



ARTS COUNCIL OF NEW ZEALAND TOI AOTEAROA

Statement of Performance Expectations

TAUĀKĪ MAHI HUA

2018/19

Contact us

Website: www.creativenz.govt.nz

Email: info@creativenz.govt.nz

Wellington Office

Level 10
Aorangi House
85 Molesworth Street
PO Box 3806
Wellington 6140
T: 04 473 0880

Auckland Office

Level 1
Southern Cross Building
Cnr High and Victoria Streets
PO Box 1425
Auckland 1140
T: 09 373 3066

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Front Cover:

Trick of the Light Theatre and Zanetti Productions are a step closer to realising their global ambitions after being selected to take part in Creative New Zealand's new International Coaching Programme.

Ralph McCubbin Howell performing in The Road That Wasn't There - photo: Anita Pitu.

This Statement of Performance Expectations documents planned activity, performance targets and forecast financial information for the Arts Council of New Zealand Toi Aotearoa (Creative New Zealand) for the period 1 July 2018 to 30 June 2019.

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

A handwritten signature in black ink, appearing to read 'Michael Moynahan', with a long horizontal flourish extending to the right.

Michael Moynahan

Chair, Arts Council

27 June 2018

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

Caren Rangi

Deputy Chair, Arts Council

27 June 2018

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INTRODUCTION

KUPU ARATAKI

Foreword

Kupu whakataki

We are pleased to present our Statement of Performance Expectations for 2018/19, the third annual plan under our Statement of Intent 2016–2021.

The arts matter to New Zealanders. Our most recent *New Zealanders and the arts* research shows New Zealanders are engaging with the arts at the highest rates ever, with four out of five of us participating in the arts or attending an arts event over the past 12 months.

We are proud to help make the arts happen in Aotearoa every day, for the benefit of all New Zealanders. Our support covers the length of the country, from our funding for arts projects in towns and cities right around New Zealand through to our support for artists and arts practitioners, and our investment into major arts organisations. We also help Kiwi artists shine internationally, taking our vibrant and engaging stories to places all around the world.

The year ahead is an exciting one. Another strong year of lottery funding has placed us in a good financial position. We also start the year with a new investment strategy to help guide the way we support the arts in New Zealand.

Under the Investment Strategy Te Ara Whakamua 2018–2023, the way we invest in the arts will increasingly support their diversity and reach into our communities, dynamic arts that delight and provoke New Zealanders, and a resilient arts sector that grows and adapts to new ways of working.

To those ends, in 2018/19, we will advance major new initiatives around young people and youth arts, arts in the regions and innovation in the arts, as well as continuing our support across all our major programmes.

In the first part of 2018/19, we will also finalise a new Māori arts strategy and a new Pacific arts strategy that will chart a new course for how we support these treasured features of the arts landscape in Aotearoa.

Our advocacy work will also continue, boosted by the key findings from our New Zealanders and the arts and *Audience Atlas New Zealand* research. We will keep developing our relationships with Māori and Pacific groups and local government, as a part of our advocacy mahi this year.

As the national arts development agency, we are dedicated to seeing the arts thrive in New Zealand. The continued, generous support of the New Zealand Lottery Grants Board, the New Zealand Government and other patrons, funders and partners allows this to happen. We are grateful for this support.

Once again, we look forward to an exciting year ahead where New Zealand's arts and artists shine at home and abroad, and where every New Zealander has the opportunity to participate in and experience the arts.



Michael Moynahan
Chair, Arts Council



Stephen Wainwright
Chief Executive, Creative New Zealand

About our plan

Ta tātau mahere

Creative New Zealand is the national arts development agency of Aotearoa. We encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders. More information about our organisation is on page 46.

Each year, Creative New Zealand publishes a Statement of Performance Expectations (SPE) that outlines its planned activity, performance targets and forecast financial information for the relevant financial year.

The SPE sits under the Statement of Intent (SOI) 2016–2021 and describes how this year’s work will contribute to achieving the SOI’s medium-term strategy.

This SPE covers the 2018/19 financial year (ie, 1 July 2018 to 30 June 2019) and comprises two parts:

- non-financial planning and performance – describes our work for the year ahead and outlines performance measures around our outcomes and deliverables (the latter being our annual priorities and core activities)
- financial planning and performance – provides our financial statements for the 2018/19 year and the notes to those statements.

We will report against these two parts in the Annual Report for 2018/19.

Given the potential for change in the level of funding we receive from the New Zealand Lottery Grants Board (NZLGB), and the timing of the NZLGB’s funding advice with respect to our own planning and reporting cycle, we may need to amend this SPE during the 2018/19 year as circumstances require. We will consult with the Minister for Arts, Culture and Heritage, should changes be required.

Our performance framework

Te tūtuki i a mātau mahi

The SOI outlines Creative New Zealand's strategic direction over the 2016 to 2021 period. Our performance framework is derived from that strategic direction.

Broadly, our strategic direction 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 the Arts Council of New Zealand Toi Aotearoa Act 2014 (our purpose) and the core principles that guide our work (our values).

We also contribute to the broader aims for the cultural sector and the Government's wider priorities.

Our strategic direction for 2016–2021 and our performance framework for 2018/19 are outlined in the following pages. In 2018/19, we will implement the new Investment Strategy Te Ara Whakamua 2018–2023 and develop a Māori arts strategy and Pacific arts strategy, to further shape our strategic direction for the arts in New Zealand.

Output class and funding model

Creative New Zealand has one output class – Promotion and support of the arts – which is a reportable class for the purposes of the Crown Entities Act 2004. Under this, we will work to achieve our five strategic goals and related objectives by 2021 (refer to *Creative New Zealand's strategic direction for 2016–2021* on the next page).

Our goals and objectives are directly supported by our five deliverable areas:

- investing in the arts (external focus)
- developing the arts (external focus)
- advocating for the arts (external focus)
- improving service delivery (external and internal focus)
- improving our organisation (internal focus).

Delivering on these goals (our focus), supported by our purpose and values (ie, our foundation), will help us achieve our outcomes and vision (ie, our future).

No output classes have been given reporting exemptions by the Minister of Finance. We do not propose to supply any class of outputs in 2018/19 that are not a reportable class of outputs.

We operate under one central government output expense: Promotion and Support of the Arts and Film. The Ministry for Culture and Heritage is our monitoring department. The Minister for Arts, Culture and Heritage is our responsible Minister.

We are principally funded through Vote: Arts, Culture and Heritage and the NZLGB. In 2018/19, Creative New Zealand expects to receive:

- \$15.689 million from the Crown through Vote: Arts, Culture and Heritage
- an estimated \$40.350 million from the NZLGB. This figure takes into account Lotto New Zealand's forecast payment to the NZLGB for 2018/19, along with the average payment from the NZLGB to Creative New Zealand over the previous six years. The budgeted 2018/19 payment from the NZLGB will be confirmed in July 2018.

Our strategic direction for 2016-2021

OUR FUTURE

Titiro whakamua

OUR VISION

What we want to achieve overall

DYNAMIC AND RESILIENT NEW ZEALAND ARTS, V

OUR OUTCOMES

The difference we want our work to make

STRONGER ARTS COMMUNITIES, ARTISTS AND ORGANISATIONS

as shown by

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

OUR FOCUS

Te arotahi

OUR GOALS

(supported by **objectives**)

What we want to achieve by 2021



OUR DELIVERABLES

What we do to support our goals/objectives

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

EXTERNAL FOCUS

We develop the a capacity to s

EXTERNAL F

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

EXTERNAL/INTERNAL FOCUS

OUR FOUNDATION

Te tūāpapa

OUR PURPOSE

Our reason for being, as set out in our Act

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

VALUED IN AOTEAROA AND INTERNATIONALLY



GREATER PUBLIC ENGAGEMENT WITH THE ARTS

as shown by

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

Arts sector's
succeed

We are a powerful advocate
for the arts

FOCUS

EXTERNAL FOCUS

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

INTERNAL FOCUS

OUR VALUES

The core principles that guide our work

Mana Toi · Tauīwi · Mana Māori · Mana Pasifika · Mahitahi ·
Te Taumata · Tauutuutu · Manaakitanga

CULTURAL SECTOR VISION

New Zealand's distinctive culture enriches our lives



CULTURAL SECTOR OUTCOMES

- Create:* Cultural and sporting activity flourishes in New Zealand
- Engage:* Engagement in cultural and sporting activities is increasing
- Preserve:* Our heritage can be enjoyed by future generations
- Excel:* Artists, athletes and organisations achieve excellence



CULTURAL SECTOR PRIORITIES

- Fostering inclusive New Zealand identity
- Supporting Māori cultural aspirations
- Front footing transformative technology
- Improving cultural asset sustainability
- Measuring and maximising public value

Our performance framework for 2018/19

VISION

OUTCOMES AND MEASURES

GOALS

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

Stronger arts communities, artists and organisations as shown by:

High-quality New Zealand art is developed

of new New Zealand works developed (across all programmes)



New Zealand arts gain international success

of individuals/organisations funded by Creative New Zealand to engage internationally (across all programmes)
of international arts activities/events funded by Creative New Zealand (across all programmes)



Greater public engagement with the arts as shown by:

New Zealanders participate in the arts

of participants in arts activities funded by Creative New Zealand



New Zealanders experience high-quality arts

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



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

We develop the arts sector's capacity to succeed

We are a powerful advocate for the arts

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

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

- SPE measure
- Non-SPE measure

DELIVERABLE AREAS AND MEASURES

Annual Priorities

Core Activities

Investing in the arts

Implementing the Investment Strategy
Te Ara Whakamua 2018–2023

Implementing the Māori Arts Strategy

Implementing the Pacific Arts Strategy

Investment programmes

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

% 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 ●

Grants Investment Category

% 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

Implementing the Innovation Fund

Implementing the Young
New Zealanders in the Arts Toi
Rongatahi Initiative

Developing an Arts in the Regions
Initiative

% 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 ●

% of capability building initiatives delivered to the sector that have met or exceeded our expectations ●

of capability building initiatives delivered to the sector ●

Advocating for the arts

Developing new advocacy agendas
with Māori, Pacific groups and local
government

% of advocacy actions described in the annual advocacy action plan that have met or exceeded our expectations ●

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

% of funding decisions made within timeframes ●

Refining our systems

Improving our organisation

Developing a cohesive learning and
development framework

Maintain or improve audit management ratings ●

% Improve on Best Workplaces Survey – overall performance index ●

Embedding high performance in our
new operating model

\$ Maintain operating costs inline with agreed budgets ●

Undertake internal review of process and policy against standards ●

The year ahead

We have an exciting year planned in encouraging, promoting and supporting the arts in New Zealand, for the benefit of all New Zealanders. Alongside our main programmes for investing in, developing and advocating for the arts, other major areas of work are described below. We also include an outline of the Minister for Arts, Culture and Heritage's expectations of us, and of the challenges we face in the year ahead.

Implementing the new Investment Strategy Te Ara Whakamua 2018–2023

Creative New Zealand regularly refines its investment, to ensure the arts continue to develop in New Zealand for New Zealanders. To help with this, we are currently implementing the Investment Strategy Te Ara Whakamua 2018–2023. The strategy will systematically test the contribution of our main programmes to ensure they are improving the resilience of artists and the country's arts infrastructure, and delivery to New Zealanders. Throughout this process, we will engage with the sector and our key stakeholders, to ensure we understand the impact of potential changes on the sector and our partners.

The Investment Strategy has been shaped by our guiding principles, as set out in the Arts Council of New Zealand Toi Aotearoa Act 2014, and our current strategic direction.

We will use the Investment Strategy as the main tool for guiding investment decisions in the arts sector and to improve the sector's understanding of the policies, guidelines and criteria that underpin our investment decisions.

The Investment Strategy, to apply from 2018/19, will enable us to refine our investment decisions and allocate resources based on transparent policies. The strategy is linked to many of the deliverables discussed in the following pages. These include new initiatives around innovation, young people and youth arts, arts in the regions and enhancing our strategic support for Māori arts and Pacific arts.

Creative New Zealand's support for ngā toi Māori and Pacific arts is central to its work as the national arts development agency. As with all our investment, we continue to refine how we fund, develop and advocate for these treasured features of the arts in Aotearoa.

As part of enhancing our operating model (see next page), we have appointed a new Senior Manager, Māori Strategy & Partnerships who is overseeing a workplan that includes developing:

- the Māori Arts Strategy 2018–2023, guided by the Arts Council's Māori Committee, to guide future investment in ngā toi Māori (to be finalised in 2018/19)
- Memoranda of Understanding with Te Matatini, Te Māngai Pāho, the Department of Internal Affairs and Te Papa (in addition to existing agreements with Te Puni Kōkiri and Te Taura Whiri i Te Reo Māori)
- a navigational tool to enable better access for Māori to funding, advice, training and research.

Like the arts sector as a whole, Pacific arts continue to grow and change. As such, we are looking at improving our strategic approach to supporting Pacific arts, to ensure we continue to advance the aspirations of Pacific artists. The Arts Council has agreed to develop the Pacific Arts Strategy 2018–2023, led by a Council working group that includes the Council's Pacific members. The aim is for the strategy and an initial action plan to be finalised in early 2018/19.

Building our relationship with local government

An important objective for Creative New Zealand is to strengthen its relationship with local government as a significant co-investor and funder of the arts. To do so, we have been developing our relationship with both Local Government New Zealand (as the national body representing local government) and a selection of territorial authorities.

We undertook a research project in 2017/18 to establish an estimate of spending on arts and culture by territorial authorities. This baseline report estimated public investment in arts and culture at nearly \$1.2 billion in 2015/16, comprising *around* \$591 million from central government (excluding the NZLGB) and an estimated \$580

million in operating expenditure across all 67 territorial authorities.

The significance of local government in delivering arts and culture services points to the desirability of greater collaboration. This will help ensure both spheres of government are working in complementary ways and that opportunities to collaborate to advocate for the value of arts and culture are explored.

Enhancing our operating model

In 2017/18, we reviewed the way we work to achieve our goals. The Organisational Development Project focused on how we can best position ourselves for future success.

In 2018/19, this project will see changes to our internal processes so we are better aligned with the changing shape of our investment. This includes an 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 will also be enhanced, as will our responsiveness to Māori and Pacific peoples.

Ministerial expectations

By convention, the Minister for Arts, Culture and Heritage writes to the Arts Council each year outlining expectations for the forthcoming performance year. For 2018/19, the following expectations have been conveyed and our response to these is also described. An overarching expectation is that of 'no surprises'. We are committed to informing the Minister in a timely manner about matters of significance as they relate to the arts.

In the policy context:

- *Response to Government priorities:* We support the Government's aims of developing a broader approach to considering the measures of New Zealand's success. We are eager to contribute to The Treasury's work on its Living Standards Framework, particularly as the thinking around 'social capital' and 'human capital' develops, as well as the well-being measures supporting this. We also hope to contribute to updating best practice around cultural well-being, prompted by the Government's plans to restore the 'four well-beings' to local government legislation.
- *Opportunities for all New Zealanders to access and participate in the arts:* We plan to build on learnings from our regional arts pilots in Waikato and Southland (which started in 2014), through the development of a new Arts in the Regions Initiative. We will also begin a new Young New Zealanders in the Arts Toi Rangatohi Initiative. These will help boost the diversity and reach of our investment in the arts, as signalled in our new Investment Strategy.
- *Promote the arts in a way that reinforces our unique culture and national identity:* We are committed to advancing ngā toi Māori and advocating their value as part of Aotearoa's unique culture and identity. We recognise the important place Pacific peoples hold in New Zealand and the immense value Pacific arts bring to our country. We will explore the best ways to maintain momentum for Māori and Pacific peoples engaging in ngā toi Māori and Pacific arts, as well as introduce more New Zealanders from other ethnic backgrounds to these rich and vibrant practices. In 2018/19, we plan to boost the impact of our *New Zealanders and the arts 2017* research, informed by our emerging Māori and Pacific arts strategies, and advance our agreements with key Māori and Pacific partners so Māori and Pacific arts develop regionally, nationally and internationally.

With regard to strategic direction:

- *Implementation of the Investment Strategy Te Ara Whakamua 2018–2023:* See details earlier in this section.
- *Recognising and celebrating the value of te reo and actively supporting its development:* We have a long history of supporting te reo Māori through our support for ngā toi Māori, including language-related arts such as waiata, mōteatea, whaikōrero and karanga. Our new Māori arts strategy will set a refreshed direction for how we support ngā toi Māori, including te reo. As noted, we have a Memorandum of Understanding with Te Taura Whiri i Te Reo Māori, which covers providing mutual support to each other's work programmes and interests in te reo. In May 2018, we provided feedback to Te Taura Whiri i Te Reo Māori as it began information gathering around the Maihi Karauna (the Crown's Māori Language Strategy). We will continue to engage and provide support as work around the strategy develops.

In respect of service delivery:

- *Collaboration and co-operation:* We will work with others in the cultural sector on collaborative initiatives, to share resources, reduce duplication and to respond appropriately to digital technology and convergence. We have strong relationships across the cultural sector, particularly with our fellow cultural Crown entities. Many of these relationships are articulated through Memoranda of Understanding, including with Te Taura Whiri i Te Reo Māori, Te Matatini, Te Māngai Pāho and Te Papa (as mentioned above). We will also support the Suffrage 125 commemorations with a special one-off fund. We are also supporting the broader kaupapa of Tuia – Encounters 250 commemorations through our contribution to contemporary Pacific artworks being shown at the Oceania exhibition in London, England, in late 2018 and Paris, France, in early 2019.
- *Financial sustainability:* We are currently exploring potential areas for collaboration with NZ On Air and the New Zealand Film Commission. Our partnership on 'Wild Creations', with the Department of Conservation, was relaunched in 2017, and we continue our successful partnership with all 67 territorial authorities in delivering the Creative Communities Scheme.
- *Agility in responding to new and emerging priorities and technologies in the arts:* We work closely with the arts sector to understand emerging trends. This includes examining performance information from Investment clients and acquittal reports from our grants customers, and seeking their views through our annual client–customer survey. Our *New Zealanders and the arts* research also points to where the public's attitudes, attendance and participation in the arts are heading, and we have identified five main areas for further research out of this. We also maintain a formal complaints management system that contributes to our continuous improvement approach to how we run our organisation. Digital technology continues to transform how New Zealanders interact with and find out about the arts and culture. Through the new Investment Strategy, we will work to maintain and develop arts delivery through digital channels, to increase arts participation and audience size.

- *Best practice governance, self-evaluation of governance practices, consistency with Institute of Directors' best practice and alignment with the State Services Commission's 'It Takes Three' framework:* See 'Our organisation' on page 46, for further details on our organisational policies. The Arts Council undertakes an annual self-evaluation exercise that helps identify areas for improvement; the results of the self-evaluation are reported to the Minister for Arts, Culture and Heritage each year.

Fluctuations in revenue

Over the past decade, we have been the fortunate recipient of increased public funds, largely through an upswing in revenue from the NZLGB over time (we receive 15 percent of Lotto New Zealand's profits each year via the NZLGB). The Crown's investment via Vote: Arts, Culture and Heritage has remained static at \$15.689 million per annum since 2008/09.

As welcome as increases in lotteries funding are, it is difficult to predict lotteries forecasts from Lotto New Zealand, and revenue often fluctuates. As a result, we have had to use some of our reserves and implement policies, to soften these shifts. Although we have been largely successful at this, it has prevented us from undertaking more proactive, ambitious work in recent times. The excellent lotteries results for 2016/17 and 2017/18 mean we can now start this work in earnest, including on new initiatives around innovation, young people and youth arts, and arts in the regions.

NON-FINANCIAL PLANNING AND PERFORMANCE

WHAKAMAHERE UTU KORE MAHI

Non-financial planning and performance

Whakamahere utu kore mahi

This section outlines performance measures around our outcomes and deliverables (the latter comprising our annual priorities and core activities).

We will report on these, along with significant areas of work set out in the 'What we will do' sections, quarterly throughout the financial year and in our Annual Report 2018/19. In addition, quarterly reporting will provide regular updates on risks and opportunities related to our outcomes and deliverables.

Our ability to meet the expectations in these measures depends on the level of resourcing we receive over the year. Unlike many other government agencies, the degree of our revenue that is variable is high (eg, around 70 percent in 2017/18).

Because of this, we adopt a conservative approach to forecasting our measures. While they are described as 'targets' in the tables throughout this section, in many areas, they are generally either:

- demand driven and therefore dependent on the number of applications received and the specific amounts funded (eg, the number of new New Zealand works developed)
- the result of activity in the arts sector outside of our direct control (eg, New Zealanders participating in or experiencing the arts).

Despite our cautious approach, we have increased targets in some areas. This is due to strong performance in these areas in previous years, such as the number of international arts activities and events we funded, and the number of attendances at arts activities and events funded through our Investment programmes. As we note in our SOI, this is a sign of an enthusiastic, confident and productive arts sector, where creative output is flourishing.

We have developed baseline data for the Grants investment category: Arts Grants, Quick Response Grants and special opportunities in 2017/18 and new targets are included for 2018/19.

Our performance framework will be reviewed in 2018, as we look to align it with the Investment Strategy Te Ara Whakamua 2018–2023 and bring a more external perspective to our measures. We also plan to continue improving our data collection methods, so we get a more well-rounded picture of the sector's performance.

Our outcomes

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

We are working towards achieving two outcomes.

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

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.

To achieve this outcome, we will work to ensure high-quality New Zealand arts are developed. This will give artists and arts organisations opportunities to continually develop their artforms, the quality of their work and their artistic skills and capabilities. It will also allow them to experiment, be innovative and take risks, and create work that excites and engages audiences.

Given that international success is an important part of a healthy New Zealand arts sector, our international

programme connects high-quality artists with global markets and audiences through presentation, touring, relationship building and collaborative projects, including cultural and artistic exchange. This in turn helps them increase their income, develop their practice in relation to the international arts environment, and promotes New Zealand and its arts to international audiences.

Measures:

No.	Name	2016/17 Actual	2017/18 Target	2018/19 Target	Note
O1.1	High-quality New Zealand art is developed: Number of new New Zealand works developed (across all funding programmes)	319 ¹	≥360	≥450	The number of new New Zealand works includes those funded through Grants and special opportunities funding and the Investment programmes. The number is largely driven by available resources, applications received and amounts funded. We ensure high-quality New Zealand art is funded through robust application and assessment processes. From 1 July 2017, the reporting methodology for the Grants investment category changed from reporting at granting stage to reporting at completion stage (from counting all projects funded to be completed, ie, 1 project = 1 new New Zealand work, to all new New Zealand works completed for projects evaluated in the period).
O1.2	New Zealand arts gain international success: Number of individuals and organisations funded by Creative New Zealand to engage internationally (across all programmes)	220	≥150	≥180	Targets fluctuate across years, in line with biennial international events.
O1.3	New Zealand arts gain international success: Number of international arts activities and events ² funded by Creative New Zealand (across all programmes)	765	≥400	≥600	

¹ The reporting methodology for 2016/17 reported the number of new New Zealand works developed through Investment programmes (140 works) and the number of grants provided to clients who developed new New Zealand works funded through Grants and special opportunities (179 grants).

² 'Arts activities' capture a variety of works that Creative New Zealand funds (eg, plays, concerts, dance performances, exhibitions, workshops, masterclasses, publications). 'Events' capture the number of opportunities audiences have 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 2:

Non-financial planning and performance

Greater public engagement with the arts as shown by:

→ New Zealanders participate in the arts

→ New Zealanders experience high-quality arts

By engaging with the arts, New Zealanders show they appreciate and value them as a part of daily life. Our recent *New Zealanders and the arts* research (see below for further discussion) shows that four out of five New Zealanders engaged with the arts over the previous 12 months. While attendance has remained broadly the same since the last survey in 2014 (73 percent of New Zealanders having attended an arts event in the past 12 months), New Zealanders' participation in the arts has significantly increased (52 percent, up from 43 percent in 2014).

To maintain this good progress and help achieve our outcome of greater public engagement with the arts, we want New Zealanders to have as many opportunities as possible to participate in the arts. This includes opportunities to celebrate, practise and transmit their diverse artistic traditions and cultural heritage, and to develop links between communities that improve cross-cultural understanding.

Audiences are vital to a vibrant arts sector. This year, we will continue to broaden opportunities for all New Zealanders to experience the arts, providing them with access to diverse artistic experiences. The Investment Strategy Te Ara Whakamua 2018–2023 has a focus on diversity and reach, including investment that:

- ensures a range of arts practices are supported, reflecting New Zealand's growing diversity
- ensures communities across New Zealand can participate in and experience the arts, and investment that engages with under-represented communities
- engages new audiences, in New Zealand and internationally
- encourages the delivery of art through digital channels, to increase arts participation and audience size.

Two significant pieces of research published in 2018 support our work to increase attendance and participation in the arts in New Zealand. These reports are available on our website: www.creativenz.govt.nz

New Zealanders and the arts, our triennial national research on attendance, participation and attitudes to the arts, was launched by the Prime Minister at the annual *Nui te Kōrero* arts sector hui, in Wellington in May 2018. Managers, leaders, producers, marketers and administrators working in the arts gathered for a 'big conversation' about how to use this research to better engage New Zealanders with the arts.

The Audience Atlas New Zealand research, launched alongside the *New Zealanders and the arts* research, tracks New Zealanders' relationship with arts and culture. This online survey measures trends and changes in audience behaviour, to help develop the arts sector's capacity to increase audience engagement. Investment clients and other agencies have the opportunity to access data specific to their organisation, artform or region.

Measures:

No.	Name	2016/17 Actual	2017/18 Target	2018/19 Target	Note
O2.1	New Zealanders participate in the arts: Number of participants in arts activities 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.
O2.1.1	<i>Investment programmes</i>	44,791	≥40,000	≥42,000	
O2.1.2	<i>Creative Communities Scheme</i>	181,860	≥150,000	≥160,000	
O2.1.3	<i>Grants: Arts Grants, Quick Response Grants and special opportunities</i>	<i>New in 2016/17</i>	<i>Baseline developed</i>	≥50,000	
O2.2	New Zealanders experience high-quality arts: Number of attendances at arts activities and events funded by Creative New Zealand:				This measure refers to audience numbers, including paid audiences, readers, viewers and attendances at free events.
O2.2.1	<i>Investment programmes</i>	1,286,665	≥955,000	≥1,200,000	
O2.2.2	<i>Grants: Arts Grants and Quick Response Grants</i>	<i>New in 2016/17</i>	<i>Baseline developed</i>	≥400,000	

Our deliverables

Our deliverables are what we will do to support our goals and objectives, as outlined in our SOI.

- **Investing in the arts:** Providing financial assistance to artists, art practitioners and arts organisations and their projects.
- **Developing the arts:** Helping arts organisations and individual artists and practitioners to develop their skills and capability, including in community engagement.
- **Advocating for the arts:** Promoting the value of the arts to advocacy audiences and empowering the arts sector, and the public, to 'make the case' for the arts.
- **Improving service delivery:** Continuing to improve the way in which we deliver services to the arts sector, including focusing on what we are best placed to deliver.
- **Improving our organisation:** Improving the way we operate as the national arts development agency of Aotearoa.

Each area's deliverables comprise 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 – annual priorities are likely to change from year to year, as we make progress towards meeting our goals and objectives
- **core activities:** these relate to more business-as-usual type activities, such as running funding programmes like Arts Grants or Quick Response, delivering capacity building initiatives or carrying out advocacy actions.

SECTION 2:

Non-financial planning and performance

Investing in the arts

Investing in the arts supports the following goal/objectives.

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

What we'll do

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

Most of Creative New Zealand's work is delivered through its main funding programmes, as outlined below. More information about funding programmes is available on our website: www.creativenz.govt.nz/find-funding

Investment category	Funds	Time and value	Description
Investment programmes	Toi Tōtara Haemata (Arts Leadership) Investment Programme (Tōtara)	Funding for two to five years from a total funding pool of \$17 million	Contestable longer-term funding to arts organisations, to support regular or continuous delivery of arts programmes that deliver to our outcomes. ³
	Toi Uru Kahikatea (Arts Development) Investment Programme (Kahikatea)	Funding for one to three years from a total funding pool of \$9.5 million	
Grants: Arts Grants, Quick Response, Special Opportunities	Quick Response Grants (including Tohunga and Tukunga)	Funding up to \$7,500 per grant, three funding rounds per year	Contestable shorter-term funding to artists, arts practitioners and arts organisations, to support the delivery of arts that meet our outcomes.
	Arts Grants (including Toi Ake)	Funding up to \$65,000 per grant (up to \$130,000, depending on artform), two funding rounds per year	
	Scholarships, residencies and bursaries	Varies	
Creative Communities Scheme	Creative Communities Scheme	Average funding of \$2,000 per grant administered through local authorities	Small grants funding that supports local arts projects and encourages broad community involvement, diversity and engaging young people.
International Programme	International market development initiatives, including <i>International Art Fair Fund</i> , <i>Craft/object artist to Munich</i> , incoming visitors programme <i>Te Manu Ka Tau</i> , participation at international book fairs and capability building programmes	\$582,000 per annum across a variety of funding rounds and targeted initiatives	The International Programme includes a variety of grants as well as targeted initiatives that connect high-quality artists and arts organisations with global markets and audiences. The programme also develops international networks and capability, and offers opportunities for cultural and artistic exchange. The programme supports key artform-based platforms globally.
	International Cultural Exchange, including <i>Indigenous Art Form Exchange Fund</i> , Indigenous and Pacific exchange initiatives for artists and practitioners	\$245,000 per annum across a variety of funding rounds and targeted initiatives	
	International presentations, including <i>International Initiatives Presentation Fund</i> , <i>International Promotional Fund for Literature and Translation Grants</i>	\$480,000 per annum over several funding rounds per year	
	<i>Focus on Asia</i> programme, including <i>New Work to Asia Fund</i> , artist residencies, cultural exchange initiatives, market research and capability building in China, Hong Kong, Japan, Singapore, South Korea and Taiwan	\$500,000 per annum across a variety of funding rounds and targeted initiatives	
	Arts development initiatives, including New Zealand's participation at <i>La Biennale di Venezia</i> , <i>Edinburgh Festivals</i> , <i>Festival of Pacific Arts</i> and leveraging major events such as the Royal Academy's <i>Oceania</i> exhibition	Varies, \$757,000 in 2018/19	

³ Examples of a 'regular' programme are: a regional arts festival delivering a programme once every two years; a three-month artist's residency that is offered once a year, for three years. Examples of a 'continuous' programme are: a theatre company delivering an annual season of productions; an organisation delivering an ongoing programme of arts services.

SECTION 2:

Non-financial planning and performance

As mentioned, we will implement the Investment Strategy *Te Ara Whakamua 2018–2023* as our main tool for guiding investment decisions across all our funding programmes. Implementing the strategy is linked to many of the deliverables discussed in the following pages. Our Toi Tōtara Haemata (Arts Leadership) Investment Programme and Toi Uru Kahikatea (Arts Development) Investment Programme will be reviewed first. All Investment clients will be invited to contribute to the review, to ensure that, together, we can bring the Investment Strategy's principles and features to life.

In addition to the core funding programmes outlined on page 18, several important initiatives continue in 2018/19. These include:

- the Auckland Diversity Project – working to increase the participation and attendance of Māori, Pacific peoples and Asian audiences with the arts in Auckland, and support and promote development of arts by, with and for Māori, Pacific peoples and Asian individuals and communities. This initiative is offered in partnership with Foundation North
- the 58th La Biennale di Venezia – artist Dane Mitchell and curators Zara Stanhope and Chris Sharp have been invited to represent New Zealand at the 58th Venice Biennale in May 2019. Dane will create an ambitious new work that will speak to his interest in exploring how different forms of knowledge can intersect across the visible and the invisible
- Wild Creations – an opportunity for artists to experience one of several Department of Conservation environments as inspiration for an artwork or works.

Three major new initiatives will also be undertaken to develop as well as invest in the arts, as outlined in the next section. These comprise:

- an **Innovation Fund**, to help arts organisations funded through our Investment programmes to build innovation into their arts and organisational practices
- a **Young New Zealanders in the Arts Toi Rongaoihi Initiative**, to support young people's and youth engagement with the arts

- an **Arts in the Regions Initiative**, to broaden the reach of the arts to under-served communities around New Zealand.

Progress on these initiatives will be presented in Creative New Zealand's Annual Report, both for 2017/18 and/or 2018/19.

In 2018/19, we are budgeting for \$44.7 million to be distributed to the community through investments or grants. We are often only a partial investor, with additional funding or resources coming from local government, other central government agencies, corporate sponsorship, community and gaming trusts, ticket sales, volunteers, private philanthropy and donations.

Annual priorities

Measures:

No.	Name	Description	2018/19 milestones	Achievement result
G1.1	Implementing the Investment Strategy Te Ara Whakamua 2018–2023	We will align our systems and processes with the principles and features of our new investment strategy.	<ul style="list-style-type: none"> Implementing the Investment Strategy: <ul style="list-style-type: none"> – within the Toi Tōtara Haemata (Arts Leadership) and Toi Uru Kahikatea (Arts Development) investment categories (review completed by December 2018 to apply from 1 January 2020) – within the Grants investment category (by June 2019) – within the Creative Communities Scheme (by June 2019). <p>Note: The International Programme investment category will be reviewed in 2019/20.</p> <ul style="list-style-type: none"> Review our strategic framework to ensure the Investment Strategy is reflected in our Statement of Intent (review completed by December 2018 to apply from 1 July 2019). 	The arts sector has a clear understanding of our investment principles and features, and our investment shifts to match the Investment Strategy.
G1.2	Implementing the Māori Arts Strategy	We will develop and implement a new Māori arts strategy that contributes to the direction of our funding, capability and advocacy programmes and supports the arts sector for long-term success.	The Māori Arts Strategy is agreed by the Arts Council (by December 2018), communicated to the arts sector (by February 2019) and implementation begins (by March 2019).	Māori arts development directions are identified and acted on, informed by the arts sector and in line with the Investment Strategy.
G1.3	Implementing the Pacific Arts Strategy	We will develop and implement a new Pacific arts strategy that contributes to the direction of our funding, capability and advocacy programmes and supports the arts sector for long-term success.	The Pacific Arts Strategy is agreed by the Arts Council (by September 2018), communicated to the arts sector (by October 2018) and implementation begins (by November 2018).	Pacific arts development directions are identified and acted on, informed by the arts sector and in line with the Investment Strategy.

SECTION 2:

Non-financial planning and performance

Core activities

Measures:

No.	Name	2016/17 Actual	2017/18 Target	2018/19 Target	Note
INVESTMENT PROGRAMMES					
G1.4	Percentage of investment organisations that meet or exceed expectations set in their funding agreements	95%	≥95%	≥95%	This measures overall organisational performance. It reports on Investment clients' delivery against performance in four areas: artistic, audience, financial and organisational. It includes all Tōtara and Kahikatea clients with continuous funding agreements.
G1.5	Percentage of investment organisations that meet or exceed expectations against key performance indicators set in individual funding agreements ('Investment programme success rate')	96%	≥95%	≥96%	This measure reports on Investment clients' delivery against the key performance indicators in individual funding agreements. It includes all Tōtara and Kahikatea clients with continuous funding agreements.
GRANTS: ARTS GRANTS, QUICK RESPONSE, SPECIAL OPPORTUNITIES					
G1.6	Percentage of completed projects that meet or exceed expectations in funding agreements	100%	≥98%	≥99%	This measure reports on evaluated completion reports for project-based funding: Project funded Kahikatea clients; Grants and special opportunities; International and capability building programme grants; and other project-based funding.

Developing the arts

Developing the arts supports the following goal/objectives.

Goal	Objectives
We develop the arts sector's capacity to succeed (external focus)	<ol style="list-style-type: none"> 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: <ul style="list-style-type: none"> ▪ Māori, Pacific peoples 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 who we provide services for and/or to maximise the opportunities they take up and use this development as a strong platform for future growth.

What we'll do

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

Investment in capability building delivers to Creative New Zealand's outcomes of stronger arts communities, artists and organisations.

In response to the Investment Strategy Te Ara Whakamua 2018–2023, three major new initiatives will be undertaken to develop as well as invest in the arts. These initiatives comprise (as noted on page 19) an **Innovation Fund**, a **Young New Zealanders in the Arts Toi Rangatahi Initiative**, and an **Arts in the Regions Initiative**.

Further details on these initiatives will be announced by mid-2018/19.

Our Capability Building Programme is informed by the main findings from the Organisational Development Model self-assessment survey of Investment clients. This information is considered alongside data we receive from clients about their organisations, key trends as identified by consultation with the sector, and our strategic priorities. Our capability building initiatives are primarily targeted at Investment clients but resources are also available for the wider arts sector.

The 2018/19 programme will again provide initiatives tailored to Investment clients with similar characteristics, to align with their development goals. Five tailored offerings provide support across the following development areas.

- *Foundation* – helping organisations to get established. This includes an induction programme, with access to training resources, and helps share information and build networks. It also includes an offer of targeted capability support.
- *Growth* – helping organisations to continue to grow and develop through developing a digital strategy and increasing skills in database management, as well improving systems, processes and reach. This package also provides training on how to diversify income so an organisation becomes more sustainable.
- *Extension* – helping organisations to develop partnerships and extend networks and reach.
- *Refresher* – helping organisations to deliver and/or extend high-quality programming and explore new opportunities for growth and development.
- *Change* – helping organisations to evaluate strategy and business planning in a time of change and/or development.

SECTION 2:

Non-financial planning and performance

The Capability Building Programme will be delivered through various approaches, including in partnership with other agencies or organisations and through contracts with consultants for coaching and workshops, Creative New Zealand-led initiatives and customised grants.

In 2018/19, \$3 million is currently budgeted for developing the arts, noting that the three new initiatives outlined earlier are accounted for under 'Investing in the arts', given their investment element.

Annual priorities

Measures:

No.	Name	Description	2018/19 milestones	Achievement result
G2.1	Implementing the Innovation Fund	To provide one-off funding for selected organisations currently funded through the Tōtara and Kahikatea Investment Programmes to build innovation into their regular arts and organisational practice.	Initiative to be implemented and funding granted to successful applicants (by June 2019).	We provide investment that supports innovation in New Zealand arts practice.
G2.2	Implementing the Young New Zealanders in the Arts Toi Rangatahi Initiative	To provide a three-part initiative that supports young New Zealanders to value, access, and participate in, the arts.	Fund: Implemented and funding granted to successful applicants (by June 2019) Partnerships Programme: Scoping and implementation (from December 2018) Strategy: Development process commenced (by December 2018)	We provide investment that supports young New Zealanders to value, access, and participate in, the arts, with a focus on under-represented communities.
G2.3	Developing an Arts in the Regions Initiative	We will develop a new initiative focused on enabling communities across New Zealand to engage in the arts, with a focus on under-represented communities.	Scoping and development to be completed by June 2019.	We confirm our approach to broadening the reach of the arts to under-represented communities around New Zealand.

Core activities

Measures:

No.	Name	2016/17 Actual	2017/18 Target	2018/19 Target	Note
G2.4	Percentage of clients who agree capability building programmes align with their needs and priorities	84%	70%	≥85%	These measures are based on the Organisational Development Model survey, a self-assessment tool for investment clients to review their organisation's strengths and weaknesses and to track progress over time. The survey results help us tailor capability building initiatives that respond to areas of need. The survey is completed annually.
G2.5	Percentage of clients who rank capability building initiatives as extremely or very effective, relevant and helpful	74%	≥70%	≥75%	
G2.6	Percentage of capability building initiatives delivered to the sector that have met or exceeded our expectations	New in 2017/18	Baseline developed	≥92%	

Advocating for the arts

Advocating for the arts supports the following goal/objectives:

Goal	Objectives
We are a powerful advocate for the arts (external focus)	<ol style="list-style-type: none"> 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.

What we'll do

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

The Advocacy Strategy 2016–2021 is furthering our vision of *dynamic and resilient New Zealand arts, valued in Aotearoa and internationally* through three aims: New Zealanders are highly engaged with the arts; support for the arts is broadened; and the arts sector's voice is further empowered.

The strategy outlines our important audiences, messages and allies, as well as how we might better measure our successes in the advocacy space. It is supported by annual advocacy action plans, to further these aims and to guide engagement with targeted stakeholders, with the 2018/19 plan being developed in tandem with this SPE.

A clear focus on the most effective things to fund, through the new Investment Strategy, will also provide a better idea of what we would like to encourage others to do. Our emerging Māori and Pacific arts strategies will also help guide priority advocacy areas.

Our advocacy actions include:

- collaborating with other agencies on areas of mutual interest

- carrying out policy development and research for the benefit of the arts sector
- making submissions on issues affecting the sector or Creative New Zealand
- delivering resources to the sector, such as the Advocacy Toolkit
- carrying out other advocacy initiatives (eg. developing new ways to engage the public in the arts).

An important focus for our work in 2018/19 will be on continuing to enhance our relationships with Māori, Pacific groups and local government. We will also continue to disseminate the findings of our 2017 *New Zealanders and the arts* and *Audience Atlas New Zealand* research, and to use this to help develop a new research agenda for Creative New Zealand. This research agenda will also be informed by our new Māori and Pacific arts strategies.

We will also produce a report on the health of our Investment programmes. Covering the period 2012 to 2017, this report will provide additional feedback and insights for our Investment clients about their own performance and that of the wider portfolio over time.

Much of our advocacy work is delivered through existing programmes and resources (principally staff time). In 2018/19, \$1 million is budgeted specifically for advocacy.

SECTION 2:

Non-financial planning and performance

Annual priorities

Measures:

No.	Name	Description	2018/19 milestones	Achievement result
G3.1	Developing new advocacy agendas with Māori, Pacific groups and local government	We will continue to enhance our relationship with Māori, Pacific groups and local government, as important advocates and co-funders of the arts in Aotearoa New Zealand.	Milestones for each advocacy audience (Māori, Pacific groups and local government) to be confirmed through the 2018/19 Advocacy Action Plan by September 2018; relevant actions delivered by June 2019.	Our agreements with key Māori and Pacific partners are advanced, so that Māori and Pacific arts develop regionally, nationally and internationally. Local government's responsiveness to the arts increases, including through new and refreshed arts plans and strategies, and the arts featuring as a key enabler in more local authority long-term plans.
G3.2	Boosting the impact of our research	We will communicate new research insights and develop a new research agenda for Creative New Zealand, informed by our new Māori and Pacific arts strategies, in collaboration with our stakeholders and for the benefit of the arts sector.	New research insights from <i>New Zealanders and the arts</i> and <i>Audience Atlas New Zealand</i> are communicated to the arts sector and other stakeholders (ongoing; by June 2019). Research agenda developed and communicated to the arts sector and other stakeholders (by December 2018).	Research insights produced are useful to the sector and stakeholders, and serve to advance discussion about the arts in New Zealand. The sector and stakeholders agree that the research agenda is an effective plan to develop a co-ordinated programme of research.

Core activities

Measures:

No.	Name	2016/17 Actual	2017/18 Target	2018/19 Target	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	≥90%	≥90%	This measure focuses on Creative New Zealand's assessment of the immediate results of individual advocacy actions, as set out in the relevant annual advocacy action plan. Advocacy actions include: advocacy updates and briefings to the sector (eg, research), new or significant updates to advocacy tools and individual submissions to local and central government agencies.

Improving service delivery

Improving service delivery supports the following goal/objectives:

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

What we'll do

The way we support the arts sector is important, and we will continue to make things simpler for our clients when they are engaging with us. In 2018/19, we will continue to ensure our systems and processes are set up to best support the new Investment Strategy and improve service delivery and operational efficiency.

A strong understanding of how our clients view our services allows us to benchmark performance and determine future improvements. The 2017 Creative New Zealand User Satisfaction Survey examined the extent to which our clients are satisfied with our services, and offers insights into how we might improve this. Overall client satisfaction is improving, with 78.5 percent of clients either very satisfied or somewhat satisfied with the services they received from Creative New Zealand.

An important focus for our work is on making it easier for staff and clients to use our grants management system. In 2016/17, clients across all of our funding programmes experienced first hand the benefits of the new online approach. In 2018/19, we will continue to increase the amount of online information and services we offer our clients, whether that be through the website, funding web portal or social media. Our clients will have the opportunity to again provide user feedback on our services and offer insights into how we might improve them.

Unlike our funding spend (ie, investing, developing and advocating), no fixed sum is allocated towards improving our services. Rather, it is covered by our operating costs, which are currently budgeted at \$9 million for 2018/19.

SECTION 2:

Non-financial planning and performance

Annual priorities

Measures:

No.	Name	Description	2018/19 milestones	Achievement result
G4.1	Aligning our business practices with our investment intentions	We will continue to refine our systems and processes to best support the delivery of our investment intentions, as set out in the new Investment Strategy.	Refine our systems and processes in line with the outcomes of Investment Strategy category reviews (refer G1.1) (ongoing; by June 2019).	Systems are well placed to better serve and deliver on our investment intentions, and progress on delivering on these intentions is tracked.
G4.2	Refining our systems	We will continue to refine our systems, so as to improve service delivery and operational efficiency.	<p>Develop a standardised set of activity reporting guidelines, including counting rules and definitions, for staff (by September 2018).</p> <p>Enable clients to report on the outcomes of their projects and contract deliverables online (by December 2018).</p> <p>Develop an information systems plan for the three years to December 2021 (by December 2018).</p>	Through the information our systems tell us, we have a better understanding of the impact our work is having, in the most effective and efficient way and with fewer compliance costs for our clients.

Core activities

Measures:

No.	Name	2016/17 Actual	2017/18 Target	2018/19 Target	Note
G4.3	Percentage of clients who are satisfied with the overall service received from Creative New Zealand	78.5%	≥70%	≥80%	The 2018/19 target is based on the results of the 2017 Creative New Zealand Client Satisfaction Survey. The 2017 survey was conducted by staff using client information held within the grants management system.

Improving our organisation (internal focus)

Improving our organisation supports the following goal/objectives:

Goal	Objectives
We become a more focused, higher-performing, learning organisation (internal focus)	<ol style="list-style-type: none"> 1. More focus means we give more effort to fewer things that have the most impact. 2. We 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, Pacific peoples 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.

What we'll do

Along with *Improving service delivery*, this deliverable focuses on how we can carry out our work better. The particular focus, however, is on ourselves as an organisation rather than directly delivering services to our clients.

Beginning in 2016/17, our Organisational Development Project focused on how we can best position our organisation for future success in delivering on the strategic direction we set in our SOI. The recommendations from this project helped us in 2017/18 to identify Creative New Zealand's future development needs and begin upskilling staff in these areas.

We expect Creative New Zealand staff and the arts sector to experience positive changes in 2018/19 resulting from the implementation of the new operating model. To do this, we intend to:

- move from spending to integrating investment and development more effectively
- collect data and information to produce usable knowledge for the sector and stakeholders
- increase our ability to engage externally, reducing our internal focus, so as to have a bigger impact on the arts
- move from opaque decision-making and limited feedback towards transparent and independent decision-making with systematic feedback

- reduce duplication, have clearer accountabilities and make better use of our resources, to absolutely maximise our effectiveness, efficiency and impact
- breathe more life into our principles and values.

In 2018/19, those we serve will continue to have an important role in helping us understand how we can improve, with the User Satisfaction Survey also contributing to our work in this area.

As with *Improving service delivery*, no fixed sum is allocated towards improving our organisation; resources come from our operating costs, which are currently budgeted at \$9 million in 2018/19.

SECTION 2:

Non-financial planning and performance

Annual priorities

Measures:

No.	Name	Description	2018/19 milestones	Achievement result
G5.1	Developing a cohesive learning and development framework	We will identify the areas of capability critical to Creative New Zealand's success and the key learning and development activities needed to support this.	A cohesive learning and development framework is developed (by December 2018).	Staff capability continues to grow in areas critical to success, including Māori and Pacific responsiveness.
G5.2	Embedding high performance in our new operating model	We will pursue continuous improvement opportunities that lift the organisation's performance within our new operating model.	Performance is lifted through implementing the cohesive learning and development framework (by June 2019).	Creative New Zealand staff and the arts sector experience positive changes resulting from implementation of the new operating model.

Core activities

Measures:

No.	Name	2016/17 Actual	2017/18 Target	2018/19 Target	Note
G5.3	Maintain or improve audit management ratings	Very good Very good Good	Very good	Very good Very good Very good	This measure includes annual audit ratings for management control, financial systems and service performance information. We aim to achieve 'very good' in each of these three areas.
G5.4	Improve on 'Best Workplaces' survey – overall performance index	65.2%	≥74%	≥74%	This measure is an average of the survey's section scores, covering areas like quality and performance focus, communication and co-operation, and learning and development.

FINANCIAL PLANNING AND PERFORMANCE

WHAKAMAHERE PŪTEA MAHI

Financial planning and performance

Whakamahere pūtea mahi

This section provides our prospective financial statements for the 2018/19 year and the notes to those statements. It also outlines in further detail our investment in the arts for 2018/19.

The prospective financial statements in this section are based on policies and approvals in place as at 30 June 2018 and are exclusive of goods and services tax (GST) (except for payables and receivables, which are GST inclusive).

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

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

- June 2017 – actual figures from the 2016/17 Annual Report
- June 2018 – forecast figures based on the actual figures on 31 May 2018
- June 2019 – budget based on the budget approved by the Arts Council on 27 June 2018.

Financial planning and performance context

Creative New Zealand has seen high levels of revenue volatility in the past two financial years.

In 2016/17 and 2017/18, a surge in lotteries profits, delivered by the NZLGB, has seen Creative New Zealand

receive an additional \$19.0 million of revenue over original forecasts (\$11.8 million and \$7.2 million respectively).

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.

Our investment for 2018/19

The main focus for Creative New Zealand, and one that informs this plan, continues to be on balancing revenue variability with the provision of as much reasonable certainty as we can muster in our investment and service delivery. We have an equity policy that enables us to shield the sector from the unpredictable nature of lottery revenue. Our recent good fortune will enable our investment in the arts sector to increase even further in the future.

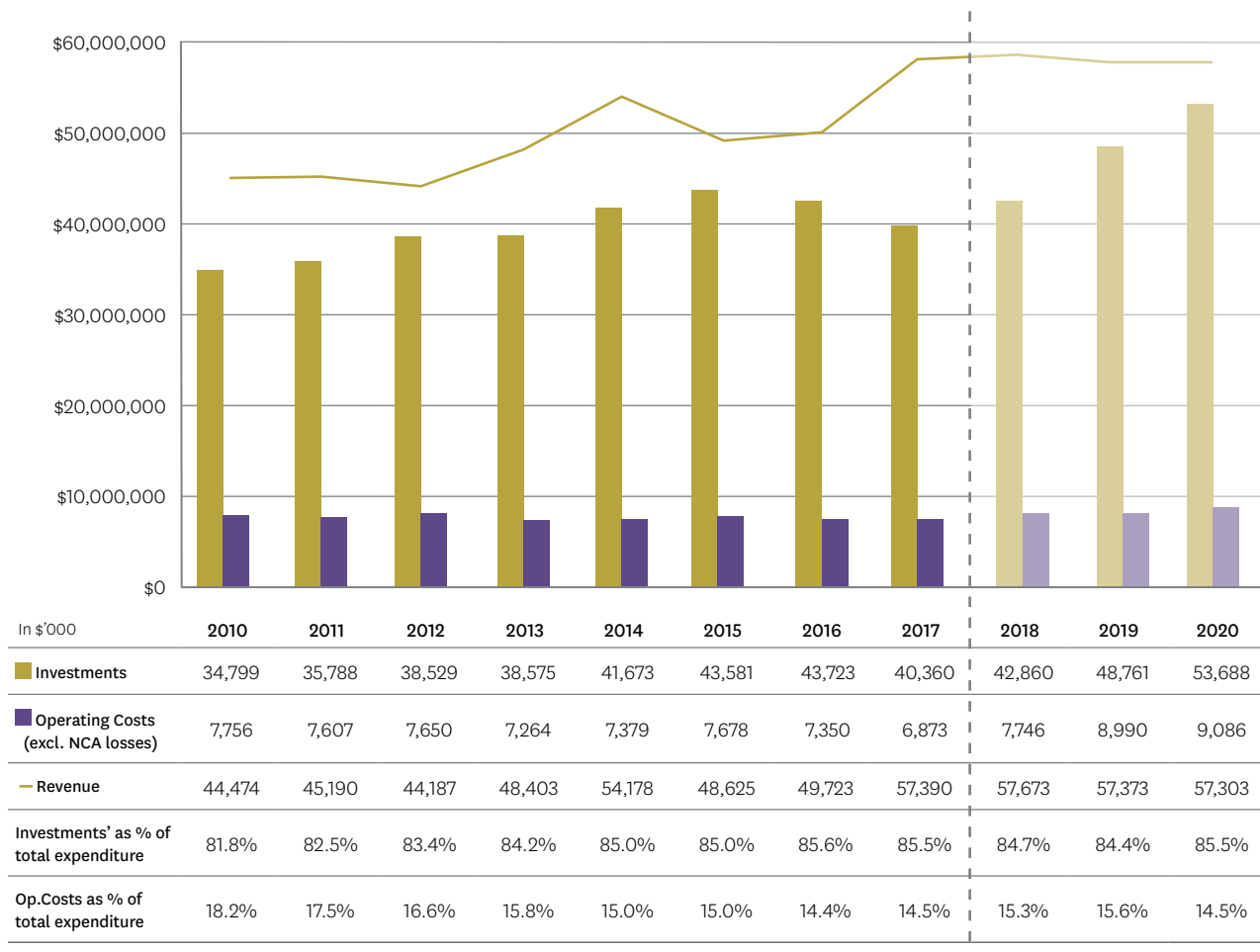
The Arts Council has developed and published an Investment Strategy to give the arts sector and other arts investors increased clarity on the future direction of Creative New Zealand's funding. The Investment Strategy Te Ara Whakamua 2018–2023 will guide Creative New Zealand's investment direction, to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

Changes resulting from the Investment Strategy will take place over the next two years and affect all of Creative New Zealand's programmes as they are brought into alignment with the Strategy.

In 2018/19, we are set to advance major new initiatives around innovation, young people and youth arts, and arts in the regions. We will also finalise our new Māori and Pacific arts strategies in the first part of 2018/19.

Figure 1 shows our longer-term revenue and expenditure trends. 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 1: Investments vs. Operating Costs vs. Revenue



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

2018 = forecast result for 2017/18
2019, 2020 = current budget for 2018/19 and 2019/20, subject to change

SECTION 3:

Financial planning and performance

Prospective Financial Statements

Prospective statement of financial performance

for the year ending 30 June

	NOTES	ACTUAL 2017 \$000	FORECAST 2018 \$000	BUDGET 2019 \$000
REVENUE				
Revenue from the Crown		15,689	15,689	15,689
Revenue from the New Zealand Lottery Grants Board		40,512	40,955	40,350
Interest revenue		506	920	1,120
Other revenue		683	109	214
TOTAL REVENUE		57,390	57,673	57,373
EXPENDITURE				
Investing in the arts	2	38,873	39,979	44,724
Developing the arts	2	1,198	2,005	3,027
Advocating for the arts	2	295	876	1,010
Operating costs				
Personnel expenses		4,466	5,138	6,103
Depreciation and amortisation		302	344	340
Net losses on disposal of assets		224	-	-
Other expenses		2,105	2,264	2,547
TOTAL EXPENDITURE		47,463	50,606	57,751
NET OPERATING SURPLUS / (DEFICIT)		9,927	7,067	(378)

Prospective statement of comprehensive revenue and expense

for the year ending 30 June

	ACTUAL 2017 \$000	FORECAST 2018 \$000	BUDGET 2019 \$000
Net operating surplus/(deficit) for the year	9,927	7,067	(378)
Other comprehensive revenue and expense			
Revaluation of works of art	(9)	-	-
Total other comprehensive revenue and expense	(9)	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	9,918	7,067	(378)

Prospective statement of changes in net assets/equity

for the year ending 30 June

	ACTUAL 2017 \$000	FORECAST 2018 \$000	BUDGET 2019 \$000
Total equity as at 1 July	11,768	21,686	28,753
Net operating surplus/(deficit) for the year	9,927	7,067	(378)
Other comprehensive revenue and expense	(9)	-	-
Total comprehensive revenue and expense	9,918	7,067	(378)
TOTAL EQUITY AS AT 30 JUNE	21,686	28,753	28,375

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Financial planning and performance

Prospective statement of financial position

for the year ending 30 June

	ACTUAL 2017 \$000	FORECAST 2018 \$000	BUDGET 2019 \$000
ASSETS			
Current assets			
Cash and cash equivalents	6,773	2,886	5,213
Investments in term deposits	8,500	26,000	25,000
Receivables	17,632	12,558	10,488
Prepayments	396	180	350
Total current assets	33,301	41,624	41,051
Non-current assets			
Property, plant and equipment	346	280	280
Works of art	1,071	1,071	1,071
Intangible assets	1,400	1,380	1,480
Total non-current assets	2,817	2,731	2,831
TOTAL ASSETS	36,118	44,355	43,882
LIABILITIES			
Current liabilities			
Grants payable	13,478	14,600	14,500
Creditors and other payables	545	550	550
Revenue in advance	10	10	10
Employee entitlements	260	300	300
Total current liabilities	14,293	15,460	15,360
Non-current liabilities			
Lease make-good provision	42	42	42
Employee entitlements	97	100	105
Total non-current liabilities	139	142	147
TOTAL LIABILITIES	14,432	15,602	15,507
NET ASSETS	21,686	28,753	28,375
EQUITY			
Accumulated funds	19,783	26,850	26,472
Revaluation reserves	1,071	1,071	1,071
Restricted reserves (special purpose funds)	832	832	832
TOTAL EQUITY	21,686	28,753	28,375

Prospective statement of cash flows

for the year ending 30 June

	ACTUAL 2017 \$000	FORECAST 2018 \$000	BUDGET 2019 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Revenue from the Crown	15,689	15,689	15,689
Revenue from the New Zealand Lottery Grants Board	34,176	45,280	42,518
Interest received	486	759	1,128
Grant retirements and gains	134	38	50
Other revenue	647	11	14
Net goods and services tax	-	69	-
Cash was applied to:			
Payments of grants	(41,206)	(41,861)	(48,887)
Payments to employees	(4,491)	(5,098)	(6,103)
Payments of operating expenses	(2,111)	(1,779)	(2,592)
Net goods and services tax	(56)	-	(50)
NET CASH FLOWS FROM OPERATING ACTIVITIES	3,268	13,108	1,767
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of property, plant and equipment	-	763	-
Terms deposits maturing	10,000	8,500	26,000
Cash was applied to:			
Purchase of property, plant, equipment and intangible assets	(190)	(258)	(440)
Investment in term deposits	(8,500)	(26,000)	(25,000)
NET CASH FLOWS FROM INVESTING ACTIVITIES	1,310	(16,995)	560
NET INCREASE (DECREASE) IN CASH HELD	4,578	(3,887)	2,327
Add opening cash brought forward:			
Cash on hand and at bank	90	504	90
Short-term deposits	2,105	6,269	2,796
BALANCE AT END OF YEAR	6,773	2,886	5,213
Represented by:			
Closing cash carried forward:			
Cash on hand and at bank	504	90	90
Short-term deposits	6,269	2,796	5,123
BALANCE AT END OF YEAR	6,773	2,886	5,213

SECTION 3:

Financial planning and performance

Notes to the prospective financial statements

Statement of accounting policies

For the years ending 30 June 2018 and 30 June 2019

1.1 Reporting entity

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

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

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

1.2 Basis of preparation

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

1.2.1 STATEMENT OF COMPLIANCE

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

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

1.2.2 PRESENTATION CURRENCY AND ROUNDING

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

1.3 Significant accounting policies

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

1.3.1 REVENUE

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

Revenue from the Crown

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

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

Revenue from the New Zealand Lottery Grants Board

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

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

Other grants

Grants are recognised as revenue when they become receivable, unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Interest revenue

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

Donated assets

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

The fair value of donated assets is determined as follows.

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

Grant retirements

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

- they are not collected by the recipients within a year of being offered;
- they are no longer required for the purpose for which they were approved; or
- partial or full repayment is received from a grant recipient.

1.3.2 GRANT EXPENDITURE

Discretionary grants are those grants where Creative New Zealand has no obligations to award on receipt of the grant application. For discretionary grants without substantive conditions, the total committed funding is

expensed when the grant is approved by Creative New Zealand and the approval has been communicated to the applicant. Discretionary grants with substantive conditions are expensed at the earlier of the grant payment date or when the grant conditions have been satisfied. Conditions usually include milestones that must be met to be eligible for funding.

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

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

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

1.3.3 FOREIGN CURRENCY TRANSACTIONS

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

1.3.4 LEASES

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating

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lease are recognised as an expense on a straight-line basis over the lease term.

Finance leases

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

Critical accounting judgements

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

Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments.

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

1.3.5 CASH AND CASH EQUIVALENTS

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

1.3.6 INVESTMENTS IN TERM DEPOSITS

Investments in bank term deposits with original maturities of between three months and one year are initially measured at the amount invested. After initial recognition, investments in bank term deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

1.3.7 RECEIVABLES

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

1.3.8 PROPERTY, PLANT AND EQUIPMENT

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

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

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

Additions

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

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

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

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the Statement of Financial Performance.

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

Subsequent costs

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

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

Revaluation

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

All other asset classes are carried at depreciated historical cost.

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

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, at rates

that will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives.

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

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

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

Critical accounting estimates and assumptions

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

1.3.9 WORKS OF ART

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

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

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Critical accounting estimates and assumptions

The revaluation of works of art is performed by an experienced independent valuer and art dealer, using the available art market sales data in New Zealand. 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.

1.3.10 INTANGIBLE ASSETS

Software acquisition and development

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development costs.

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

Amortisation

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

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

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

Critical accounting estimates and assumptions

The estimation of the useful lives of assets has been based on historical experience and the economic life of the assets. In addition, the condition of the assets is

assessed at least once a year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

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

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

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

1.3.11 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

Non-cash generating assets

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

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

If an asset's carrying amount exceeds its recoverable service amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable

amount. The total impairment loss is recognised in the surplus or deficit.

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

Critical accounting judgements

Creative New Zealand assesses impairment of all assets at each reporting date by evaluating conditions specific to Creative New Zealand and to the particular asset that may lead to impairment. These include property, plant and equipment, and works of art (note 1.3.9) and intangible assets (note 1.3.10). If an impairment trigger exists, the recoverable amount of the asset is determined.

1.3.12 FINANCIAL INSTRUMENTS

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

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

Creative New Zealand does not use derivative financial instruments.

1.3.13 CREDITORS AND OTHER PAYABLES

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

1.3.14 EMPLOYEE ENTITLEMENTS

Short-term employee entitlements

Employee entitlements expected to be settled within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned but not yet taken at balance date, long service leave entitlements expected to

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

Long-term employee entitlements

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

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

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

1.3.15 SUPERANNUATION SCHEME

Defined contribution scheme

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

1.3.16 PROVISIONS

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in 'finance costs'.

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1.3.17 GOODS AND SERVICES TAX

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

1.3.18 INCOME TAX

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

1.3.19 EQUITY

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

- accumulated funds
- revaluation reserve
- restricted reserve.

Revaluation reserve relates to the revaluation of works of art.

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

1.4 Changes in accounting policies and estimates

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

1.5 Significant estimates and assumptions concerning the future

Revenue from the NZLGB has been estimated for 2018/19 based on Lotto New Zealand's forecast payment to the NZLGB for 2017/18, along with the average payment from the NZLGB to Creative New Zealand over the previous six years. The final expected 2018/19 payment from the NZLGB will be confirmed in July 2018.

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

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

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

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

2. Expenditure by investment category

	ACTUAL 2017 \$000	FORECAST 2018 \$000	BUDGET 2019 \$000
INVESTING IN THE ARTS			
Toi Tōtara Haemata (Arts Leadership) Investment Programme	16,276	16,503	16,844
Toi Uru Kahikatea (Arts Development) Investment Programme	8,855	9,057	11,016
Grants: Arts Grants, Quick Response Grants and Special Opportunities	6,610	7,262	7,680
Creative Communities Scheme	3,400	3,422	3,794
International programme	2,083	2,141	1,982
Initiatives and pilots	1,649	1,594	3,408
	38,873	39,979	44,724
DEVELOPING THE ARTS			
National programme	415	529	571
International programme	364	586	582
Initiatives and pilots	419	890	1,874
	1,198	2,005	3,027
ADVOCATING FOR THE ARTS			
	295	876	1,010

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

OUR ORGANISATION

TŌ TATOU TARI

Our organisation

Tō tatou tari

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

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

What we do

Creative New Zealand funds arts activity by New Zealand artists, arts practitioners and arts organisations, both within New Zealand and internationally. This is where most of the money we get is spent.

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

We fund the arts from three broad pools of money: General, Māori and Pacific. These pools feed all of the regular arts funding programmes. Proposals are assessed, as appropriate to the artform and cultural focus of the application.

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

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

We also support the professional development of artists and their practice, and the management of organisations so they can grow their audiences and markets.

Complementing our funding and development work, we also advocate for the value of the arts to New Zealanders.

In carrying out our work, we recognise:

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

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

Our relationships

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

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

The Arts Council

Our governing body, the Arts Council, comprises 13 members and has responsibility for policy development, strategy setting and overall funding allocation.

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

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

SECTION 4:

Our Organisation

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.

In line with the Enduring Letter of Expectations and State Services Commission's 'It Takes Three' framework, Council monitors Creative New Zealand's performance and provides responsible ministers with high-quality performance information, including information on future risks and opportunities. Council operates on a 'no surprises' basis, staying abreast of any possible implications of Council decisions and actions on wider government policy issues. Council commits to advise the Minister for Arts, Culture and Heritage around issues that may be discussed in the public arena or that may require a ministerial response, preferably ahead of time or otherwise as soon as possible, and to inform the Minister in advance of any major strategic initiative.

Policies and processes

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

We also have a strong focus on improving the services we deliver, particularly around grants applications, decision-making and reporting processes. Service improvement has a specific focus through the relevant goal and objectives in our SOI (ie, 'We improve service delivery and systematically look afresh at how best to deliver activities with and for the arts sector').

As a part of that goal, we seek regular feedback from the arts sector that we are performing to the standards we have set ourselves. We also have a formal complaints

management system and monitor informal feedback from applicants and clients through social media and daily interactions with staff that provide us with ongoing customer feedback.

Our staff

We rely on having a skilled and engaged staff to achieve our strategic aims. As of 30 June 2018, we have 56 staff, based mainly in Wellington and Auckland and working across four teams: Arts Development Services; Business Services; Māori Strategy & Partnerships; and Planning, Performance & Advocacy Services.

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

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:

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

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

More information

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



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