and the number of New Zealanders reading books by New Zealand authors. Record attendances also occurred at literary festivals in Auckland and Christchurch. The amount of Creative New Zealand funding for individual writers and illustrators and for publishing also rose. Overall, however, attendance across all literary arts events declined nationwide.

86% of New Zealanders read or started to read a book in the past 12 months

Participation in the literary arts (such as taking part in a writing workshop or doing creative writing) has reached record levels, with 13 percent of New Zealanders doing so in the past 12 months (up from 7% in 2011).¹¹ Schools are major drivers of young people's involvement in the literary arts. Involvement in and attendance at poetry slams remains popular, and the rising profile of several younger New Zealand poets and writers – both internationally and at home – has helped to inspire young people's interest in

¹¹ See Colmar Brunton (2018) above note 3.

literature. Demand for creative writing courses remained high, with fiction the most popular genre (including literary and historical fiction, fantasy and young adult fiction) as well as creative non-fiction and poetry.

Creative New Zealand funding for writers to create or develop new work (including illustrating books) increased significantly on the previous year. Out of 28 writing or illustration grants awarded, almost half were for adult fiction projects, a quarter for adult non-fiction, four to write or illustrate children's books and three for young adult fiction. Notable sub-genres were poetry, science – or speculative – fiction, historical novels, graphic novels or memoirs, and creative non-fiction. Of note was the number of works by Māori authors in the young adult science fiction genre.

Creative New Zealand funded works featured prominently in the 2018 Ockham New Zealand Book Awards, with all category winners – as well as two out of the four best first books – having received support.

Significantly more opportunities were available in 2017/18 than in previous years for emerging and established Māori and Pasifika writers through Creative New Zealand funded residencies in Wellington and Auckland.

In the New Zealand Book Council's 2018 Book Reading in New Zealand survey, 86 percent of New Zealand adults said they read or started to read a book in the past 12 months – down marginally from 88 percent the year before, with the decline driven by a drop in readership by males. However 55 percent of adult readers reported reading or starting at least one book by a New Zealand author in the past 12 months, up from 50 percent the year before.

The period also saw new vibrancy in the sector, with the establishment of several new publishers and booksellers. The New Zealand Society of Authors reports that almost a third of its growing membership is self-publishing. The number of books supported into print by Creative New Zealand publishing subsidies rose to 76, up from 64 the previous year. International demand was stronger than in previous years, with New Zealand writers invited to appear in literary festivals in multiple cities in Australia; North, South and Central America; Ireland, the United Kingdom, India, Lithuania and Serbia.

MUSIC AND OPERA

Music is a large artform market with an established and proven infrastructure. Diverse forms and genres are funded, including classical and contemporary music, orchestral, choral, band music, opera, jazz and improvised music, sound art, contemporary popular music, 'world' music and traditional and contemporary Māori and Pasifika music.

Music and opera have a large number of high-quality emerging and established artists working in the sector. Around 18 percent of the projects evaluated in 2017/18 (excluding Tōtara and Kahikatea Investment organisations) exceeded expectations, with the quality of some being exceptional. These projects included 12 new compositions (including a work for mechatronic drum kit and electronics), a DJ competition that reached 334,778 young people via three live streams, three albums, a research project in Waikato examining young people's awareness and interest in local music, three international professional development projects, and three opera projects with a combined participation of 145 and audiences of over 3,000.



Benson Wilson (Photo courtesy of artist).

Two main trends were evident in 2017/18. Although digital consumption of music has increased globally, funding across our programmes to support music and opera performance and touring has surpassed that for the creation of new work. Contemporary art music remains the most funded area of music, followed by classical and contemporary popular music. We know that 2.64 million

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adults have attended music events within the past one-to-three years. This is 3 percent more than in 2014, according to 2017 New Zealanders and the Arts research, and is reflected in increased funding towards presentation.¹²

The second trend is the increase in project funding to regional New Zealand. Funding to Bay of Plenty, Whanganui, Otago, Waikato and Hawke's Bay have increased year-on-year since 2015/16. Most Creative New Zealand funded music and opera activity, however, continues to be delivered in Auckland, Canterbury, Wellington and nationally.

Four music scholarships for outstanding performers and composers were awarded in 2017/18. These scholarships will see Salina Fisher completing a Masters of Music in composition at the Manhattan School of Music; Liam Wooding completing a second year of piano at the Australian National Academy of Music; Lauren Bennett completing a Masters in Music in violin at the Yale School of Music; Vincent Hardaker studying orchestral conducting at the Royal Danish Academy of Music; and Benson Wilson completing the opera studies course at the Guildhall School of Music and Drama in London.

An important issue for the music and opera sectors is the development and presentation of new work. New work, especially on a large scale, is often risky because creators must consider whether there is an audience for the work and whether it will have longevity. An opportunity exists, for creators, performers, presenters and promoters to collaborate more intentionally, to ensure composers' intentions are clearly communicated and audiences have the best chance of engaging with new music.

NGĀ TOI MĀORI

Ngā toi Māori is dynamic and broad. It includes customary arts (whakairo, te reo, kaupapa waka, rāanga and whatu, karanga and whaikorero, mōteatea and kōwhaiwhai) as well as contemporary arts (dance, theatre, music, festivals and literature).

The New Zealanders and the Arts research in 2017 found that support is increasing amongst New Zealanders for ngā toi Māori and high-quality ngā toi Māori events. However, lack of access to a range of artforms outside of the main centres means attendance is becoming less

frequent. The Audience Atlas New Zealand 2017 research confirmed most New Zealanders are interested in ngā toi Māori but attendance is declining. In 2017, 44 percent of New Zealand's culture market had attended a Māori performance, cultural festival, arts exhibition or another Māori arts or cultural event in the past three years. This equates to 1.6 million adults, 4 percent fewer than in 2014.¹³

"I love doing arty things, I especially like being the caller for kapa haka and doing kapa haka at school. I am a cultural leader as school. We go to lots of plays with my family and I really enjoy [them]." – Boy, 12 years

Improving infrastructure for ngā toi Māori is an important challenge for the future. Infrastructure can be fragmented, with many organisations supporting and funding ngā toi Māori through government and local government. These organisations include Te Puni Kōkiri, Te Taura Whiri, Department of Internal Affairs, Te Māngai Pāho, Heritage New Zealand, Te Papa, Ministry for Culture and Heritage, Ministry of Education, Ministry of Health and Creative New Zealand. While the collaboration is positive, lack of cohesion can create confusion for the ngā toi Māori sector.

In 2017/18, Creative New Zealand's Investment programmes supported two Māori organisations in the Tōtara programme (Toi Māori and Taki Rua Productions) and five in the Kahikatea programme (Tawata, Atamira, Kahurangi, Te Pou and Te Waka Taki Kōrero). Most of these provide infrastructure for Māori artists and practitioners, however, this also extends to non-Māori organisations funded via the Tōtara and Kahikatea Investment programmes. While the Māori arts internship pilot is currently managed by Toi Māori, the infrastructure for Māori arts would benefit from upskilling more arts administrators, producers, directors and stage managers.

Support for international projects is delivered mainly through our international programme and/or residencies, as well as through Arts Grants and Quick Response Grants. Indigenous exchange is trending upwards due to the kaupapa of whanaungatanga and similar values held by tangata whenua of the world.

As noted, Creative New Zealand is developing a Māori arts strategy for 2018 to 2023. Consultation with Māori artists, practitioners and organisations, communities and the

¹² See Colmar Brunton (2018) above note 3.

¹³ See Morris Hargreaves McIntyre (2018) above note 7.

wider public involved a roadshow around New Zealand, with 24 hui engaging with the sector about strengths, weakness, opportunities and trends. Te Waka Toi Pataka, the mātauranga Māori framework developed in 2017/18, will guide Creative New Zealand's decision-making as it advances ngā toi Māori and provides the context and rationale for the Māori Arts Strategy.

PACIFIC ARTS

Pacific arts embraces diverse Pasifika groups and cultures in all artforms (theatre, dance, music, visual arts, crafts/object and literature), with many individual artists working across creative cultural industries including film, television and digital.



Orchestra Wellington, Te Vaka. Photo by Kirsten Johnson/RNZ.

The most significant milestone in this reporting period has been the development of the Pacific Arts Strategy 2018–2023. Consultation with Pasifika artists, communities and the wider public included a national Pacific arts summit held at Te Papa, online surveys and reference group talanoa.

In 2017/18, Creative New Zealand's Investment programmes supported two Pasifika organisations in the Tōtara programme (Black Grace and Tautai Contemporary Pacific Arts Trust) and three in the Kahikatea programme (Tawata Productions, The Conch, Pacific Dance NZ). Diversity and Pasifika-focused development goals across most Tōtara organisations supported further strategic engagement with Pasifika arts and audiences. Other funding supported various activities across programmes, and a range of capability building initiatives in the sector.

The formal infrastructure for Pacific arts is minimal, compared with the grassroots and informal networks in specific island communities of which many are based around church activities. Similar to ngā toi Māori, a critical gap exists in Pacific-led or run art venues, especially in theatre and dance. Pasifika artists must therefore navigate important relationships with non-Pacific venues and organisations, to access platforms for their art-making and public presentations.

Disability in the arts was identified as an issue at the Pacific Arts Summit, and this is an important area for the development of Pacific arts that aligns with Creative New Zealand's broader diversity policy. Multiple Pasifika groups, with different demographics and unique cultural kaupapa, also require a dynamic approach.

Opera is a success story in Pacific arts, with a Samoan winning the prestigious Lexus Song Quest four contests in a row. The Moana collaboration between Te Vaka and the three regional orchestras in Wellington, Christchurch and Dunedin was hugely successful, with sold-out shows to family audiences. The inaugural Emerging Pacific Writer's Residency at Victoria University's International Institute of Modern Letters has been funded by Creative New Zealand to support young Pasifika writers.

In theatre, Playmarket data¹⁴ showed that the year was notable for strong Pasifika productions. The Conch, Black Grace, Tawata Productions and Pacific Dance play a major role in mentoring and developing emerging Pasifika talent in performing arts.

THEATRE

A variety of scales, styles and genres were included in what is broadly defined as 'the theatre sector' in 2017/18, with growth in multidisciplinary and interarts work, as well as comedy and street art. New Zealand artists are increasingly better connected internationally, and their work is sought-after in international markets.

In 2017/18, Creative New Zealand Investment programmes supported 22 theatre-focused organisations, including 10 Tōtara and 12 Kahikatea organisations, to a total of \$7,366,865.

¹⁴ Playmarket New Zealand (13 August 2018). An abundance of NZ work entertains the country media release.

¹⁵ See Colmar Brunton (2018) above note 3.

Section 2:

Our year in review

As an artform, theatre remains popular overall, with the 2017 New Zealanders and the Arts survey results showing that 25 percent of all New Zealanders had attended a theatre show in that year.¹⁵ A healthy sector relies on a thriving national ecology including theatre companies, venues, festivals and presenters that, together, provide opportunities for work to reach audiences, to tour and to build capability in the sector. However, finding suitable, cost-effective venues that are prepared to risk share and support touring companies in a sustainable way is challenging in many centres around New Zealand. This is affecting the scale and portability of work and limits the ability to develop audiences for performing arts.

25% of New Zealanders attended a theatre show in the previous 12 months

While professional theatre has thrived in the main centres, the closure of the Fortune Theatre in Dunedin was a significant loss. Creative New Zealand is contributing towards a feasibility study with Dunedin City Council to investigate options for a performing arts venue in Dunedin and is providing funding to specifically support theatre in the city for the next two years.

Playmarket's research into works being staged by professional theatres in 2017 painted a healthy picture of New Zealand productions on our stages, with nearly 80 percent being New Zealand works.¹⁶ Overall, the diversity of work being made and presented has increased. The year was also notable for strong Pasifika productions and a strengthened Asian voice in New Zealand theatre.

In the past 20 years, the industry has enjoyed the rise of Māori actors and directors, a number of whom are now internationally recognised. Since opening in 2015, Te Pou has established its presence as the Auckland home of Māori theatre and, in 2018, it moved to new premises at the Corban Estate Arts Centre. Te Haukāinga, a collaboration of Taki Rua, Tawata and The Conch, thrives in Wellington, and the Kia Mau Festival delivered a strong programme.

Many theatre practitioners in New Zealand are versatile and, to sustain their practice and careers, need to move between theatre, film, television and commercial work.

Looking ahead, a healthy theatre sector will continue to rely on the creativity and skill of playwrights, actors, directors, producers and designers at all career stages.

VISUAL ARTS

The visual arts sector is dynamic, innovative and well networked. This artform includes drawing, experimental sound/audio and moving-image arts projects, installation, kōwhaiwhai, painting, performance within a visual arts context, photography, printmaking, sculpture, tā moko, and typography. Support is available for both emerging and established artists, curators and writers, and practitioners regularly receive assistance via Creative New Zealand's funding.

The New Zealanders and the Arts 2017 research showed increased participation in the visual arts, and recorded the highest levels of engagement of all the artforms amongst young New Zealanders. Visual arts also had high levels of uptake and an increase in development of digital technologies and digital engagement.¹⁷



Biljana Popovic, 'Andromöeda 2017'. 'Shout, Whisper, Wail! The 2017 Chartwell Show' image courtesy of Auckland Art Gallery.

Museums and galleries continue to contribute significantly to the visual arts infrastructure. Creative New Zealand's strategic role takes into account the responsibilities of central and local government as well as the support provided by tertiary education and the private and not-for-profit sectors. Funding provided by Creative New Zealand to the visual arts sector during 2017/18 totalled \$3,869,496, which represented 9.5 percent of total funding distributed.

¹⁶ See Playmarket New Zealand (2018) above note 15.

¹⁷ See Colmar Brunton (2018) above note 3.

Support for sector infrastructure within the Tōtara Investment programme includes funding for Toi Māori and the Tautai Contemporary Pacific Arts Trust, in addition to that provided to Artspace and The Physics Room. During 2017/18, Artspace and The Physics Room programmes delivered to the creation and presentation of experimental and excellent work by New Zealand artists in independent, non-commercial exhibition spaces. Support was also provided via the Kahikatea Investment programme to nine other organisations during 2017/18.

Direct support for individuals' creative and professional development is available through our Quick Response and Arts Grants funding programmes. A notable example from 2017/18 is Luke Willis Thompson's Creative New Zealand supported residency in London. While there, he was awarded the 2018 Deutsche Börse Photography Foundation Prize and secured a nomination for the 2018 Turner Prize for the new work he produced. Individual practitioners are also supported via initiatives such as our Berlin Visual Arts residency, the Indigenous Curators Exchange, various artist residencies, and the Curator's Tour to Asia programme, in partnership with the Asia New Zealand Foundation.

International activity continues to operate at a sophisticated level, with numerous artists invited to exhibit offshore each year. A strong level of exchange and interaction occurs with international institutions, curators and markets. Our international delegate programme, Te Manu Ka Tau, supports these networks, with a recent example being the three curators from documenta 14's curatorial team who were hosted in New Zealand in the lead up to the selection of works by Ralph Hotere, Nathan Pohio and Mata Aho Collective for the 2017 documenta 14 exhibition.

The largest single investment Creative New Zealand makes in visual arts is the support provided to commission and present the work of a New Zealand artist at the Venice Biennale. During 2017/18, Lisa Reihana presented *Lisa Reihana: Emissaries*. The centrepiece of her presentation, the panoramic video *in Pursuit of Venus [infected]*, 2015-17, will be presented at the Royal Academy in London alongside other important contemporary works and historic taonga during the *Oceania* exhibition.

YOUNG NEW ZEALANDERS

Creative New Zealand supports arts activity by, with and for young people and youth across all of its funding programmes. These include performances and exhibitions targeted towards young people; programmes that tour to schools; workshops, wānanga and other learning opportunities; and opportunities for young people to develop and present their own arts projects.

In 2017/18, in response to our New Zealanders and the Arts research, we launched a new, five-year, \$5 million Young New Zealanders in the Arts Initiative. It will start in 2018/19 and include:

- a fund to strengthen activity by, with and for young people from under-served communities
- a series of partnership programmes with other agencies interested in the use of arts frameworks as a way of improving the well-being of young people
- an arts strategy for young New Zealanders that will be developed in partnership with other government agencies.

91% of young New Zealanders want to be involved in the arts

In 2017/18, we developed a youth arts role with responsibility for maintaining an overview of arts activity for young New Zealanders, to support our policy development, programme development, investment decisions and advocacy. We funded 54 projects that were by, with or for young people or youth via our Arts Grants and Quick Response Grants. These projects made up 12 percent of funded projects. In 2018/19, we will continue to map the wider sector, working in partnership with other stakeholders, and identify additional opportunities to strengthen the sector.

Our deliverables

We are proud of the work we have accomplished, both internally and with our partners, that contributes to our outcomes of Stronger arts communities, artists and organisations and Greater public engagement with the arts in 2017/18. To achieve our outcomes in 2017/18, we worked on three core deliverables for the sector: Investing in the arts, Developing the arts and Advocating for the arts. These were supported by two further deliverables,

Improving service delivery and Improving our organisation. The Investment Strategy (page 42) will, over time, guide the level of investment across our work as our investment becomes more responsive to the changing face of the arts sector and of New Zealand.

On pages 51-66 we report on how we have performed against our measures for our five deliverables in 2017/18.

INVESTING IN THE ARTS

Providing financial assistance to artists, arts practitioners, arts organisations and their projects



2017/18 KEY ACHIEVEMENTS:

- \$25.560 million was awarded to 88 Investment clients through the, Toi Tōtara Haemata (Arts Leadership) and Toi Uru Kahikatea (Arts Development) Investment programmes, seven more than target.
- 97 percent of Investment clients met or achieved expectations for overall organisational performance.
- 491 grants, totalling \$7.273 million were awarded through Grants and special opportunities funding, with 99 percent of projects completed in the period meeting or exceeding expectations.
- Territorial authorities approved 1,697 Creative Communities Scheme applications to a value of \$3.521 million, exceeding the target for the year.
- 60 grants, totalling \$1.058 million were awarded to artists through the International programme.
- \$1.131 million was invested in international events including the Venice Biennale and Edinburgh Festival.

- \$1.438 million was invested in initiatives and pilots, supporting new ideas and enabling experimentation.
- Announcement made of three new funding and development initiatives: the Innovation Fund, the Young New Zealanders in the Arts Toi Rangatahi Initiative and an Arts in the Regions initiative.

2018/19 FOCUS – WE WILL:

- Implement our new Investment Strategy, beginning with a review of the key Investment programmes.
- Continue to support our Tōtara and Kahikatea Investment programme organisations and work with them to improve their performance.
- Support the highest quality projects through Grants and special opportunities, International and Creative Communities Scheme investment categories.
- Implement the Innovation Fund, Young New Zealanders in the Arts Toi Rangatahi initiative and develop a new Arts in the Regions Initiative.

DEVELOPING THE ARTS

Helping arts organisations and individual artists and practitioners to develop their skills and capability



2017/18 KEY ACHIEVEMENTS:

- \$1.716 million supported 34 capability building initiatives for artists and arts organisations covering areas such as audience and market development, strategy and governance and arts sector development.
- 82 percent of participants agreed that these initiatives aligned with their needs and priorities.
- 74 percent of clients participating in the initiatives rated them as extremely or very effective or relevant.
- Nui te Kōrero: Roadmap to the future (our key audience development gathering) was attended by over 150 representatives of arts organisations across the country, with almost three-quarters of delegates (73 percent) at the hui finding it effective overall.
- Aligning with the Investment Strategy, a new international coaching initiative was successfully delivered, offering personalised support via one-on-one intensive coaching.

- Our largest delegation yet participated in the Australian Performing Arts Market, including participants in two new programmes, Performing Asia and the First Timers' Programme.

2018/19 FOCUS – WE WILL:

- Review the Capability Building programme, to ensure alignment with the Investment Strategy.
- Enable 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.
- Provide a platform for conversations around inclusion in the arts and responsiveness to our communities (Nui te Kōrero).

ADVOCATING FOR THE ARTS

Promoting the value of the arts and empowering the arts sector to make the case for the arts



2017/18 KEY ACHIEVEMENTS:

- 12 submissions were made to central and local government on arts matters, and we involved the arts sector more in the advocacy process.
- The New Zealanders and the Arts and Audience Atlas New Zealand 2017 research was launched by the Prime Minister in May 2018, with more arts partners than ever before collaborating with Creative New Zealand to gain their own insights into how New Zealanders engage in the arts.
- Memoranda of Understanding (MoU) were confirmed with Te Puni Kōkiri and Te Taura Whiri. MoU will be progressed with Te Maruata, Te Māngai Pāho, Te Papa, Te Matatini, and others in 2018/19.
- Research into selected territorial authorities' arts and culture spending was shared with participating territorial

authorities and Local Government New Zealand, among others.

- Our first community arts toolkit was developed as a best practice guide for community arts projects in New Zealand.
- Established Te Rōpū Mana Toi, an external advocacy group made up of leaders in the sector who will help to guide our advocacy priorities and action plan .

2018/19 FOCUS – WE WILL:

- Advance ngā toi Māori and Pacific arts work through communicating the Māori and Pacific arts strategies.
- Prioritise actions arising from the research into territorial authority investment in the arts and culture, as part of wider engagement with local government.
- Keep enabling the arts sector to advocate on its own behalf.

IMPROVING SERVICE DELIVERY

Continuing to improve the way in which we deliver services to the arts sector, including focusing on what we're best placed to deliver



2017/18 KEY ACHIEVEMENTS:

- Implemented the Investment Strategy Te Ara Whakamua 2018–2023, with a plan to review system requirements as each programme is aligned to the new strategy.
- Introduced independent external peer assessment to inform decision-making on all funding and development opportunities.
- Improved client reporting functionality for Investment clients, with improvements for all other programmes to be developed in 2018/19.
- Implemented activity statistics tables for the first time for all programmes, allowing staff to record and report

delivery to our outcomes and associated measures for all programmes in 2018/19.

2018/19 FOCUS – WE WILL:

- Continue to refine our systems and processes to best support the delivery of our investment intentions, as set out in the Investment Strategy.
- Enable clients to report on the outcomes of their projects and contract deliverables online.
- Develop an information systems plan for the three years to December 2021.

IMPROVING OUR ORGANISATION

Improving the way we operate as New Zealand's national arts development agency.



2017/18 KEY ACHIEVEMENTS:

- Implemented a new operating model to better advise and support artists and arts organisations across all programmes.
- One Arts Development Services Group created within Creative New Zealand, with teams specialising in each area of funding, assessment, capability building, international development and multi-year investment.
- Introduced a specialist team of arts practice directors with artform expertise.
- Enhanced research capacity and capability along with increased responsiveness to Māori.

2018/19 FOCUS – WE WILL:

- Review staff skills and develop a new learning and development framework for all staff.
- Continue to plan and implement operational changes necessary for the delivery of the Investment Strategy, as systems and processes are reviewed and aligned to the new strategy.

Trends in our funding delivery

This section outlines our main trend information, which helps evaluate change over time and influences our future decision-making. Certain comparative information has been reclassified, where required, to conform to the current year's presentation.

Funding across outcomes

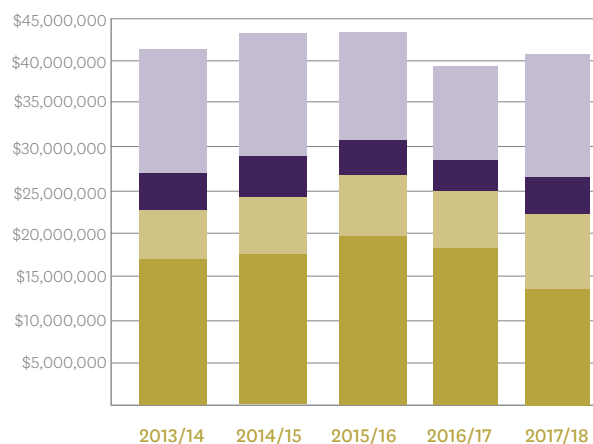
In 2017/18, Creative New Zealand's funding was distributed across the following outcomes:

- 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 2013/14 and 2015/16, decisions taken by Creative New Zealand through the 2016/17 planning process reduced some programmes and operating costs for that year. This was carried out in an uncertain environment, where funding from the New Zealand Lottery Grants Board was forecast to reduce. Our strong financial performance and good fortunes in the 2017/18 year (figure 4) enabled our investment in the arts to increase.

Investment clients' annual programmes of activity are linked to outcomes. Investment fluctuations across outcomes reflect changes in activities from year-to-year.

Figure 4: Investment by outcome, 2013/14 – 2017/18



Stronger arts communities, artists and organisations as shown by:

NZ art	\$14,573,859	\$13,988,634	\$12,695,101	\$11,225,620	\$14,575,006
International	\$4,213,418	\$5,108,503	\$4,258,072	\$3,687,741	\$4,287,391

Greater public engagement with the arts as shown by:

Participate	\$6,349,513	\$6,857,096	\$7,059,946	\$6,933,225	\$9,627,282
Experience	\$16,535,701	\$17,626,201	\$19,710,132	\$18,520,008	\$13,976,694

Funding across programmes

In 2017/18, Creative New Zealand funding was distributed through four funding programmes: Investment programmes, Grants and special opportunities, the International programme and the Creative Communities Scheme. The results of our funding through these programmes in 2017/18 are detailed in Section 3, page 48.

Table 1 sets out the proportional distribution of funding across the four funding programmes, for both the past year and 2013/14 by way of comparison.

On the whole, we are funding more these days through our Investment programmes than 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.

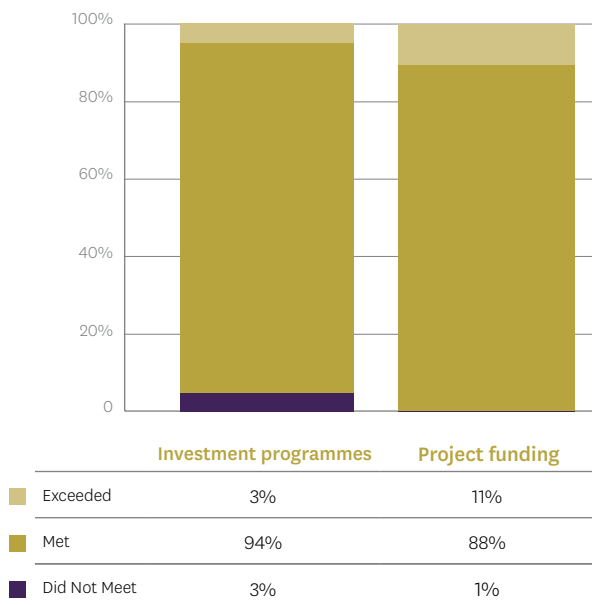
Table 1: Comparison of funding distribution, 2013/14 and 2017/18

Funding programme	2013/14		2017/18	
	\$	%	\$	%
Investment programmes (Tōtara and Kahikatea)	23,746,749	60	25,560,424	64
Grants and special opportunities	7,451,152	19	7,272,809	18
Creative Communities Scheme	3,207,854	8	3,425,264	9
International programme	2,427,772	6	2,189,620	5
Initiatives and pilots	2,854,879	7	1,438,600	4
TOTAL	39,688,406	100	39,886,717	100

Overall performance

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. Across funding programmes, a significant percentage of clients met or exceeded expectations (figure 5). Overall, 91 percent of clients met expectations and 7 percent exceeded expectations. Further details about client performance are detailed in Section 3, page 54.

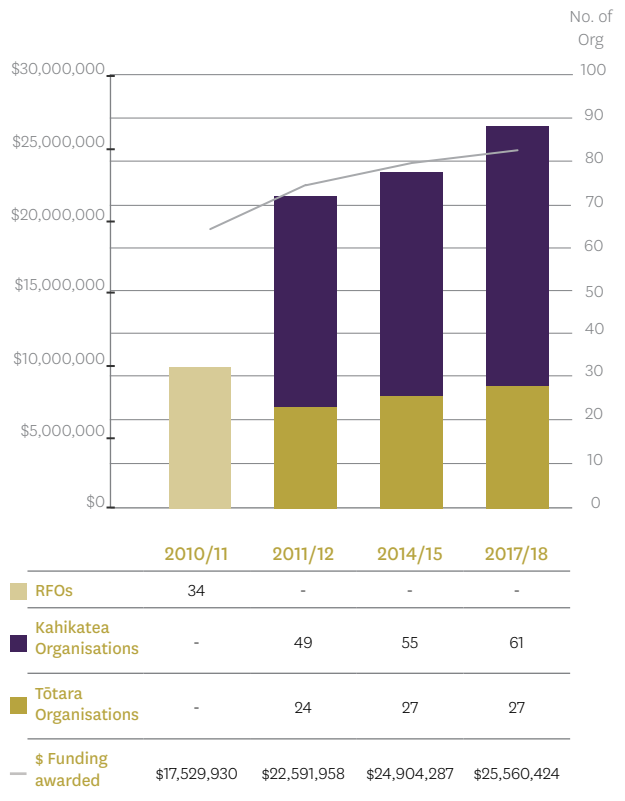
Figure 5: Performance against expectations, 2017/18¹⁸



INVESTMENT PROGRAMMES

The Tōtara and Kahikatea Investment programmes were implemented in January 2012 (replacing the Recurrently Funded Organisations programme). Since then, the number of participating organisations has steadily increased (figure 6). This is mainly due to the number of organisations participating in the Kahikatea (Arts Development) programme, which has tended to fluctuate more than the Tōtara (Arts Leadership) programme.

Figure 6: Number of clients and total investment in Investment programme, 2010/11 – 2017/18



Note: RFOs = Recurrently Funded Organisations.

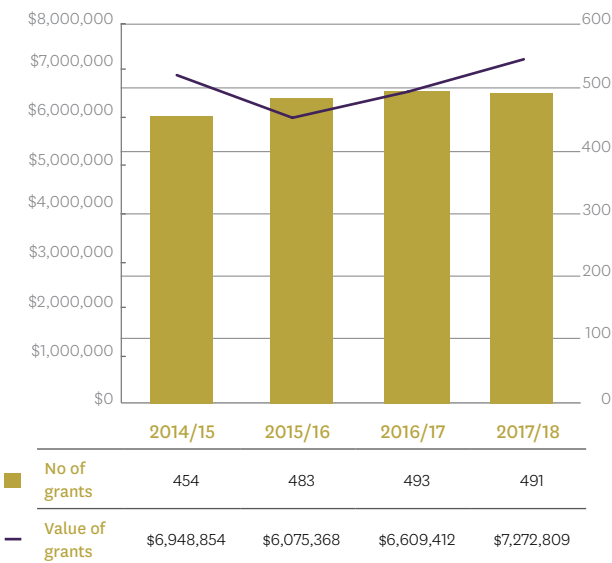
¹⁸ Excludes Capability Building and Advocacy programmes.

GRANTS AND SPECIAL OPPORTUNITIES

Creative New Zealand provides grants funding through various programmes, selecting the best applications from artists, arts practitioners and arts organisations. Funding awarded through these programmes has increased this year (2017/18: \$7.273 million; 2016/17: \$6.609 million) because of the increase in our revenue, which has meant we have more funds to invest in the arts sector.

In 2017/18, the number of Grants and special opportunities awarded remained steady at 491 (2016/17: 493), 12 percent above forecast (figure 7). 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 \$14,621, compared with \$13,830 in 2016/17.

Figure 7: Number and value of Grants and special opportunities, 2014/15 – 2017/18



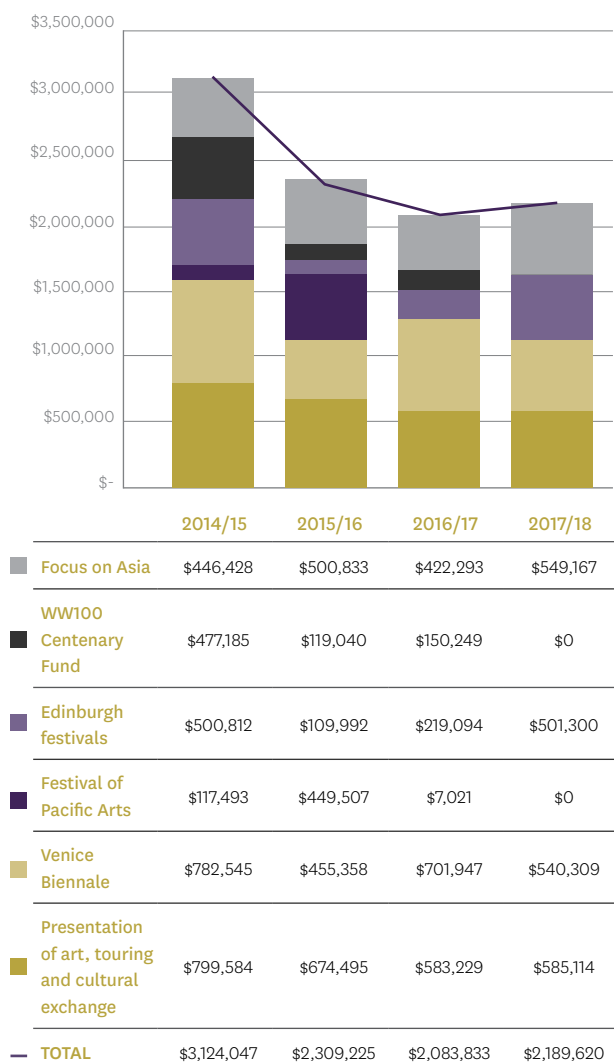
INTERNATIONAL PROGRAMME

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 support for internationally focused work that comes through programmes like Grants and special opportunities.

In 2014/15, the investment in International programmes increased by almost 30 percent to \$3.124 million (figure 8).

This was primarily due to the introduction of the Focus on Asia initiative and increased investment in New Zealand’s presentation at the Venice Biennale. Fluctuations in International programme funding are driven mainly by our investment in major international projects each year. Investment increased in 2017/18 from last year because of support for the delegation to the Edinburgh Festival.

Figure 8: Investment in International programmes, 2014/15 – 2017/18

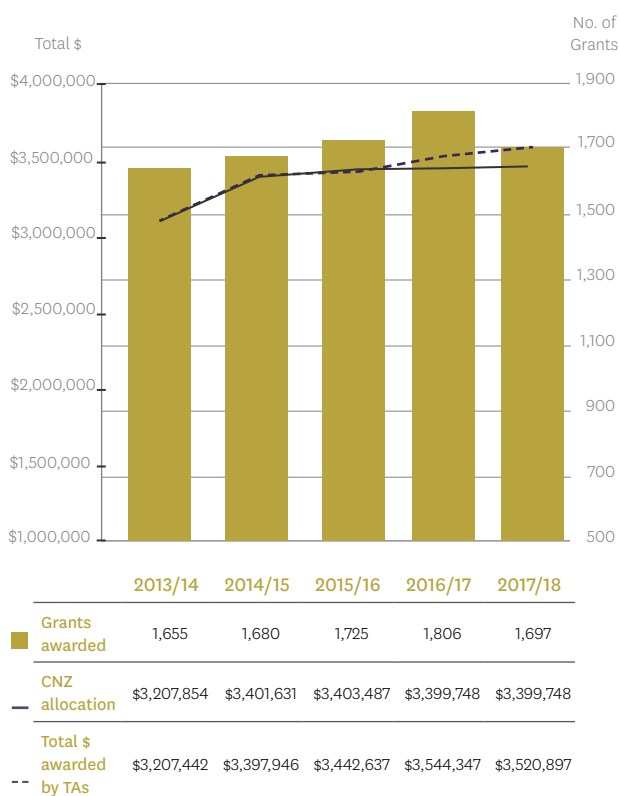


CREATIVE COMMUNITIES SCHEME

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.¹⁹ Creative New Zealand allocates funds to territorial authorities based on a funding formula and population size.

Territorial authorities awarded 1,697 grants in 2017/18, a decrease on the 1,806 given in 2016/17 but 3 percent above target for the year. Creative New Zealand's contribution remained steady, after slight increases in 2014/15 and 2015/16 (figure 9). The average grant value of \$2,075 in 2017/18 also remained steady (2016/17: \$1,963).

Figure 9: Number and value of Creative Communities Scheme grants awarded, 2013/14 – 2017/18

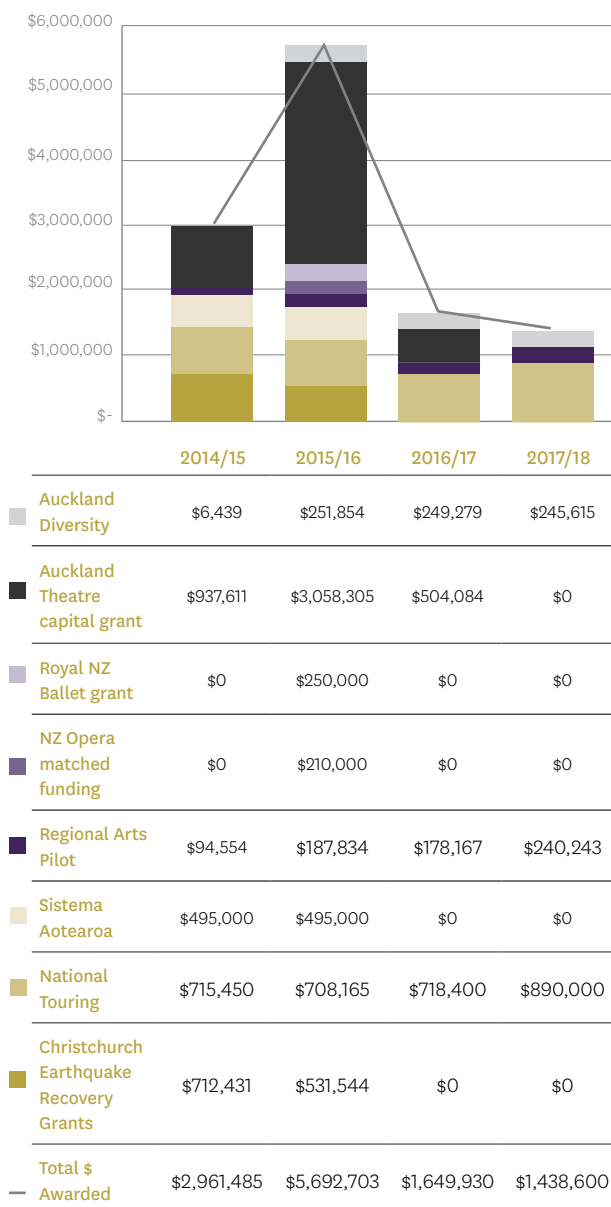


Note: CNZ = Creative New Zealand; TLAs = territorial authorities

INITIATIVES AND PILOTS

Initiatives and pilots may be developed from time to time to allow Creative New Zealand to drive and support change and development by running new initiatives, piloting new ideas and enabling experimentation. Investment varies across years, with \$1.438 million invested in 2017/18 (figure 10). It is expected that, at the conclusion of the initiative or pilot, if it is to be supported on an ongoing basis, it will shift to one of the other investment categories featured in this section.

Figure 10: Investment in Initiatives and pilots by programme, 2014/15 – 2017/18



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

Section 2:
Our year in review

Figure 11: Funding by location, 2017/18

National 8.7% \$3,526,299
International 10.12% \$4,104,461
Online 2% \$814,148

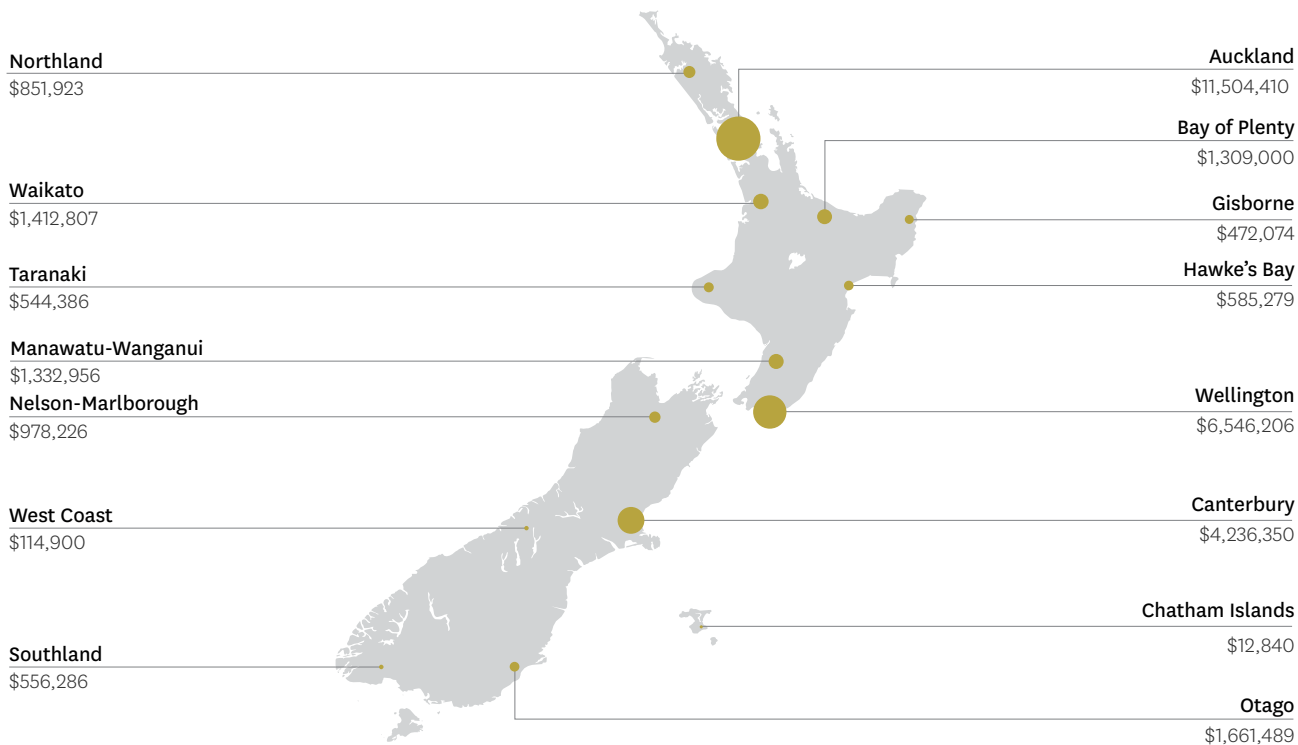
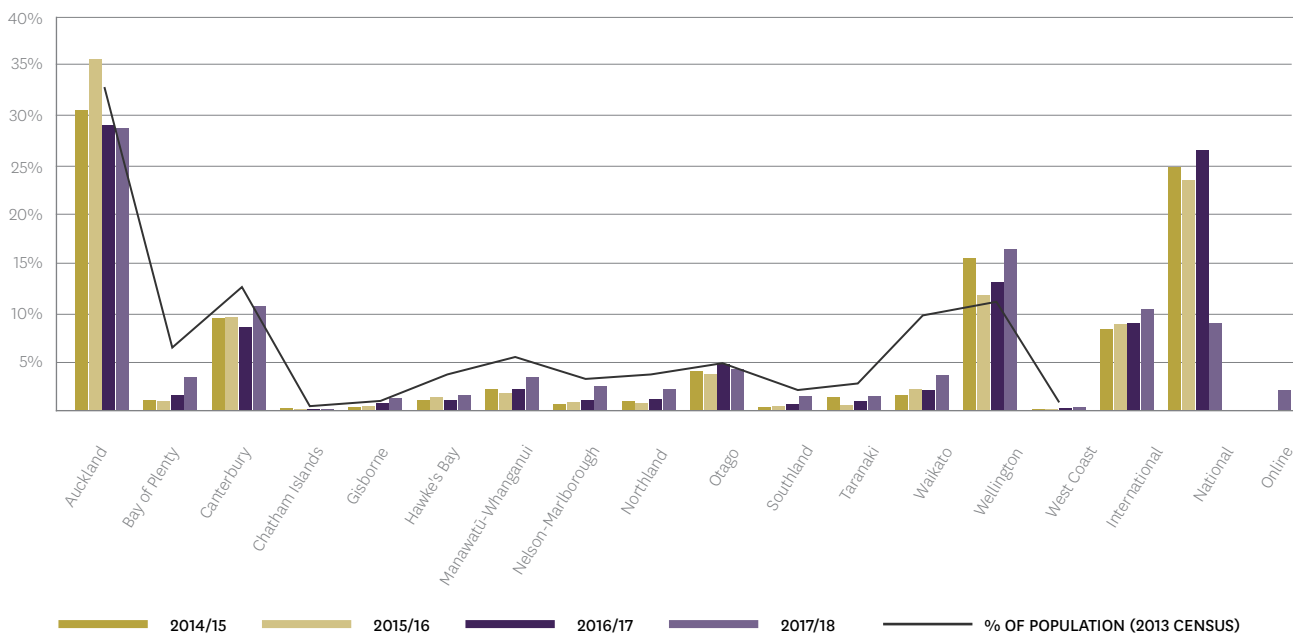


Figure 12: Distribution of funding by region, 2014/15– 2017/18



Funding across locations

Creative New Zealand mainly 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 as one element in understanding New Zealand’s arts landscape. Figure 11 on page 39 shows how funding is distributed across the country, internationally and online. The allocation to the regions is based on the location of the art delivery rather than the home location of the artist or arts organisation. Nearly one in every 11 dollars goes to national delivery. Online refers to creative content delivered digitally.

Figure 12 on page 39 compares the distribution of our funding with that of the population from the 2013 Census, and shows how funding tends to match significant population bases. 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 previous years include most of a one-off capital grant as a contribution to the building of the new ASB Waterfront Theatre in Auckland.

Funding across artforms

We are the only arts development agency in New Zealand to fund nationally across all artforms (excluding film). See our website for further information: www.creativenz.govt.nz

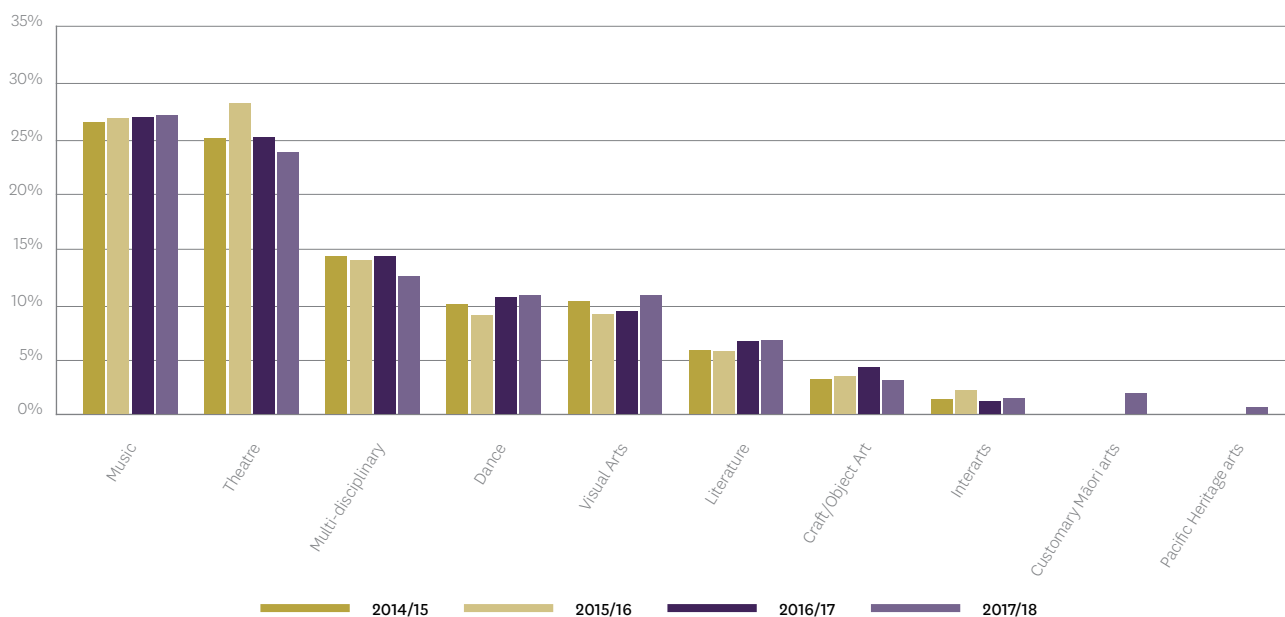
Figure 13 outlines Creative New Zealand’s distribution of funding across four financial years. In 2017/18, music received \$11.212 million. At 26 percent, it was the highest proportion of funding across all artforms. Two new categories – customary Māori arts and Pacific heritage arts – have been included in 2017/18. In previous years, both were reported within other artform categories.

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

- the variable costs of delivery across artforms (eg, orchestral music and opera have high fixed costs)
- the extent to which other funders are involved (eg, 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. Snapshots of artform practice in 2017/18 are detailed on pages 25–32.

Figure 13: Funding by artform, 2014/15 – 2017/18



Our external operating environment

As the national arts development agency of Aotearoa, our role is to encourage, promote and support the arts for the benefit of all New Zealanders. To achieve our vision of dynamic and resilient New Zealand arts, valued in Aotearoa and internationally, we need the support of New Zealanders, the arts sector, our clients and partners, our funders – the Government and New Zealand Lottery Grants Board – our ministers and the agencies responsible for ensuring we operate effectively and efficiently.

The confidence of these parties provides Creative New Zealand with the legitimacy and support required to grow the arts and the place of the arts in the lives of New Zealanders. Public support for the arts is high. Research from New Zealanders and the Arts and Audience Atlas New Zealand 2017 shows a healthy appetite for arts and culture among New Zealanders. With 97 percent of New Zealanders in the market for culture, this is significantly higher than in Australia (87 percent), the United Kingdom (85 percent) or China (60 percent). Government support for arts and culture is strong. Rt Hon Jacinda Ardern is the second prime minister to hold the arts, culture and heritage portfolio. This provides a robust signal of this government's recognition of the public value of arts and culture.

To succeed, Creative New Zealand must also retain the confidence of the arts sector. In 2017/18, 64.2 percent of our clients reported satisfaction with the overall service they received. Over the past year, we engaged with the arts sector as we reviewed our strategic direction, including engaging with artists, arts organisations and arts communities as we developed new strategies for advancing Māori and Pacific arts. Public confidence is also important. Over the next year, we will seek to better understand our reputation with the New Zealand public.

Creative New Zealand welcomes changes in the external operating environment that will affect the arts sector over the coming years. This includes the Local Government (Community Well-being) Amendment Bill, which reinstates an obligation on local authorities to provide for the social, cultural, economic and environmental wellbeing of their communities. The Treasury's Living Standards Framework is expected to provide a more holistic approach to policy development and budget setting that focuses on inter-generational wellbeing.

Our internal operating environment

Several strategies and policies have guided our work and collectively form our strategic intentions as set by the Arts Council. They are also an expression of our legislative functions, as set out in the Arts Council of New Zealand Toi Aotearoa Act 2014. They are all available on our website: www.creativenz.govt.nz

Our strategic focus

The Creative New Zealand Statement of Intent 2016–2021 outlines the strategic objectives that the Arts Council intends to achieve for the period 1 July 2016 to 30 June 2021. Our strategy comprises three parts:

- our **future** – what we want to achieve overall (our vision) and the difference we want our work to make (our outcomes)
- our **focus** – what we want to achieve by 2021 (our goals, supported by objectives) and what we do to support this (our deliverables)
- our **foundation** – our reason for being, as set out in our Act (our purpose) and the core principles that guide our work (our values).

In our Statement of Performance Expectations for 2017/18, the second annual plan under our Statement of Intent 2016–2021, we sought to clearly define the long-term outcomes we seek for New Zealanders and the arts community in the year ahead. The Statement of Performance Expectations also described our short-term aims, the services we will deliver, and the way we will measure progress and achievements in each area – all of which are reported in this annual report. A review of our current strategic framework will start in 2018/19.

Our investment intentions

In 2017/18, Creative New Zealand developed an investment strategy to shape its overall arts investment over the next five years. The Investment Strategy Te Ara Whakamua 2018–2023 will guide our investment from 2018/19, with the aim of ensuring we build an investment portfolio to meet the future needs of the arts in Aotearoa. The Investment Strategy recognises and responds to the ways in which Aotearoa is changing and is closely aligned with our strategic outcomes. Creative New Zealand will increasingly target investment that is underpinned by the strategy's seven principles and three features (figure 14).

The Investment Strategy will:

- start to inform resource allocations from the 2018/19 financial year
- provide clarity to the arts sector and other stakeholders about Creative New Zealand's aspirations and expectations, and the approach that underpins investment
- allow Creative New Zealand to benchmark and track how it is delivering to its outcomes and categories of investment

- support Creative New Zealand's Advocacy Strategy 2016–2021, by better identifying the value achieved from its investment
- shift Creative New Zealand to an impact- and outcomes-based investment model.

To those ends, over the next 12 months we intend to review our eight investment categories (as identified in the strategy) and implement actions to ensure investment is aligned with the seven principles and three features. The Investment Strategy is published on our website: www.creativenz.govt.nz.

Figure 14: Creative New Zealand's Investment Strategy
Te Ara Whakamua 2018–2023

INVESTMENT PRINCIPLES

1. Our investment has a clear and relevant value proposition
2. Our investment delivers long-term cultural, economic and social value
3. Our investment recognises in the arts the role of Māori as tangata whenua, and advances ngā toi Māori
4. Our investment recognises and advances the arts of the Pacific Island peoples of New Zealand
5. Our investment reflects the demography of New Zealand
6. Our investment maintains and develops key arts infrastructure complementing that supported by local and central government as well as the private sector
7. Our investment is grown through partnerships and co-investment with other arts and community funders, in New Zealand and internationally

INVESTMENT FEATURES

Diversity and reach – maintain and develop:

- Investment in a range of arts practices reflecting New Zealand's growing diversity
- Investment that ensures communities across New Zealand can participate in and experience the arts, and investment that engages with under-represented communities
- Investment that engages with new audiences, in New Zealand and internationally
- Investment in the delivery of art through digital channels in order to increase arts participation and audience size
- Investment aligned with international opportunities that expand arts practices and demand for New Zealand arts

Dynamic arts – maintain and develop:

- Investment that supports innovation in New Zealand arts practice
- Investment in the development of New Zealand arts, in New Zealand and internationally

Resilient arts sector – maintain and develop:

- Investment that supports capability and capacity building in organisations and the arts sector for long-term benefit, including new ways of working and new models of value creation that drive resilience
- Investment that demonstrates relevance to current and changing communities

Our guiding strategies and policies

These underlying strategies and policies are shaped by our strategic and investment intentions. As part of developing them, we regularly consult with the arts sector we are working with to deliver what they need. We maintained and developed significant strategies and policies in 2017/18 that will continue to guide our work in the year ahead. All strategies and policies are available on our website: www.creativenz.govt.nz

Māori Arts Strategy

In 2017/18, Creative New Zealand began development of a 'by Māori for Aotearoa' Māori arts strategy. Aligned with the priorities of the Investment Strategy, the national Māori arts strategy intends to recognise and advance in the arts the role of Māori as tangata whenua. The strategy will focus on the areas where Creative New Zealand can use resources to make the greatest difference.

Since November 2017, Creative New Zealand staff have spoken widely with the sector and collated data and research from internal and external sources. As a part of this consultation, the Ngā Toi Māori roadshow helped develop Creative New Zealand's understanding of how the regional landscape for Māori arts and culture affects social, cultural, economic, and environmental wellbeing. The strategy is on track to be launched in December 2018.

Pacific Arts Strategy 2018–2023

Creative New Zealand began developing the Pacific Arts Strategy 2018–2023 in 2017/18. The strategy outlines how we will prioritise our investment in the development of Pacific arts over the next five years. Developed in consultation with the Pacific arts community, its vision is of a powerful future Pacific arts sector that is led by passionate and skilled Pasifika people, for Aotearoa, Te Moana-nui-a-Kiva and the world. The strategy embraces four *pou* or pillars to direct Creative New Zealand's support for Pacific arts over the next five years.

- The first pillar is **Tagata**, the people, the heart of the strategy.
- The second is **Vaka**, the vessels for our journey and potential for more vaka to join our fleet in the future.
- The third pillar is **Va**, the space between tangible and intangible spaces – adorning this space with artists, communities and partners will be a priority.

- The fourth pillar is **Moana**, Te Moana-nui-a-Kiva, the ocean homeland of Pasifika peoples and the digital moana of new technology and global reach.

The strategy will apply to all of Creative New Zealand's programmes and policies in 2018/19 and beyond.

Advocacy Strategy 2016–2021

The Advocacy Strategy 2016–2021 sets out the Arts Council's five-year strategy to advocate for the positive contribution that art and artists make to New Zealanders' lives. The strategy outlines:

- what we hope to achieve with our advocacy (Our Aims)
- those who can be called on to help us (Our Allies)
- the people and groups we want to influence (Our Audiences)
- the main points we want to make about why the arts matter (Our Messages).

The strategy is published on our website along with an action plan for the current year. Advocacy achievements in 2017/18 are reported on pages 58–60.

Diversity in the Arts Policy

The Diversity in the Arts Policy states Creative New Zealand's commitment to recognise, promote and celebrate diversity in the arts. It clarifies how we undertake, or will undertake, or give effect to it. Through this policy, we support the creation, presentation and distribution of, and participation in, a diverse range of New Zealand arts. We promote diversity in the arts as a creative resource for New Zealand, offering innovation and invigoration to artists, arts organisations, audiences and communities. The results of our support for this work are reported on our website.

Our resources

We have a continuing commitment to improve our capability and capacity to deliver on our strategic intentions. This includes the public money we receive, our people and expertise and our operational capacity.

The public money we receive

Creative New Zealand receives funding from the Government and the New Zealand Lottery Grants Board

(NZLGB) to make choices, based in part on the guidance of various others, about how much public money to spend on the arts and for what particular purposes. We are careful with the public funding we receive and work hard to ensure it is distributed in the most prudent way. The Arts Council has responsibility for governance oversight of risk management and compliance, with Council's Audit & Risk Committee tasked with reviewing the Creative New Zealand Risk Register and Risk Management Framework every six months.

The Ministry for Culture and Heritage is Creative New Zealand's monitoring department and we receive Vote funding under one central government output expense: Promotion and support of Arts and Film. Creative New Zealand has only one output class: Promotion and support of the arts. Creative New Zealand receives 15 percent of the total profits from the New Zealand Lotteries Commission (Lotto NZ), through the NZLGB under section 279 of the Gambling Act 2003.

In September 2017, the Arts Council announced it would invest \$42.9 million in the 2017/18 financial year and had agreed a draft budget of \$43.8 million for the 2018/19 financial year. A recent significant improvement in Lotto NZ profits will enable our investment in the arts sector to increase even further in the future – to \$48.7 million in 2018/19 and \$54.0 million in 2019/20. The Investment Strategy will guide Creative New Zealand's investment direction to ensure it builds an investment portfolio to meet the future needs of the arts in Aotearoa. Changes resulting from the Investment Strategy will be implemented over the next two to three years and impact on all of Creative New Zealand's funding and capability building programmes as they are aligned with the Strategy.

Further information on how we managed our money in 2017/18 is detailed in the 'Financial performance' section on page 67.

Our operational capacity

This includes the systems, policies and processes we need to ensure we continually improve our service delivery and are a focused, high-performing, learning organisation. In 2017/18, we 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 main means for achieving this. A new operating model that will help

position us to better achieve our strategic direction to 2021 was implemented this year. Throughout the process, we looked critically at the way we do our work, identifying areas for improvement and potential solutions, and identifying strengths and opportunities to build further on what we do well. Our Improving service delivery and Improving our organisation annual priorities are reported in detail on pages 61-66.

Our people

Arts Council

The Arts Council comprises 13 members appointed by, and accountable to, the Minister for Arts, Culture and Heritage. Council members have a variety of skills and experience, including a minimum of four members with knowledge of ngā toi Māori (Māori arts), te ao Māori (a Māori world view) and tikanga Māori (Māori protocol and culture). These members were appointed in consultation with the Minister for Māori Development. Under the 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 Pasifika 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 2018 is outlined on table 2 on the next page.

Section 2:

Our year in review

Table 2: Arts Council members as at 30 June 2018

Arts Council members	First appointed	Current term expires	Other Arts Council office held
Michael Moynahan (Chair)	15 Dec 2014	30 Apr 2020	
Caren Rang, DNZM (Deputy Chair)	1 May 2014	30 Apr 2020	Chair, Audit and Risk Committee
Professor Tairahia Black	1 Jul 2016	30 Jun 2019	Member, Māori Committee
Andrew Caisley	1 Jul 2015	30 Jun 2018*	
Suzanne Ellison	1 May 2014	30 April 2018*	Chair, Māori Committee
Garth Gallaway	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	
Luamanuvao Dame Winnie Laban, DNZM, QSO	1 May 2014	30 June 2018*	
Wayne P Marriott, JJP	1 May 2014	30 Jun 2019	Member, Audit and Risk Committee
Michael Prentice	1 May 2014	30 Apr 2019	Member, Audit and Risk Committee
Dean Whiting	30 Aug 2017	31 Aug 2018	Member, Māori Committee

* No further appointments will be made until after September 2018. Members have been invited to remain on the Arts Council in the interim.

Our staff

Every person working at Creative New Zealand has a role in helping to build dynamic and resilient New Zealand arts, valued in Aotearoa and internationally. The 2017/18 year involved significant organisational change as we implemented a new operating model for the organisation. Creative New Zealand staff bring passion for the arts, a wide knowledge of the arts sector and specialist skills to the varied roles they hold. We have policy and operational expertise, and we value and understand the effect that working with our stakeholders and partners can create. To be successful, our values (page 9) act as a compass that helps guide our conduct and decision-making. They describe the actions and behaviours the arts sector, our partners and the public can expect from us as we work with them.

As of 30 June 2018, we have 55 staff (52.84 full-time equivalent staff), based in Auckland, Wellington and Christchurch, and mainly working across four teams: Arts Development Services, Māori Strategy and Partnerships, Business Services, and Planning, Performance and Advocacy Services.

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 a successful working relationship exists between governors and the Senior Leadership Team. The Senior Leadership Team as at 30 June 2018 is outlined on the next page.

Section 5 reports further details about our people and commitment to our 'good employer' obligations in 2017/18 (page 99).

SENIOR MANAGEMENT TEAM MEMBERS AS AT 30 JUNE 2018



**STEPHEN
WAINWRIGHT**

*Chief Executive –
Pou Whakahaere*

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 range of relationships are also held with allies and stakeholders in the arts sector and across many other spheres of public life.



CATH CARDIFF

*Senior Manager, Arts
Development Services –
Tumu Whakahaere
Matua, Ratonga
Whakawhanake Toi*

The Arts Development Services group 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. This team provides services to the arts sector that address ongoing capability and sustainability – nationally and internationally.



PAULA CUFF

*Senior Manager,
Māori Strategy and
Partnerships –
Pou Whakahaere Matua,
Rautaki Māori me ngā
Rangapū*

The Māori Strategy and Partnerships team develops and delivers our Māori arts agenda so that we lift our impact on ngā toi Māori. This includes advocating for a shared agenda and increasing the agency's effect on Māori arts and culture by working with key external stakeholders, including other government organisations and agencies.



DAVID PANNETT

*Senior Manager, Planning,
Performance and
Advocacy Services –
Tumu Whakahaere
Mahere, Whakaritenga,
Hononga a Iwi*

The Planning, Performance and Advocacy Services team provides policy, evaluation and research advice. 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.



ANGUS EVISON

*Senior Manager,
Business Services –
Tumu Whakahaere
Ratonga Kaipakihii*

The Business Services team provides administration, business systems, finance management, information technology, records management and human resource services to the organisation.

STATEMENT OF NON-FINANCIAL PERFORMANCE

*TE TAUKI WHAKATUTUKI I NGĀ
MAHI*

Statement of Non-Financial Performance 2017/18

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

- our two **outcomes** and their associated measures (pages 49-51)
- our five **deliverable areas** and their associated measures (pages 51-66).

These elements are outlined in our Statement of Intent 2016–2021 and Statement of Performance Expectations 2017/18. These documents capture the refreshed five-year strategic direction the Arts Council implemented in mid-2016.

Our planning and performance context

Our performance framework for 2017/18 is shown in figure 2 on pages 11-12. 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.

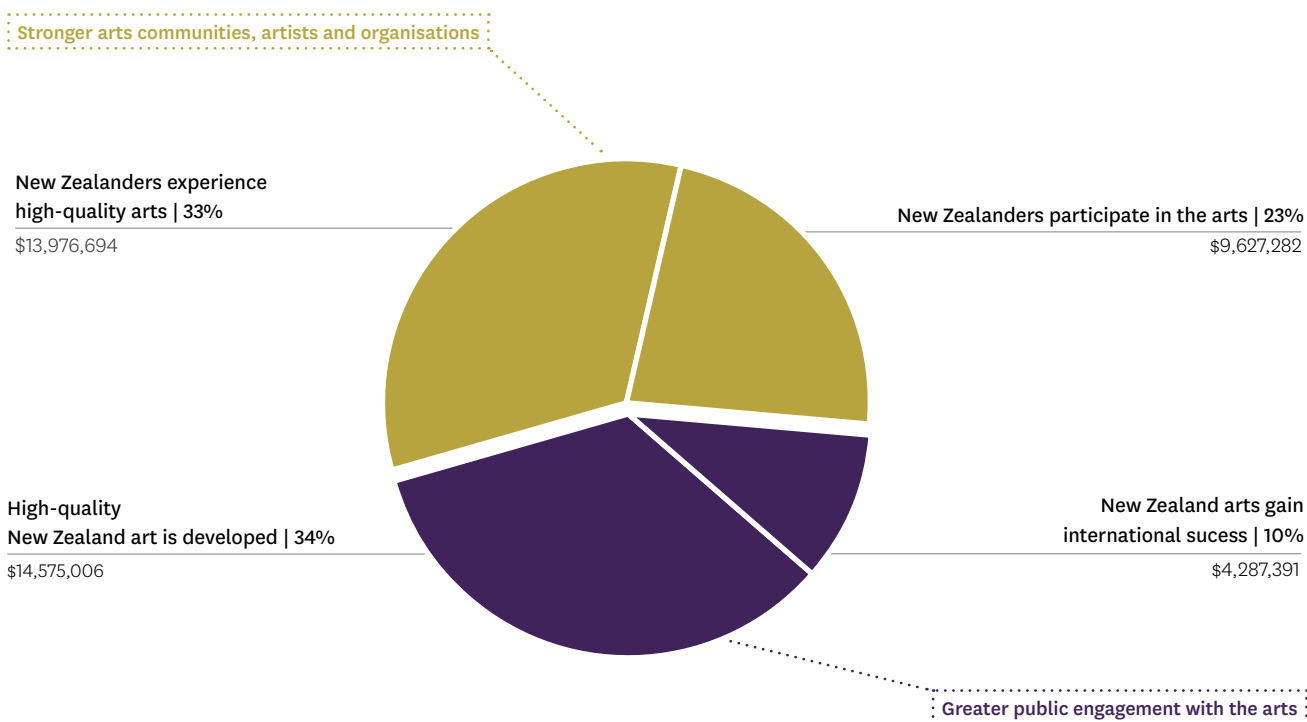
We did this with a specific legislative and government framework, guided by the Arts Council of New Zealand Toi Aotearoa Act 2014, by government priorities and by the sector-wide priorities outlined in the Ministry for Culture and Heritage’s Cultural Sector Strategic Framework.

Our outcomes

Funding across our outcomes shifts from year to year with the demand for contestable funding fluctuating. 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 15 shows the proportion of funding that supported each outcome in 2017/18.

Our performance against our 2017/18 measures is reported on pages 49-51, with further detail given in Section 2, pages 16–20.

Figure 15: Investment by outcome, 2017/18



Our outcomes: Reporting performance against measures for the year ended 30 June 2018

Annual priorities

Measures:

Table 3: Performance against 'Our outcomes' measures 2017/18

No.	Name	2015/16 Actual	2016/17 Actual	2017/18 Target	Result	Variance	Notes
<p>This year, we made improvements in the way we collect the data for our outcomes measures. From 1 July 2017, we implemented a new system that allows us to capture statistics about activities and report on outcomes across all programmes. As a result, the reporting methodology for project funding: Grants and special opportunities, Initiatives and pilots, and the International programme changed from reporting at granting stage to reporting at completion stage. This has contributed to the actual results being significantly higher than the previous year and against targets for several outcome measures. We also refined the activity statistics and outcome reporting guidelines and have applied more rigour to our data collection, resulting in richer information for Creative New Zealand funded activities.</p>							
<p>OUTCOME: STRONGER ARTS COMMUNITIES, ARTISTS AND ORGANISATIONS as shown by:</p>							
01.1	High-quality New Zealand art is developed: Number of new New Zealand works developed (across all programmes)	314	319	≥360	1,878	422%	<p>Exceeded target.</p> <p>The 554 projects acquitted and evaluated in the reporting period resulted in 1,507 new New Zealand works being created. In 2016/17, we reported 179 grants were provided to project-funded clients to develop new New Zealand works.</p> <p>Due to the improvements made to collection of data, we are now able to identify new art works at an activity level for projects based funding. This has contributed to the actual results being significantly higher than the previous year and against targets for several outcome measures. We have also refined the reporting guidelines including the recognition point for the measure to be from the point that grants are approved to now being the completion of grants.</p> <p>Investment programme clients developed 371 new New Zealand works in 2017/18 (2017: 140; 2016: 133). The reporting methodology remains unchanged for this group.</p> <p>Creative New Zealand ensures high-quality New Zealand art is funded through robust application assessment process. The number is largely driven by available resources and demand.</p>

No.	Name	2015/16 Actual	2016/17 Actual	2017/18 Target	Result	Variance	Notes
01.2	New Zealand arts gain international success: Number of individuals and organisations funded by Creative New Zealand to engage internationally (across all programmes)	275	220	≥150	161	7%	Exceeded target. In total, 161 individuals and organisations were funded to engage internationally. The number is driven by the mix of international activities and demand.
01.3	New Zealand arts gain international success: Number of international arts activities and events[1] funded by Creative New Zealand (across all programmes)	538	765	≥400	1,318	227%	Exceeded target. Similar to O1.1, the improvement in the way we capture outcome reporting, through activity statistics, has caused the significant increase in the number of international activities and events reported. The main area affected by this change is project funding: Grants and special opportunities (2018: 851 events reported), where previously we counted the number of grants funded for international activities (2017: 125 grants). Venice Biennale 2017 resulted in 148 exhibition days in 2017/18.

OUTCOME: GREATER PUBLIC ENGAGEMENT WITH THE ARTS as shown by:

02.1	New Zealanders participate in the arts: Number of participants in arts activities[1] funded by Creative New Zealand:					Participation includes the active involvement of individuals, groups and/or communities in the making or presentation of art. It applies to professional, emerging and non-professional artists, including those involved in cultural and recreational activities.	
02.1.1	<i>Investment programmes</i>	59,996	44,791	≥40,000	46,331	16%	Exceeded target. Most of our investment clients reported a successful year, with more New Zealanders actively participating in the arts activities.
02.1.2	<i>Creative Communities Scheme (CCS)</i>	158,824	181,860	≥150,000	174,620	16%	Exceeded target. The 1,373 Creative Community Scheme projects completed in the reporting period resulted in 174,620 reported participants (2017: 1,576 projects completed resulted in 181,860 reported participants). Given the excellent results in the area of participation, targets for 2018/19 have been raised.

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

Section 3:
Statement of performance

No.	Name	2015/16 Actual	2016/17 Actual	2017/18 Target	Result	Variance	Notes
02.1.3	Project funding: grants and special opportunities	new in 2016/17	Baseline not developed	Baseline developed	44,722	Not applicable	The 554 national projects acquitted and evaluated in the reporting period resulted in 44,722 reported participants.
02.2	New Zealanders experience high-quality arts: Number of attendances at arts activities and events[1] funded by Creative New Zealand:						This measure refers to audience numbers, including paid audiences, readers, viewers, and attendances at free events.
02.2.1	Investment programmes	1,250,415	1,286,665	≥955,000	1,024,791	7%	Exceeded target. Most of our Investment clients reported a successful year, in particular festivals. The decrease, compared with the previous year, by 20 percent is attributable to the new activity statistics guidelines and the improved data coding for Creative New Zealand funded activities.
02.2.2	Project funding: grants and special opportunities	new in 2016/17	Baseline not developed	Baseline developed	1,167,581	Not applicable	The 554 national projects acquitted and evaluated in the reporting period resulted in 1,167,581 reported attendances.

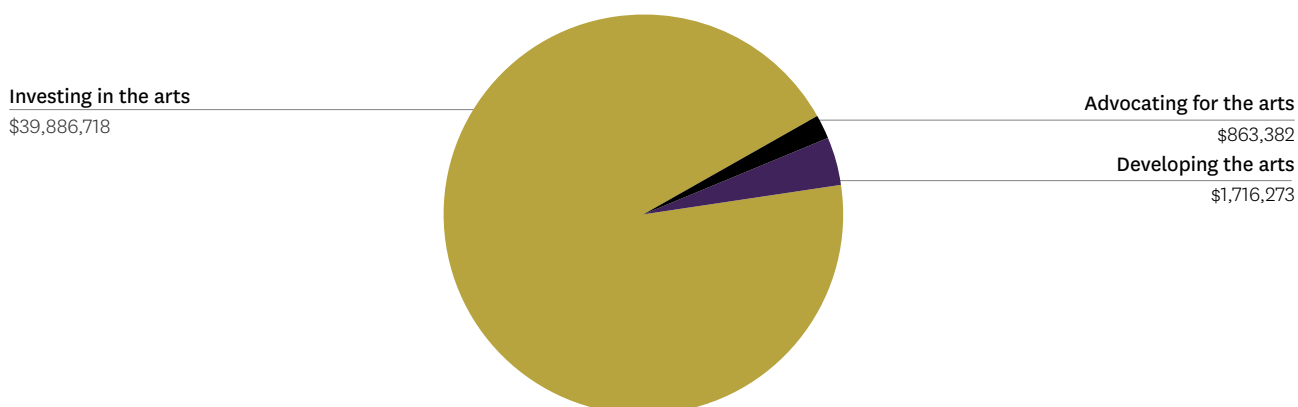
Our deliverables

Creative New Zealand’s deliverables comprise the service areas that support us in achieving our outcomes and our vision. Figure 16 shows how much we spent under Investing in the arts, Developing the arts and Advocating for the arts in 2017/18. Two further deliverables, Improving service delivery and Improving our organisation, do not have a fixed sum allocated but are reported within Creative New Zealand’s operating costs (refer to page 68 for further detail).

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 in nature 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’-type activities, such as running funding programmes, delivering capacity building initiatives, or carrying out advocacy such as submissions to local government.

Figure 16: Creative New Zealand expenditure 2017/18 (excluding operating costs)



Investing in the arts

GOAL

We regularly refine our investment to ensure the arts continue to develop in New Zealand for New Zealanders (external focus)

OBJECTIVES

1. We will 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 will use the Investment Strategy as the main 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 will refine our investment decisions and re-allocate resources based on transparent policies.

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. 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. Most of our work is delivered through Investing in the arts via our main funding programmes. The Investment Strategy (refer page 42) acts as an umbrella for all our work including our key deliverables. The strategy will, over time lead to changes in:

- the level of investment across investment categories and/or programmes, as our investment becomes more responsive to the changing face of the arts sector and New Zealand
- programme design
- the kinds of initiatives we undertake
- how funding proposals are prioritised or assessed.

Further information about our funding programmes is available on our website:

www.creativenz.govt.nz/getting-funded

Our performance against our 2017/18 measures is reported on pages 53-54, with further given detail in Section 2, on page 33.

Investing in the arts: Reporting performance against measures for the year ended 30 June 2018

Annual priorities

Table 4: Performance against 'Our annual priorities: Investing in the arts' measures, 2017/18

Measures:

No.	Name	Description	Achievement result	2017/18 milestones	2017/18 result	Notes
G1.1	Signalling our future funding intentions	We will communicate where we will maintain and develop our investment in the arts, arising out of the new Investment Strategy.	The arts sector has a clear understanding of our investment priorities and our investment shifts to match the Investment Strategy.	Investment strategy and implementation plan are agreed by the Arts Council (December 2017) and outlined to the arts sector (February 2018).	Milestone completed	<p>The Arts Council approved an implementation plan and communications plan for the Investment Strategy at its February 2018 meeting. The strategy was publicly released on 18 April 2018.</p> <p>Targeted communication about the strategy was undertaken with clients in the Tōtara and Kahikatea Investment programmes. Creative New Zealand also communicated the strategy directly to territorial authorities and partner organisations, as well as other cultural organisations.</p> <p>A two-year programme of investment category reviews also started, to ensure all Creative New Zealand investment is aligned to the strategy.</p>

Core activities

Table 5: Performance against 'Our core activities: Investing in the arts' measures, 2017/18

Measures:

No.	Name	2015/16 Actual	2016/17 Actual	2017/18 Target	Result	Variance	Note
INVESTMENT PROGRAMMES							
G1.2	Percentage of investment organisations that meet or exceed expectations for overall organisational performance	87%	95%	≥95%	97%	2%	<p>Exceeded target</p> <p>This measure reports on investment clients' delivery against performance in four areas: quality, financial, organisational health and alignment to Creative New Zealand strategy. It includes all Tōtara and Kahikatea Investment clients with continuous programme funding agreements.</p> <p>Of the 79 organisations with continuous programme funding agreements, 77 organisations met or exceeded expectations.</p>
G1.3	Percentage of investment organisations that meet or exceed expectations against key performance indicators (KPIs) set in individual funding agreements ('Investment programme success rate')	94%	96%	≥95%	97%	2%	<p>Exceeded target</p> <p>This measure reports on investment clients' delivery against the KPIs in individual funding agreements. It includes all Tōtara and Kahikatea clients with continuous programme funding agreements.</p>
PROJECT FUNDING							
G1.4	Percentage of completed projects that meet or exceed expectations in funding agreements	99%	100 %	≥98%	99%	1%	<p>Met target</p> <p>Of the 552 projects evaluated in the reporting period, 546 met or exceeded expectations. This measure reports on evaluated completion reports for project funding: Project funded Kahikatea clients; Grants and special opportunities; International programme grants; and other project funding.</p>

Developing the arts

GOAL

We develop the arts sector's capacity to succeed (external focus)

OBJECTIVES

1. We will identify relevant capacity areas to provide services in, which support the growth and development of the arts sector.
2. We will communicate our capacity offerings to the arts sector, and those offered in complementary areas by others, and deliver initiatives that help support:
 - 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 will 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. In 2017/18, \$1.716 million was spent on 34 capability building initiatives for artists and arts organisations. Further information about the Capability Building programme is available on our website: www.creativenz.govt.nz/getting-funded

Our performance against our 2017/18 measures is reported on pages 56-57, with further detail in Section 2, on page 33.

Developing the arts: Reporting performance against measures for the year ended 30 June 2018

Annual priorities

Table 6: Performance against 'Our annual priorities: Developing the arts' measures, 2017/18

Measures:

No.	Name	Description	Achievement result	2017/18 milestones	Result	Notes
G2.1	Driving the development of arts sector organisations	We enhance arts organisations' development through our investment in the arts sector, linking our funding and capability building initiatives to enable future success.	Arts organisations are more successful in identified areas.	Funding and capability building initiatives are linked and communicated to relevant arts organisations (June 2018).	Milestone completed	<p>Capability building initiatives have been integrated into yearly performance targets for organisations in the Tōtara and Kahikatea Investment programmes.</p> <p>All capability building initiatives for 2017/18 were fully delivered, with the exception of Volunteer Management coaching pilot which is due to be completed in October 2018.</p> <p>The latest Organisational Development Model survey shows an increase in Investment clients' capability of 7 percent over the past year, and the number who feel the skills, tools and information acquired through Capability Building training has regularly contributed to results achieved in their organisation has increased (up from 36 percent in 2017 to 50 percent in 2018).</p>
G2.2	Realigning our Capability Building and International programmes	We connect our Capability Building and International programmes more closely with the new Investment Strategy.	Demonstrable measures are in place to show how our investment is adding value to the arts sector	Capability Building and International programmes are better integrated, with defined goals and targets to clarify what future success looks like (June 2018).	Milestone completed	<p>The Capability Building programme has offered all Investment clients the opportunity to apply for international strategy development grants. Three Investment clients have been directly offered a grant to support their work to meet an agreed key performance indicator in this area.</p> <p>The new international coaching initiative was successfully delivered in March. This pilot programme offered personalised support via one-on-one intensive coaching with two non-Investment clients, selected through a contestable process. During their visit to New Zealand, the two international experts also met with a number of the unsuccessful applicants and other artists who are currently working internationally.</p>

Core Activities

Table 7: Performance against 'Our core activities:
Developing the arts' measures, 2017/18

Measures:

No.	Name	2015/16 Actual	2016/17 Actual	2017/18 Target	Result	Variance	Note
G2.3	Percentage of clients who agree Capability Building programmes align with their needs and priorities	New in 2016/17	84%	≥70%	82%	12%	Exceeded target These measures are based on the Organisational Development Model survey, a self-assessment tool for investment clients to review their organisation's strengths and weaknesses and to track progress over time. The survey results help us tailor capability initiatives that respond to areas of need. The survey is completed annually.
G2.4	Percentage of clients who rank capability building initiatives as extremely or very effective/relevant/helpful	New in 2016/17	74%	70%	74%	4%	
G2.5	Percentage of capability building initiatives delivered to the sector that have met or exceeded our expectations	New in 2017/18	New in 2017/18	Baseline developed	92%	Not applicable	Of the 36 capability building projects evaluated in the reporting period, 33 met or exceeded expectations. This new measure focuses on Creative New Zealand's assessment of the immediate results of individual capability building initiatives against the relevant objectives set for each initiative.

Advocating for the arts

GOAL

We are a powerful advocate for the arts (external focus)

OBJECTIVES

1. We will create, in partnership with the arts sector, a compelling case for the value of the arts to New Zealanders.
2. We will 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 will 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.

In 2017/18, \$0.863 million was spent directly on advocacy, with much of this work being delivered through existing programmes and resources. While this is 2 percent of our total arts sector investment for the period, it has almost tripled since 2016/17 (\$0.295 million) as we continue to recognise our unique position as New Zealand's national arts development agency, and the ability that gives us to advocate for the arts. A refreshed advocacy strategy for 2016–2021 was published on the Creative New Zealand website in April 2017, and this forms the foundation for achieving the above-mentioned goal and objectives.

Our performance against our 2017/18 measures is reported on pages 59–60, with further detail in Section 2, on page 34.

Advocating for the arts: Reporting performance against measures for the year ended 30 June 2018

Annual priorities

Table 8: Performance against 'Our annual priorities: Advocating for the arts' measures, 2017/18

Measures:

No.	Name	Description	Achievement result	2017/18 milestones	Result	Notes
G3.1	Working with Māori and local government	We will continue to enhance our relationship with Māori and local government as important advocates and co-funders of the arts in Aotearoa.	Our agreements with important partners are advanced, so that Māori arts develop regionally, nationally and internationally. Local government's responsiveness to the arts increases, as shown through more local authority arts plans and strategies, and the arts featuring as an important enabler in more local authority long-term plans.	Agreements established with influential entities to drive important developments for Māori arts and culture (June 2018). Research on local government support for the arts is shared (September 2017), and tools to support improved responsiveness to the arts – co-created with Local Government New Zealand – are developed and shared (June 2018).	Milestones completed	<p>Creative New Zealand has developed a new mātauranga Māori framework (Te Waka Toi) to guide decision making, and has completed wide sector engagement over six months with Māori artists and organisations across Aotearoa. Engagement involved: workshops with Māori artists and key advocates; the open Ngā Toi Māori Roadshow in 24 locations; an online survey and other engagements. The roadshow helped develop Creative New Zealand's understanding of how the regional landscape for Māori arts and culture affects social, cultural, economic and environmental well-being. This was an important step in the development of the 'by Māori for Aotearoa' Māori arts strategy (to be agreed and communicated to the sector in 2018/19).</p> <p>Memoranda of Understanding (MoU) are in place with Te Puni Kōkiri and Te Taura Whiri. Separate MoU are being progressed with Te Maruata (Local Government New Zealand sub-committee), Te Māngai Pāho, Te Papa, Te Matatini, and others. These MoU are designed to advance the strategic relationship between Creative New Zealand and the entities, focusing on areas of common interest and shared objectives.</p> <p>Research into selected territorial authorities' arts and culture spending was completed and findings shared with participating territorial authorities, Local Government New Zealand and the Ministry for Culture and Heritage. The research findings are forming the basis for further advocacy work. The development of tools to support improved responsiveness to the arts was paused, pending the outcome of the Government bill to restore the 'four well-beings' to local government.</p>

No.	Name	Description	Achievement result	2017/18 milestones	Result	Notes
G3.2	Boosting the impact of our research	We will deliver our triennial New Zealanders and the arts research looking at attitudes, attendance and participation in the arts, and increase its role as an important advocacy tool for the arts sector.	More Māori entities and local authorities partner with us in the research.	Research commissioned, carried out and published (March 2018) and engagement plan delivered (from April 2018).	Milestone completed	The New Zealanders and the Arts and Audience Atlas New Zealand research was conducted over the course of the year and launched by the Prime Minister at the Nui te Kōrero annual arts hui in May 2018, with publication on that date. In addition to the published reports, a new online interactive tool has enabled people to engage with the results in a more personal, meaningful way. More arts partners than ever before collaborated with Creative New Zealand to gain their own insights into how New Zealanders engage in the arts: 11 partners, including other arts and cultural agencies and territorial authorities received booster reports from New Zealanders and the Arts and 10 cultural agencies and organisations partnered on Audience Atlas New Zealand to boost the sample and/or receive their own bespoke report. Sector engagement has continued since the launch, including workshops in Auckland, Wellington, Christchurch and Dunedin to help organisations to interpret and implement the findings from Audience Atlas New Zealand.

Core Activities

Table 9: Performance against 'Our core activities: Advocating for the arts' measures 2017/18

Measures:

No.	Name	2015/16 Actual	2016/17 Actual	2017/18 Target	Result	Variance	Note
G3.3	Percentage of advocacy actions described in the annual advocacy action plan that have met or exceeded our expectations	New in 2017/18	New in 2017/18	90%	54%	-36%	<p>Did not meet target</p> <p>This is a new measure focused on Creative New Zealand's assessment of the immediate results of individual advocacy actions, as set out in the relevant annual advocacy action plan. Advocacy actions include: advocacy updates and briefings to the sector (eg, research), new or significant updates to advocacy tools and individual submissions to local and central government agencies.</p> <p>From the Advocacy Action Plan 2017/18, 52 actions were set. This was an ambitious target, covering most of the audience and ally groups identified in the Advocacy Strategy. While 28 of the actions either met or exceeded expectations, 24 did not. This was mainly due to those actions not being advanced or being deferred to a later date, in favour of concentrating on fewer actions to greater effect.</p>

Improving service delivery

GOAL

We improve service delivery and systematically look afresh at how best to deliver activities with and for the arts sector (external/internal focus)

OBJECTIVES

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 (eg, in our funding applications, our contracting and our reporting requirements). The continued roll-out of our grants management system is the main means for achieving this. Unlike our funding spend (ie, investing, developing and advocating), no fixed sum is allocated towards Improving service delivery. At \$7.713 million, Creative New Zealand's 2017/18 operating costs have increased compared with the previous year, but have remained close to the 10-year average. In 2018/17, we made changes to how we operate (see Improving our organisation on page 34). Our performance against our 2017/18 measures is reported on pages 62-63, with further detail given in Section 2, on pages 16-20.

Improving service delivery: Reporting performance against measures for the year ended 30 June 2018

Annual priorities

Table 10: Performance against 'Our annual priorities: Improving service delivery' measures, 2017/18

Measures:

No.	Name	Description	Achievement result	2017/18 milestones	Result	Notes
G4.1	Aligning our business practices with our investment intentions	We will adjust our systems and processes to best support the delivery of our investment intentions, as set out in the new Investment Strategy.	Systems are well placed to better serve and deliver on our investment intentions and progress on delivering on these intentions is tracked.	Operational changes necessary for the delivery of the Investment Strategy are appropriately planned and/or implemented (June 2018).	Milestone partially completed	The Arts Council received an implementation plan for the Investment Strategy Te Ara Whakamua 2018–2023 at its February 2018 meeting. This plan addresses systems alignment as an important workstream. Reviewing system requirements will occur as each programme is aligned to the new strategy.
G4.2	Refining our systems	We will continue to refine our systems, so as to improve service delivery and operational efficiency.	We have a better understanding of the impact our work is having, with reduced costs to our business.	An activity statistics table is introduced across all programmes for improved reporting on the impact of our work (July 2017), and legacy systems are retired and integrated into the new Grants Management System (June 2018).	Milestone completed	Activity statistics tables are, for the first time, in place for all programmes, allowing staff to record and report on delivery to our outcomes and associated measures for all programmes in the Grants Management System in 2017/18. Improved client reporting functionality within the Grants Management System went live for investment clients at the end of 2017/18 and is currently being developed for all programmes in 2018/19.

Core Activities

Table 11: Performance against 'Our core activities: Improving service delivery' measures, 2017/18

Measures:

No.	Name	2015/16 Actual	2016/17 Actual	2017/18 Target	Result	Variance	Note
G4.3	Percentage of clients who are satisfied with overall service received from Creative New Zealand	Survey not undertaken	67.9%	≥70%	64.2%	-5.8%	<p>Did not meet target</p> <p>The 2018 and 2017 customer satisfaction surveys were 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%, 326 responses; 2011: 63%, 458 responses). The 2018 survey was completed by 140 customers, and did not include our Tōtara and Kahikatea Investment clients. The survey identified clear areas where we need to improve. These areas have been acknowledged in the new Creative New Zealand operating model as needing future focus.</p> <p>The 2017 results have been restated from 78.5 percent to reflect only respondents to the 2016/17 funding and capability building programmes who were surveyed in May 2017. There were 134 responses to that survey.</p> <p>The improvement in client satisfaction in 2017 is partly attributable to our digital offerings (note that the 2015 survey took place before we had a 'digital' user experience on offer to most of our users).</p>

Improving our organisation

GOAL

We become a more focused, higher-performing, learning organisation (internal focus)

OBJECTIVES

1. More focus means we give more effort to fewer things that have the most impact.
2. We will 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 will 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. It has a particular focus on us as an organisation, rather than directly delivering services to our customers and clients. The 2017/18 year involved significant organisational change as we implemented a new operating model for the organisation. As with Improving service delivery no fixed sum is allocated towards Improving our organisation. Our performance against our 2017/18 measures is reported on pages 65-66, with further detail in Section 2, on page 34.

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

Annual priorities

Table 12: Performance against 'Our annual priorities:
Improving our organisation' measures, 2017/18

Measures:

No.	Name	Description	Achievement result	2017/18 milestones	Result	Notes
G5.1	Delivering to the Investment Strategy	We will help staff understand how their work contributes to the new Investment Strategy and identify the key skills required for its successful implementation.	Staff have a clear understanding of how they deliver on the Investment Strategy and 'investment thinking' is increased.	Staff engagement around the Investment Strategy occurs (August 2017) and key skills are identified and discussed with staff (December 2017).	Milestone partially completed	<p>This workstream is related to G1.1 and G4.1.</p> <p>Staff engagement on the Investment Strategy Te Ara Whakamua 2018–2023 occurred throughout the strategy development process. Workshops were held for all teams, to ensure there was a common understanding of what the strategy meant, and that staff were able to confidently communicate the intentions set out in the strategy externally.</p> <p>To date, no specific key skills have been identified, however, the need for this will be considered as the new learning and development framework for Creative New Zealand is developed.</p>
G5.2	Developing our people	We will identify Creative New Zealand's future development needs and begin upskilling staff in these areas.	Capability begins to grow in areas that are critical to success.	Creative New Zealand's developmental needs are identified and prioritised (September 2017) and training initiatives are provided (from October 2017).	Milestone partially completed	<p>Creative New Zealand has implemented a new operating model to better advise and support artists and arts organisations across all programmes. One arts development services group has been created, with teams specialising in each area of funding, assessment, capability building, international development and multi-year investment, along with a specialist team of arts practice directors with artform expertise.</p> <p>The new operating model puts increased emphasis on placing external expertise at the heart of our funding processes, and roles that are more dedicated to evolving art practices. Our research capacity and capability have also been enhanced, as has our responsiveness to Māori.</p> <p>Relevant training has been provided. A cohesive learning and development framework will be developed in 2018/19.</p>

Core Activities

Table 13: Performance against 'Our core activities: Improving our organisation' measures, 2017/18

Measures:

No.	Name	2015/16 Actual	2016/17 Actual	2017/18 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	Not applicable	This measure includes annual audit ratings for management control, financial systems and service performance information.
G5.4	Improve on 'Best Workplaces' survey – overall performance index	74.6%	65.2%	≥74%	66.8%	-7.2%	Did not meet target The 2018 results show an increase from the previous year across most survey sections, but the overall performance index falls short of the target. Much of this reflects the changes to Creative New Zealand's operating model and the related period of organisational change. Some satisfactory results were observed, with increases in key areas on the previous survey, in particular in: overall perceptions (78.4%), wellbeing (75.1%), my team (79.4%), quality and performance focus (70.6%). The survey is run annually in July/August for the previous financial year.

FINANCIAL PERFORMANCE

NGĀ WHAKARITENGA PŪTEA

Statement of Financial Performance 2017/18

The following section details the 2017/18 financial performance and the financial planning context for 2018/19.

Financial performance 2017/18

Over the past two financial years Creative New Zealand has benefited from the strong financial performance of Lotto NZ, through the New Zealand Lottery Grants Board. In both years, lotteries profits have been well ahead for their targets. This has resulted in Creative New Zealand receiving an additional \$19.3 million (\$11.8 million in 2016/17 and \$7.5 million in 2017/18) over what was originally budgeted. This has positioned Creative New Zealand extremely well for the future and followed two years of reduced revenue in 2014/15 and 2015/16, when compared with 2013/14.

The main focus of the Arts Council continues to be on balancing revenue variability with the provision of as much

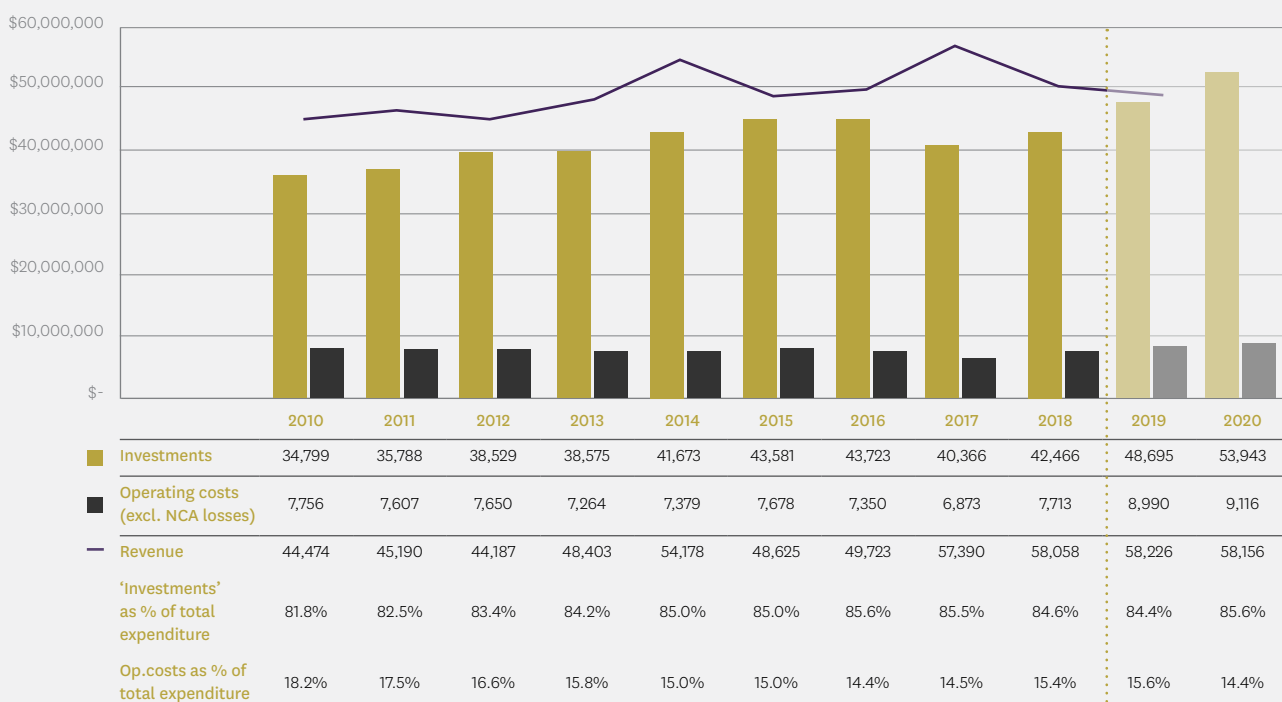
reasonable certainty as it can muster in its investment and service delivery. We have an equity policy that enables us to shield the sector from the unpredictable nature of lottery revenue.

We increased our investment in the arts sector in 2017/18. Overall, we invested \$42.466 million in the arts sector in 2017/18, an increase of \$2.1 million from the 2016/17 investment spread across all programmes. Our recent good fortune will enable our investment in the arts sector to increase – to \$48.7 million in 2018/19 and \$54.0 million in 2019/20, for which we will be using our accumulated funds.

Our operating costs of \$7.713 million have increased, compared with the previous year, but have remained close to the 10-year average. In 2018/17, we made changes to how we operate. We want to develop more specialist skills within the organisation, to deliver better services to those we interact with, as well as make greater use of the external advice in our funding recommendations.

Our longer-term revenue and expenditure trends are shown in figure 17. 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 17: Revenue and expenditure trends 2009/10–2019/20



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

2019 and 2020 = current budget for 2018/19 and 2019/20, subject to change

Financial planning context for 2018/19

In April 2018, the Arts Council published its Investment Strategy. This strategy will guide Creative New Zealand's investment direction to ensure it builds an investment portfolio to meet the future needs of the arts in New Zealand. Changes resulting from the Investment Strategy's implementation will be carried over the next two-to-three years and affect all of Creative New Zealand's funding, capability building and advocacy programmes as they are aligned with the strategy.

In 2018/19, we will advance major new initiatives around innovation, young people and youth arts, and arts in the regions.

We will also look at how we can further support regional reach and sustainable careers priorities, which is consistent with our legislation, government priorities and the culture sector's strategic intentions.

Our new Māori and Pacific arts strategies will also be finalised in the first part of 2018/19.

For further information, see our Statement of Performance Expectations 2018/19, which is available on our website: www.creativenz.govt.nz

Statement of financial performance

For the year ended 30 June 2018

	NOTE	ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000
REVENUE				
Revenue from the Crown	3	15,689	15,689	15,689
Revenue from the New Zealand Lottery Grants Board	4	41,259	33,750	40,512
Interest revenue		940	726	506
Other revenue	5	170	214	683
TOTAL REVENUE		58,058	50,379	57,390
EXPENDITURE				
Funding (Investing in the arts)	9	39,887	40,517	38,873
Capability building (Developing the arts)	9	1,716	1,577	1,198
Advocacy (Advocating for the arts)	9	863	825	295
Operating costs				
Personnel expenses	6	5,170	5,182	4,466
Depreciation and amortisation	7	347	340	302
Net losses on disposal of assets	13,14	-	-	224
Other expenses	8	2,196	2,457	2,105
TOTAL EXPENDITURE		50,179	50,898	47,463
NET OPERATING SURPLUS / (DEFICIT)		7,879	(519)	9,927

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 2018

	NOTE	ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000
Net operating surplus/(deficit) for the year		7,879	(519)	9,927
Other comprehensive revenue and expense				
Gain/(Loss) on revaluation of works of art	14	8	-	(9)
Total other comprehensive revenue and expense		8	-	(9)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		7,887	(519)	(9,918)

Statement of changes in net equity

For the year ended 30 June 2018

	NOTE	ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000
Total equity as at 1 July		21,686	19,864	11,768
Net operating surplus/(deficit) for the year		7,879	(519)	9,927
Other comprehensive revenue and expense		8	-	(9)
Total comprehensive revenue and expense		7,887	(519)	9,918
TOTAL EQUITY AS AT 30 JUNE	19	29,573	19,345	21,686

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 2018

	NOTE	ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000
ASSETS				
Current assets				
Cash and cash equivalents	10	1,712	7,841	6,773
Investments in term deposits	11	26,000	15,000	8,500
Receivables	12	13,168	8,740	17,632
Prepayments		101	180	396
Total current assets		40,981	31,761	33,301
Non-current assets				
Property, plant and equipment	13	293	217	346
Works of art	14	1,079	1,092	1,071
Intangible assets	15	1,426	1,380	1,400
Total non-current assets		2,798	2,689	2,817
TOTAL ASSETS		43,779	34,450	36,118
LIABILITIES				
Current liabilities				
Grants payable		13,319	14,200	13,478
Creditors and other payables	16	424	450	545
Revenue in advance		10	10	10
Employee entitlements	17	295	300	260
Lease make-good provision	18	100	-	-
Total current liabilities		14,148	14,960	14,293
Non-current liabilities				
Employee entitlements	17	58	40	42
Lease make-good provision	18	-	105	97
Total non-current liabilities		58	145	139
TOTAL LIABILITIES		14,206	15,105	14,432
NET ASSETS		29,573	19,345	21,686
EQUITY				
Accumulated funds	19	27,671	17,435	19,783
Revaluation reserves	19	1,079	1,088	1,071
Restricted reserves – special purpose funds	19	823	822	832
TOTAL EQUITY		29,573	19,345	21,686

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 2018

	ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$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	45,280	40,310	34,176
Interest received	779	726	486
Grant retirements and gains	28	135	134
Other revenue	840	24	647
Cash was applied to:			
Payments of grants	(42,316)	(42,754)	(41,206)
Payments to employees	(5,119)	(5,169)	(4,491)
Payments of operating expenses	(2,260)	(2,232)	(2,111)
Net Goods and Services Tax	(162)	-	(56)
NET CASH FLOWS FROM OPERATING ACTIVITIES	12,759	6,729	3,268
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Term deposits maturing (with maturities over 3 months)	8,500	8,500	10,000
Cash was applied to:			
Purchase of property, plant, equipment and intangible assets	(320)	(213)	(190)
Investment in term deposits (with maturities over 3 months)	(26,000)	(15,000)	(8,500)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(17,820)	(6,713)	1,310
NET INCREASE (DECREASE) IN CASH HELD	(5,061)	16	4,578
Add opening cash brought forward:			
Cash on hand and at bank	504	90	90
Short-term deposits	6,269	7,735	2,105
BALANCE AT END OF YEAR	1,712	7,841	6,773
Represented by:			
Closing cash carried forward:			
Cash on hand and at bank	108	90	504
Short-term deposits	1,604	7,751	6,269
BALANCE AT END OF YEAR	1,712	7,841	6,773

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 2018.

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 2018 and were approved for issue by the Board (the Arts Council) on 31 October 2018.

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 align 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 will 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.

1.4.1 SIGNIFICANT ACCOUNTING JUDGEMENTS

- Impairment of non-financial assets – refer to note 13
- Leases classification – refer to note 21.

1.4.2 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 2017-18 published in July 2017, based on the budget approved by the Arts Council at its June 2017 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 New Zealand Lottery Grants Board (NZLGB) for 2017/18 has been estimated based on Lotto NZ's forecast payment to the NZLGB.
- 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 \$7.879 million for the year ended 30 June 2018 is reported against the net operating deficit budget of \$0.519 million, a variance of \$8.398 million. This variance is mainly due to Lotto NZ exceeding its revenue targets. As a result, additional funding of \$7.509 million (22 percent above budgeted) has been allocated to Creative New Zealand through the NZLGB in the second half of the year (details disclosed in note 4).

Total expenditure for the year tracked close to budget; with an overall under spend of \$0.72 million. Details of expenditure (investing in the arts, developing the arts and advocating for the arts) by investment category 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 cash and term deposits, mostly attributable to the increased third instalment received from the NZLGB in April 2018, and higher revenue receivable from the NZLGB consisting of the increased fourth instalment receivable in July 2018 and the profit wash-up payment (notes 4 and 12).

STATEMENT OF CASH FLOWS

The Statement of Cash Flows reflects the movements in the Statement of Financial performance and 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 (2017: \$15.689 million).

Apart from the general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2017: \$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 New Zealand Lottery Grants Board

	2018 \$000	2017 \$000
Funding allocation for the year (based on budgeted profit)	33,750	28,662
Additional allocation for the year (based on forecast profit)	6,750	5,769
Additional profit allocation (wash-up from current year's profit)	754	6,081
Additional profit allocation (wash-up from previous year's profit)	5	–
	41,259	40,512

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 are 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

	2018 \$000	2017 \$000
Venice Biennale – Patrons	–	477
Venice Biennale – other contributions	70	–
Retirement of grants	89	194
The Todd Trust	10	10
Other	1	2
	170	683

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

	2018 \$000	2017 \$000
Salaries and wages	4,819	4,309
Other staff-related costs	282	168
Employer contributions to defined contribution plans	18	34
Increase/(decrease) in employee entitlements	51	(45)
	5,170	4,466

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

During the year ended 30 June 2018, no employees received compensation relating to the cessation of their employment with Creative New Zealand (2017: \$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	
	2018	2017
\$100,000 – \$109,999	4	3
\$110,000 – \$119,999	3	4
\$120,000 – \$129,999	2	1
\$130,000 – \$139,999	Nil	1
\$140,000 – \$149,999	3	Nil
\$150,000 – \$159,999	1	1
\$190,000 – \$199,999	Nil	1
\$210,000 – \$219,999	1	Nil
\$310,000 – \$319,999	Nil	1
\$320,000 – \$329,999	1	Nil

The Chief Executive's remuneration and benefits is in the \$320,000 to \$329,999 band (2017: \$310,000 to \$319,999).

7. Depreciation and amortisation

	2018 \$000	2017 \$000
Depreciation		
Building improvements	62	65
Computer equipment	43	53
Furniture, equipment and fittings	33	30
Residential property	-	9
Amortisation		
Computer software	209	145
	347	302

8. Other expenses

	2018 \$000	2017 \$000
Fees to auditor – Audit New Zealand – for audit of financial statements	62	61
Board member remuneration (Note 24)	192	204
Operating lease payments	309	320
Interest expense – discount unwind on provisions (Note 18)	3	2
Other expenses	1,630	1,518
	2,196	2,105

9. Expenditure (investing, developing, advocating) by investment category

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

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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.

Breakdown of expenditure by investment category

	ACTUAL 2018 \$000	BUDGET 2018 \$000	ACTUAL 2017 \$000
INVESTING IN THE ARTS			
Toi Tōtara Haemata (Arts Leadership) Investment programme	16,503	16,561	16,276
Toi Uru Kahikatea (Arts Development) Investment programme	9,057	9,289	8,855
Grants: Arts Grants, Quick Response Grants and Special Opportunities	7,273	6,977	6,610
Creative Communities Scheme	3,425	3,404	3,400
International programme	2,190	1,710	2,083
Initiatives and pilots	1,439	2,576	1,649
	39,887	40,517	38,873

DEVELOPING THE ARTS

National programme	423	498	415
International programme	514	582	364
Initiatives and pilots	779	497	419
	1,716	1,577	1,198

ADVOCATING FOR THE ARTS

	863	825	295
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Creative New Zealand does not allocate personnel costs directly to funding, capability building and advocacy programmes.

Comparative and budget information has been reclassified to conform to the current year's presentation and alignment of expenditure to investment categories.

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

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

	2018 \$000	2017 \$000
Cash at bank and on hand	108	504
Term deposits with maturities less than 3 months	1,604	6,269
Total cash and cash equivalents	1,712	6,773

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

	2018 \$000	2017 \$000
Term deposits with maturities between three and six months	26,000	8,500
Total investments	26,000	8,500

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

	2018 \$000	2017 \$000
Receivables from non-exchange transactions		
New Zealand Lottery Grants Board	12,560	16,581
Goods and services tax receivable	256	94
Sundry receivables	94	97
Receivable from the estate of Hilda Dawn Sturgeon (note 19)	-	763
Receivables from exchange transactions		
Interest receivable	258	97
Total receivables	13,168	17,632

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:

	2018			2017		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	13,164	-	13,164	17,631	-	17,631
Past due 1 – 30 days	4	-	4	1	-	1
Past due 31 – 60 days	-	-	-	-	-	-
Past due 61 – 90 days	-	-	-	-	-	-
Past due over 90 days	-	-	-	-	-	-
	13,168	-	13,168	17,632	-	17,632

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.

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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 2017	-	315	344	447	1,106
Additions	-	-	27	58	85
Disposals	-	-	-	(40)	(40)
Reclassification	-	-	-	-	-
Revaluation increase/(decrease)	-	-	-	-	-
Balance at 30 June 2018	-	315	371	465	1,151
Accumulated depreciation					
Balance at 1 July 2017	-	225	142	393	760
Depreciation expense	-	62	33	43	138
Eliminated on disposal/reclassification	-	-	-	(40)	(40)
Eliminated on revaluation	-	-	-	-	-
Balance at 30 June 2018	-	287	175	396	858
Carrying amount at 30 June 2018	-	28	196	69	293
Cost or valuation					
Balance at 1 July 2016	925	343	357	437	2,062
Additions	-	-	5	10	15
Disposals	(925)	(28)	(18)	-	(971)
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

* The residential property (in London, England) was a part of the bequest from the estate of Hilda Dawn Sturgeon. The flat 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 (note 12).

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 artworks 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 2018. Christopher Moore is an art dealer and an experienced independent valuer of artworks.

	2018 \$000	2017 \$000
Valuation		
Balance at 1 July	1,071	1,092
Additions	-	-
Revaluation increase/(decrease)	8	(9)
Disposals	-	(12)
Carrying amount at 30 June	1,079	1,071

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: Grants	8 years	12.5%
Management System and Customer Relationship Management system		
Computer software: other	4 years	25.0%

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 computer software are as follows:

	2018 \$000	2017 \$000
Cost		
Balance at 1 July	3,129	2,954
Additions	235	175
Disposals	-	-
Balance at 30 June	3,364	3,129
Accumulated amortisation and impairment losses		
Balance at 1 July	1,729	1,584
Amortisation expense	209	145
Eliminated on disposal	-	-
Impairment losses	-	-
Balance at 30 June	1,938	1,729
Carrying amount at 30 June	1,426	1,400

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

	2018 \$000	2017 \$000
Payables under exchange transactions		
Trade payables	384	489
Accrued expenses	40	56
	424	545

Creative New Zealand has a bank credit card facility of up to \$200,000 (2017: \$200,000). As at 30 June 2018, \$9,758 of the total facility was used (2017: \$10,341).

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

	2018 \$000	2017 \$000
Current portion		
Annual leave	262	222
Long service leave	26	37
Time in lieu	7	1
Total current portion	295	260
Non-current portion		
Long service leave	58	42
Total non-current portion	58	42
Total employee entitlements	353	302

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'.

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 2019. Further information about Creative New Zealand's leasing arrangements is disclosed in note 21.

Breakdown of lease make-good provision

	2017 \$000	2016 \$000
Lease make-good current portion	100	-
Lease make-good non-current portion	-	97
Total provisions	100	97
Movements of lease make-good provision are as follows:		
Balance at 1 July	97	95
Provision made	-	-
Discount unwind (note 8)	3	2
Balance at 30 June	100	97

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

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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

	2018 \$000	2017 \$000
Accumulated funds		
Balance at 1 July	19,783	9,858
Net operating surplus/(deficit) for the year	7,879	9,927
Transfer of special purpose funds to restricted reserves	9	(10)
Transfer from revaluation reserve on disposal of works of art carried at revaluation	-	8
Balance at 30 June	27,671	19,783
Revaluation reserves (works of art)		
Balance at 1 July	1,071	1,088
Revaluation of works of art (note 14)	8	(9)
Transfer to accumulated funds on disposal of works of art carried at revaluation	-	(8)
Balance at 30 June	1,079	1,071
Restricted reserves (special purpose funds)		
Balance at 1 July	832	822
Transfer of special purpose funds from accumulated funds	(9)	10
Balance at 30 June	823	832
Total equity	29,573	21,686

RESTRICTED RESERVES (SPECIAL PURPOSE FUNDS)

	Opening balance	Revenue	Expenditure	Closing balance
Edwin Carr Foundation	625	22	30	617
Tup Lang scholarship fund	77	3	3	77
Louis Johnson fund	54	2	2	54
Butland Music Foundation	41	2	4	39
Christchurch Earthquake Support Fund donation	35	1	-	36
Total Restricted Reserves	832			823

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.

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 Writer's Bursary.

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

The 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.

BEQUEST FROM THE ESTATE OF HILDA DAWN STURGEON

Accumulated funds include the bequest from the estate of Hilda Dawn Sturgeon amounting to \$1.313 million.

The estate consisted of:

- a residential leasehold property in London, England, sold on 31 March 2017, with net sales proceeds amounting to NZ\$ 747,000; and
- monies held in England and New Zealand of NZ\$ 566,000.

The estate was fully distributed to Creative New Zealand on 3 July 2017.

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

	2018 \$000	2017 \$000
Net surplus/(deficit) from operations	7,879	9,927
Add/(less) non-cash items:		
Depreciation and amortisation	347	302
Net losses on disposal of assets	-	198
Retirement of grants	(61)	(60)
Total non-cash items	286	440
Add/(less) movements in working capital items:		
Decrease (increase) in prepayments	295	(335)
Decrease (increase) in receivables	4,787	(6,087)
Decrease (increase) in interest receivable	(161)	(20)
Increase (decrease) in GST payable/ receivable	(162)	(56)
Increase (decrease) in creditors and other payables	(121)	66
Increase (decrease) in revenue in advance	-	(1)
Increase (decrease) in provision for employee entitlements	51	(25)
Increase (decrease) in lease make-good provision	3	2
Increase (decrease) in grants payable	(98)	(643)
Net movements in working capital items	4,594	(7,099)

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	12,759	3,268

21. Capital commitments and operating leases

21.1. Capital commitments

	2018 \$000	2017 \$000
Capital commitments		
Intangible assets	77	-
Total capital commitments	77	-

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

The capital commitments at 30 June 2018 relate to the agreed change requests, 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.

	2018 \$000	2017 \$000
Operating leases as lessee, payable:		
Not later than one year	266	257
Later than one year and not later than five years	220	326
Later than five years	-	-
Total non-cancellable operating leases payable	486	583

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 ranges from one to six years. No contingent rents are payable and no sublease income is receivable on these operating leases.

22. Contingencies

22.1. Contingent liabilities

	2018 \$000	2017 \$000
Bank of New Zealand Letter of Credit – Datacom Employer Services Limited	150	150

The Letter of Credit of \$150,000 is issued by the Bank of New Zealand on behalf of Creative New Zealand to the ASB Bank, the banker for Datacom Employer Services Limited. The Letter of Credit guarantees to the ASB Bank that the Bank of New Zealand will accept 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

	2018 \$000	2017 \$000
Invoiced to grantees in a default position	55	148

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

	2018	2017
Council members		
Remuneration (note 24)	\$191,900	\$203,566
Full-time equivalent members	1.58	1.58
Leadership team		
Remuneration	\$1,000,848	\$868,389
Full-time equivalent members	5	4.5

Member	Tenure	2018 \$	2017 \$
Michael Moynahan	Arts Council Deputy Chair from 20 June 2016; appointed Chair from 1 May 2017	33,000	20,083
Caren Rangī	Arts Council member; Chair of Audit and Risk Committee from 27 April 2016; appointed Deputy Chair from 1 May 2017	17,500	14,583
Suzanne Ellison	Arts Council member; appointed Māori Committee Chair from 1 July 2016	15,400	15,400
Andrew Caisley	Arts Council member	14,000	14,000
Luamanuvao Dame 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	14,000	14,000
Dame Jenny Gibbs, DNZM	Arts Council member	14,000	14,000
Karl Johnstone	Arts Council member	14,000	14,000
Roger King	Arts Council member	14,000	14,000
Garth Gallaway	Arts Council member; appointed 1 May 2017	14,000	2,333
Dean Whiting	Arts Council member; appointed 18 August 2017*	-	-
Dr Richard Grant	Arts Council Chair, term finished 30 April 2017	-	27,500
Rose Evans	Arts Council member; term finished 30 April 2017	-	11,667
		191,900	203,566

* Dean Whiting does not receive any fees for Creative New Zealand activities that occur during his working hours with Heritage New Zealand Pouhere Taonga.

No Board members received compensation or other benefits in relation to cessation (2017: \$nil).

24. Board member remuneration

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

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:

	2018	2017
	\$000	\$000
Financial assets		
Loans and receivables:		
Cash and cash equivalents	1,712	6,773
Investments in term deposits	26,000	8,500
Receivables	13,168	17,632
Total financial assets	40,880	32,905
Financial liabilities		
Financial liabilities at amortised cost:		
Grants payable	13,319	13,478
Creditors and other payables	424	545
Total financial liabilities	13,743	14,023

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 2018 were ranging between 3.27 percent and 3.83 percent (2017: between 3.17% and 3.45%). Call deposits were invested at the interest rate of 1.75 percent at 30 June 2018 (2017: 1.75%).

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:

	2018 \$000	2017 \$000
Counterparties with credit ratings*		
Cash and cash equivalents		
AA-	1,712	6,773
Investments in term deposits		
AA-	26,000	3,500
A	-	5,000
Total cash and term deposits	27,712	15,273
Counterparties with credit ratings*		
Cash and cash equivalents		
AA-	1,712	6,773
Investments in term deposits		
AA-	26,000	3,500
A	-	5,000
Total cash and term deposits	27,712	15,273
Existing counterparty with no defaults in the past	13,168	17,632
Existing counterparty with defaults in the past	-	-
Total debtors and other receivables	13,168	17,632

* 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.

Section 4:
Financial Performance

2018 (in \$000)	Carrying amount	Contractual Cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
Creditors and other payables	424	424	424	-	-
Grants payable	13,319	13,319	13,319	-	-
2017 (in \$000)					
Creditors and other payables	545	545	545	-	-
Grants payable	13,478	13,478	13,478	-	-

26. Events subsequent to balance date

There have been no events subsequent to 30 June 2018 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.

	2018 \$000	2017 \$000
Conditional funding, payable in out-years:		
Not later than one year	27,360	25,792
Later than one year and not later than two years	82	19,902
Total conditional funding for the out-years	27,442	45,694

The variance in the amount between 2018 and 2017 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 Arts Council of New Zealand Toi Aotearoa's financial statements and performance information for the year ended 30 June 2018

The Auditor-General is the auditor of 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 70 to 93, that comprise the statement of financial position as at 30 June 2018, the 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 48 to 66.

In our opinion:

- the financial statements of the Creative New Zealand on pages 70 to 93:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2018; 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 PBE IPSAS; and
- the performance information on pages 48 to 66:
 - presents fairly, in all material respects, the Creative New Zealand's performance for the year ended 30 June 2018, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

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; and
- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2018. 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 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 responsible on behalf of the Creative New Zealand for assessing the Creative New Zealand's ability to continue as a going concern. The Arts Council 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 the 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 the 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 the 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 the 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 the 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 the 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.

Section 4:

Financial Performance

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 responsible for the other information. The other information comprises the information included on pages 1 to 104, 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 the 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 the 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 2018

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 2018 fairly reflect the financial position and operations of Creative New Zealand.

Signed on behalf of the Arts Council



Michael Moynahan

Chair, Arts Council

31 October 2018



Caren Rangi

Deputy Chair, Arts Council

31 October 2018

GOOD EMPLOYER REPORTING

*PŪRONGO KAIWHAKAWHIWHI
MAHI PAI*

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.

The Human Rights Commission reviews and analyses the reporting of good employer obligations by Crown entities in their annual reports. In 2017/18, Creative New Zealand achieved 100 percent compliance and was ranked first equal out of the 91 comparable entities.

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.²⁰ Reporting on how we have performed against these elements in 2017/18 is detailed on the following pages.

Equal employment opportunity policy and practice

Creative New Zealand's EEO policy is an integral part of the organisation's approach and supports us to build a workforce that helps us serve our customers well. 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. Creative New Zealand is a member of Diversity Works (formerly the Equal Employment Opportunities Trust), which provides it with access to best practice resources and training. In our 2018 workplace survey, 80 percent of staff agreed that 'all employees in this organisation are treated fairly, regardless of their age, ethnicity, gender, and physical capabilities'.

We aim to have a workforce that reflects the communities we serve and have made progress towards this in 2017/18. We have strengthened the diversity of our workforce while

also expanding our teams (figure 18). Our staff profile as at 30 June 2018 is shown in table 14.

Figure 18: Gender diversity at Creative New Zealand

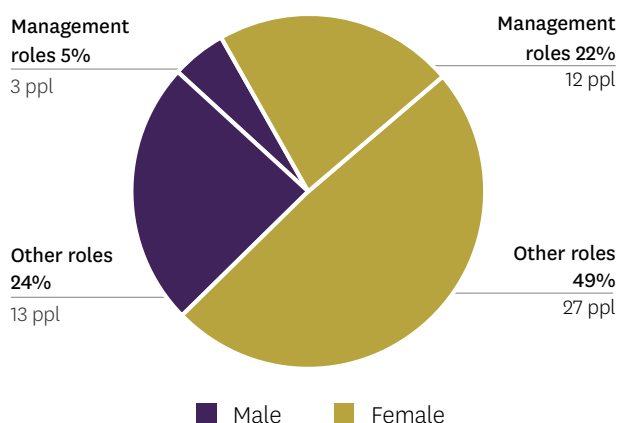


Table 14: Staff profile as at 30 June 2018

Aspect	Number	Percentage
Staff full-time equivalent	52.84	—
Head count	55	—
Permanent staff	53	96
Fixed-term contracts	2	4
Age groups		
20 – 29	8	15
30 – 39	11	20
40 – 49	19	35
50 – 59	12	22
60 +	5	9

We respect that disclosing demographic information, such as ethnicity, is a personal choice. To encourage a clear picture of workplace diversity data, staff are invited to disclose demographic information such as ethnicity on a voluntary basis when they join our organisation. The information is held securely in personnel files and our payroll system. Staff are able to update their personal details at any time. Periodically staff are invited to check and update this information, if needed, and they are reminded what it is used for.

²⁰ Further detail can be found at: Crown Entities and the Good Employer Annual Report

Responsiveness to Māori

Creative New Zealand continues to develop its organisational capability in Māori responsiveness in several ways. We are fortunate to have the guidance and leadership of the Māori Committee of the Arts Council and a growing number of experienced Māori staff on matters of Māori responsiveness.

Mana Māori is one of our organisational values that guide the conduct and decision-making of staff. The ability to put this into practice is supported by formal and informal training, as well as work practices. Creative New Zealand is now seeing the cumulative benefits of the ongoing commitment to increasing the practice of tikanga and te reo Māori in its workplace, with the number of competent te reo speakers growing and familiarity amongst all staff regarding common protocols. During 2017/18 we have:

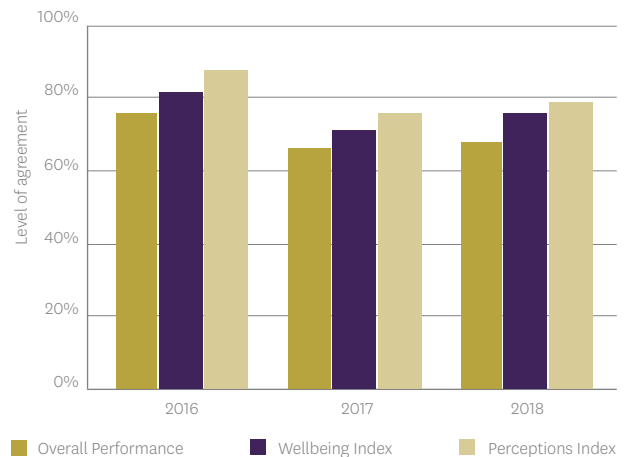
- continued our practice of tikanga Māori at all monthly staff meetings. These meetings customarily close with karakia and waiata, and periodically we invite Māori artists in to discuss their work and kaupapa with our staff
- continued our weekly te reo classes. Thirty-five staff enrolled in these classes, which cater to a range of abilities. Some staff supplement this learning with outside classes too
- continued to encourage staff to use Māori greetings and sign-offs in their communications
- issued our business cards with titles in te reo, as well as using te reo in organisational signage and publications
- implemented tikanga Māori in our recruitment interview practices, including inviting whānau support at job interviews for any candidates
- expanded our recruitment advertising channels to reach a broader pool of candidates
- held pōwhiri to welcome all new Māori employees
- introduced monthly waiata practice for staff in Wellington.

In 2018/19 we aim to deliver an organisational learning initiative for the mātauranga Māori framework and other cultural learning initiatives.

Organisational culture

Since 2008, we have participated in an annual engagement survey, which provides an opportunity to gather staff feedback on their employee experience. Typically we use the results to celebrate progress and to identify ways we can improve. We recently completed the 2018 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 19.

Figure 19: Key results from Creative New Zealand best workplaces engagement survey, 2015 – 2018



We continue to have a high response rate to the survey, with 86 percent of staff taking part in 2017/18. The 2017/18 results indicate a healthy overall level of engagement. As with previous years the results indicated very high levels of belief, pride, commitment and active interest in Creative New Zealand and its aims. This year's survey reflected good progress was made during 2017/18 to implement the new operating model and support staff to become clear, confident and fully trained in their new roles. To this end, 75 percent of staff agreed this year that Creative New Zealand has a clear vision, and 79 percent agreed they 'understand how my own work contributes to Creative New Zealand's success'.

Wellbeing measures improved over those in 2016/17, with 83 percent of respondents agreeing 'Creative New Zealand is an enjoyable place to work', 72 percent agreeing that 'Creative New Zealand cares about the wellbeing of its people' and 72 percent agreeing 'we have good work-life balance'. The results have helped management to prioritise actions to ensure we continue to have a highly engaged workforce.

Leadership and management accountability

Creative New Zealand has skilled and stable leadership. The Senior Leadership Team expanded in 2017/18 with the addition of a senior manager, Māori Strategy and Partnerships, to provide dedicated resource to our efforts to develop and drive the Māori arts agenda. A third tier management group meets monthly to foster collaboration, communication and cross-functional team work across the organisation.

‘The Person I Report To’ section was one of the highest rated elements of our 2018 engagement survey, which comprised the following questions.

- The person I report to treats people with respect (79%).
- The person I report to communicates the goals and objectives of our team effectively (85%).
- The person I report to encourages and acts on suggestions from the team (85%).
- The person I report to behaves in a way that is consistent with the values of the organisation (80%).

Recruitment, selection and induction

Vacancies are advertised through a range of advertising channels to attract a diverse pool of applicants. Selection panels comprise a cross section of managers and staff, and interviews include structured behaviour interviewing, to ensure thorough evaluation of candidate suitability is undertaken. Candidates are invited to bring whānau support to interviews.

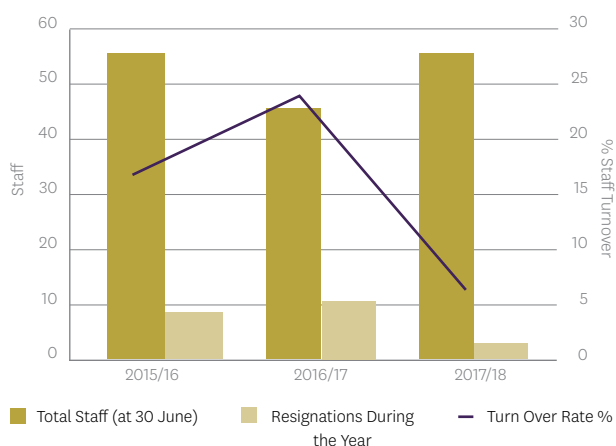
This year we redesigned our induction process. A personalised induction journey is prepared for each new employee and designed to ensure they are quickly integrated into their new role, team and the organisation across their first three months. All new staff are teamed up with a ‘buddy’ for support during their first weeks in their new role. All new employees are expected to have a performance and development plan in place by the end of their induction, 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/or resolve any issues are identified as appropriate.

The voluntary turnover rate (ie, resignations) for the year to 30 June 2018 was 6 percent. No involuntary turnover (ie, redundancies) occurred in 2017/18. The average length of service of those employees who resigned was 5.3 years. Resignations and turnover rates for the past four years are shown in figure 20.

Figure 20: Staff resignations and turnover rate, 2015/16 – 2017/18



At the time each vacancy occurs, the position and rationale for it is reviewed, to ensure organisational capability is in line with the organisation’s strategic and operational needs. This year, several new positions were created to adequately resource the new operating model.

Staff wellbeing

We pride ourselves on having an enjoyable and caring workplace that supports staff wellbeing, underpinned with the values of manaakitanga and mahitahi. This begins with practices such as pōwhiri to welcome new Māori staff, and all new staff having a ‘buddy’ for support. Wellbeing measures in our workplace survey strongly show that wellbeing is supported here. Health, safety and wellbeing are supported through our policies and practices. This includes providing ‘reasonable’ sick leave entitlement for personal and domestic situations, life and income protection insurance for all permanent staff, access to an employer-paid and confidential employee assistance

programme with access this year extended to family members, and free flu vaccinations to all staff.

Our health and safety policies and procedures are consistent with legislation and as appropriate for Creative New Zealand. We also have an active health and safety committee with representatives from each team. In our 2018 engagement survey, 75 percent of staff agreed that 'Creative New Zealand is committed to the health and safety of its people'. 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 needed.

Flexible working arrangements

Creative New Zealand has processes in place to meet its obligations to consider requests for flexible working arrangements. Flexible working arrangements are offered to recognise the needs of staff, including part-time work including on a temporary basis for staff transitioning back from parental leave, a 'remote working' policy, which gives staff the opportunity to apply to work from home on a regular and ongoing basis and flexible hours arrangements to accommodate individual circumstances.

Employee development

All staff are offered training and development across a variety of areas so our organisational capability keeps pace with today's needs (eg, on the information technology we use, financial reporting, communication and project management). 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 in place. During the 2017/18 year, \$90,000 was spent on formal employee development opportunities.

Long service leave provides a unique employee development opportunity for long serving staff. Staff who complete five years continuous service become eligible for the long service leave entitlement of an additional week's leave. In line with our commitment to career development, we advertise our vacancies internally and encourage staff to apply for roles they are interested in. Many existing staff moved into new or changed roles as a result of the new

organisational structure implemented this year, which has provided opportunities to learn and apply new skills.

Development of a cohesive approach to organisational learning started in 2017/18, and will include an organisation-wide capability framework and supporting learning initiatives. See section three (Goal 5.2).

Remuneration, recognition and conditions

Our remuneration policy ensures staff 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 and updating our remuneration bands annually, based on new market salary information. We make this information available to all staff within the remuneration policy document and ensure pay equity for staff who perform similar roles and have comparable performance. This analysis is considered annually during remuneration review moderation.

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. Over 2017/18, the conflict of interest and remuneration policies were reviewed and updated as necessary.

Harassment and bullying prevention

Harassment and bullying in any form is unacceptable at Creative New Zealand. We have clear expectations, policies and practices in place to promote a workplace environment that is free from intimidation or inappropriate behaviour, including:

- 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); and manaakitanga (we will be welcoming and responsive to all)

- our Code of Conduct
- our human resources policies, such as the workplace harassment policy and the equal opportunities policies
- our obligation to be a 'good employer' and provide a safe working environment.

Staff feedback in the 2018 workplace survey confirmed that 80 percent of our staff agree that:

"all employees in this organisation are treated fairly, regardless of their age, ethnicity, gender, physical capabilities, ..."

More information

Further details about Creative New Zealand are available on the website:

www.creativenz.govt.nz/about-creative-new-zealand



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