



2008

annual report

pūrongo ā tau

for the year ended 30 June

Presented to the House of Representatives
pursuant to the Crown Entities Act 2004

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ALASTAIR CARRUTHERS

Chair, Arts Council
29 October 2008



ALICK SHAW

Deputy Chair, Arts Council
29 October 2008

contents ngā ihirangi



INTRODUCTION KUPU WHAKATAKI	4
PART ONE – Creative New Zealand’s Role and Operating Environment Te Taiao Whakahaere me te mahi a Toi Aotearoa	6
STRATEGIC PLAN 2007–2010 TE MAHERE RAUTAKI 2007–2010	6
Vision, purpose and values	7
Guiding principles	8
Strategic priorities	8
WHO WE ARE KO WAI MĀTOU	9
Governance	9
Management and staff	12
Organisational health and capability	12
WHAT WE DO A MĀTOU MAHI	16
Functions	16
Activities	16
PART TWO – Objectives, Impacts and Outcomes Whāinga, pānga me ngā hua	18
OVERVIEW TIROHANGA WHĀNUI	18
HIGHLIGHTS AND ACHIEVEMENTS NGĀ MIRAMIRA ME NGĀ WHAKATUTUKITANGA	21
Strategic priority one: New Zealanders are engaged in the arts	21
Strategic priority two: High quality New Zealand art is developed	22
Strategic priority three: New Zealanders have access to high quality arts experiences	23
Strategic priority four: New Zealand arts gain international success	23
PART THREE – Organisational Performance	26
NON-FINANCIAL PERFORMANCE: STATEMENT OF SERVICE PERFORMANCE	26
FINANCIAL PERFORMANCE	37

Introduction

Kupu whakataki



Creative New Zealand is the national arts development agency. We work across central and local government and the private sector to encourage, promote, and support the arts in New Zealand for the benefit of all New Zealanders.

Creative New Zealand supports community and professional arts, and upholds the principles of access, participation, and excellence and innovation in the arts.

Creative New Zealand:

- + **invests** in the development of the arts and opportunities for all New Zealanders to participate in and have access to the arts
- + **supports** New Zealand artists and arts organisations through funding programmes
- + **builds** the capacity of the arts sector by providing resources and capability-building programmes
- + **develops** new audiences and markets for New Zealand arts domestically and internationally
- + **researches** the arts to underpin our policies, programmes and initiatives
- + **promotes** the value of New Zealand arts and artists nationally and internationally
- + **advocates** with government, the private sector and the community to increase the profile and role of the arts in the lives of New Zealanders
- + **advises** government on issues relating to the arts.

In 2007/08, Creative New Zealand provided **\$31,289,000** in funding through grants, projects and initiatives to artists and arts organisations. This funding supported **2,489** community arts projects, approximately **500** projects through contestable funding and **36** recurrently funded professional arts organisations.

This *Annual Report* outlines Creative New Zealand's progress against the measures and objectives set out in the *Statement of Intent 2007–2010* and includes information on the organisation's financial position and operations.

Included in the *Statement of Intent* is Creative New Zealand's *Strategic Plan 2007–2010*. Creative New Zealand is required to develop a new strategic plan every three years and to consult publicly. This *Annual Report* therefore

covers the first year of the plan, which took effect from 1 July 2007.

The four priorities outlined in the *Strategic Plan 2007–2010* are:

- + New Zealanders are engaged in the arts
- + high quality New Zealand art is developed
- + New Zealanders have access to high quality arts experiences
- + New Zealand arts gain international success.

As well as identifying these priorities, the plan signalled a number of changes to the way Creative New Zealand works, principally transforming the organisation from a passive funder to a targeted investor in the long-term development of the arts. As we become an arts development agency, there will be:

- + a stronger focus on research and evaluation
- + alignment of our investments to our priorities
- + a greater understanding of the impact and effectiveness of investments, through such means as monitoring, evaluation and benchmarking
- + greater leverage from our partnerships
- + greater efficiency in our grant-making processes.

In order to make these shifts, Creative New Zealand is reviewing its main funding mechanisms over the three-year period of the plan. Creative New Zealand is also examining how it goes about its work and how it engages with its key stakeholders.

Over the first year of the plan, Creative New Zealand has made significant progress, completing a review of contestable project funding and special opportunities for artists and practitioners (including residencies and fellowships), which accounts for approximately one-third of the money invested annually in the sector.

Other achievements include the establishment of a dedicated International team to ensure we can deliver on the priority *New Zealand arts gain international success*. We have also commenced a review of the Creative Communities Scheme, through which funding is devolved to the 73 territorial authorities to support local/community arts activities, and we are starting to look forward to a major review of the portfolio of 36 professional arts organisations that we fund on a recurrent basis, which is due to be undertaken in 2009/10.

Strategic Plan 2007–2010



Te mahere rautaki 2007–2010

VISION

Creative New Zealand is a catalyst for the development of a flourishing arts environment in which New Zealanders value, support and are inspired by the arts.

PURPOSE

Creative New Zealand is the national development agency for the arts in New Zealand. We invest resources in New Zealand arts for the long-term benefit of New Zealanders.

We value:

- + partnering with Māori, in acknowledgement of their unique position as tāngata whenua
- + developing Pacific arts and their contribution to New Zealand identity
- + working collaboratively and developing partnerships for mutual benefit
- + articulating our strategic position and priorities with clarity
- + demonstrating integrity, transparency and professionalism in all our dealings
- + supporting artistic expression and the contribution of the arts to society
- + aspiring to excellence.

GUIDING PRINCIPLES

We will achieve our vision and priorities through:

Trustworthiness and credibility in the eyes of the arts sector and wider public stakeholders – to enhance and facilitate our ability to work collaboratively and in partnership

Strengthening the arts sector – to ensure an enduring foundation for arts development in New Zealand

Learning through research and evaluation – to ensure we are making progress, maximising impact and being as effective as possible

Alignment and targeting of all that we do – to concentrate our efforts on achieving our strategic priorities

Adding value by leveraging our resources and working with our partners – to improve performance and achieve greater impact across the arts sector

STRATEGIC PRIORITIES

New Zealanders are engaged in the arts

STRONG MĀORI ARTS

We will invest in Māori communities strengthening and building cultural identity through the arts

STRONG PACIFIC ARTS

We will invest in New Zealand Pacific communities strengthening and building cultural identity through the arts

COMMUNITY ARTS PARTICIPATION

We will invest in diverse, local and ethnic communities to participate in and develop their art

High-quality New Zealand art is developed

INNOVATIVE AND QUALITY ARTISTS

We will invest in dynamic New Zealand artists, practitioners and organisations, acknowledged for innovation and quality

PRODUCING INNOVATIVE WORK

We will invest in quality new art that commands attention nationally and internationally

DEVELOPING POTENTIAL

We will invest in and support quality New Zealand artists, practitioners and organisations to reach their potential

New Zealanders have access to high-quality arts experiences

DELIVERY OF THE ARTS

We will invest in opportunities for New Zealanders to access quality arts experiences on a regular basis

AUDIENCE DEVELOPMENT

We will invest in opportunities for New Zealanders to experience high-quality New Zealand work that is innovative, challenging and culturally diverse

DEVELOPING POTENTIAL

We will invest in providers of quality arts experiences to broaden, deepen and diversify their audiences

New Zealand arts gain international success

NEW ZEALAND'S DISTINCTIVE VOICES HEARD OVERSEAS

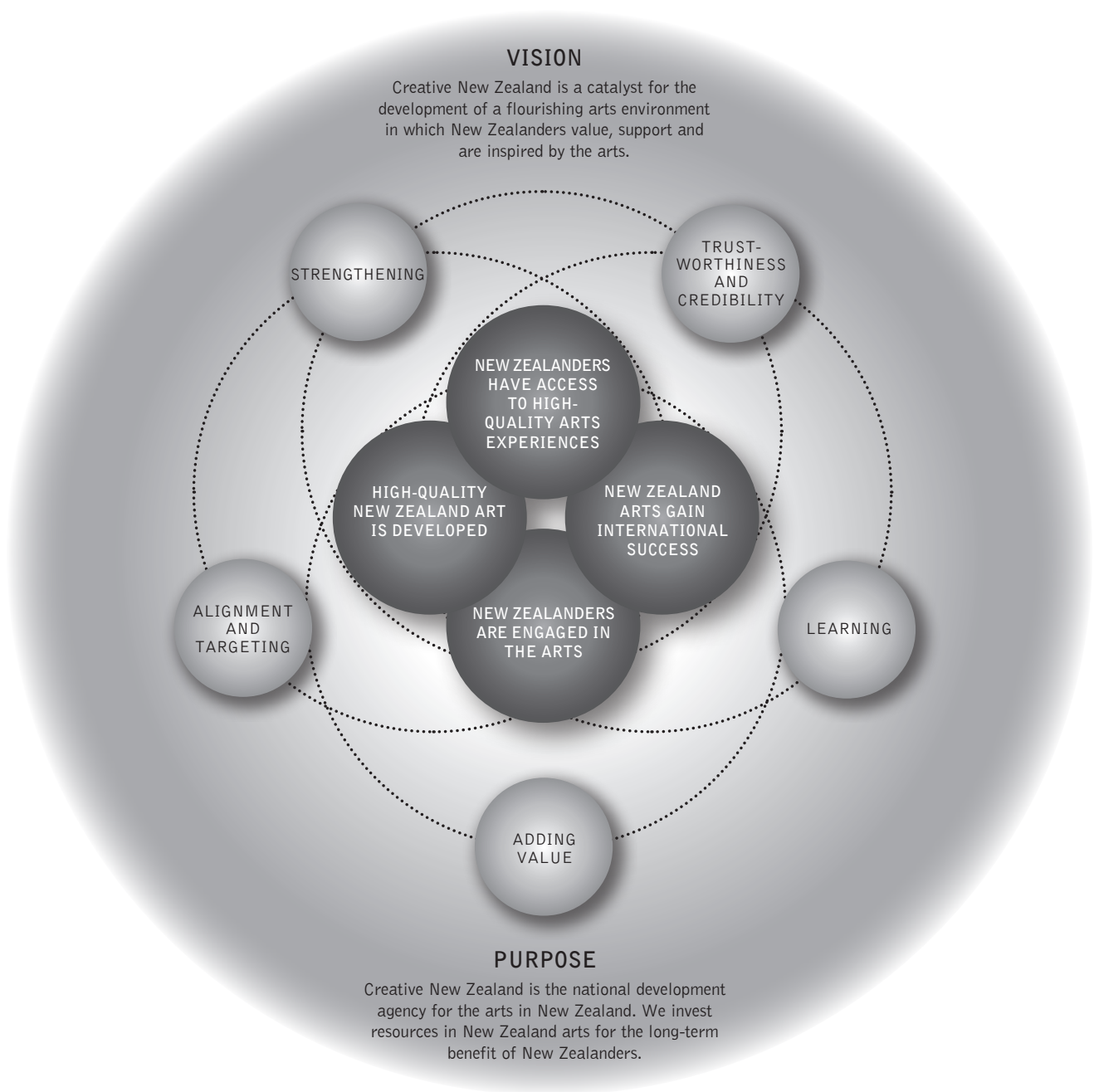
We will invest in the distinct expressions of New Zealand's arts and culture at key international events and markets

MARKET DEVELOPMENT

We will invest in an arts sector that generates New Zealand artists making world-class work that delivers to targeted markets

DEVELOPING POTENTIAL

We will invest in New Zealand artists, practitioners and organisations to build their capacity, profile, relationships and work in order to have enduring overseas success



VISION, PURPOSE AND VALUES

The vision set out in the *Strategic Plan 2007–2010* states Creative New Zealand will be a catalyst for the development of a flourishing arts environment in which New Zealanders value, support and are inspired by the arts.

Creative New Zealand's purpose is to invest resources in New Zealand arts for the long-term benefit of New Zealanders.

Creative New Zealand values the partnership it has with Māori, acknowledging their unique position as *tāngata whenua* and recognising that much of what makes New Zealand art unique lies in what makes New Zealand unique – our indigenous culture.

Creative New Zealand also values Pacific arts and their growing contribution to New Zealand identity. Given the increasing ethnic diversity of New Zealand's population, Creative New Zealand

must ensure that its impact is felt across the population.

Other values important to Creative New Zealand include our commitment to a collaborative approach based on partnerships and our commitment to clarity, integrity, transparency, excellence and professionalism. Underpinning this is the value we place on artistic expression and the contribution of the arts to society.

GUIDING PRINCIPLES

Five guiding principles provide the foundation on which our strategic priorities are based.

These principles reflect what Creative New Zealand believes must happen internally if we are to achieve our strategic priorities. They guide the way we work and how we engage with our stakeholders.

Trustworthiness and credibility in the eyes of the arts sector and wider public to enhance and facilitate our ability to work collaboratively and in partnership across the sector and beyond. Creative New Zealand must be a trusted public investor in the arts.

Strengthening the arts sector to ensure an enduring foundation for arts development in New Zealand. Creative New Zealand understands that strong foundations and quality people are critical to the ongoing success of the arts sector in New Zealand.

Learning through research and evaluation to ensure that we are making progress, maximising impact and being as effective as possible. Creative New Zealand will continue to develop benchmark data and evidence that will enable us to work with increased clarity of focus across our areas of interest and broaden the range of interventions available to deliver on our priorities.

Alignment and targeting of all of what we do to concentrate our efforts on achievement of our strategic priorities. Given our complex structure – a governing council, two funding boards and a committee, and staff in three locations – it is important to align our activity across all levels of

the organisation on priorities outlined in the *Strategic Plan 2007–2010*.

Adding value by leveraging our resources and working with our partners to improve performance and achieve greater impact across the arts sector. There are many opportunities to work collaboratively and in partnership with government, local government, regional organisations, iwi, the business sector and other community and private groups. Working in this way will achieve better and longer-term results for the arts sector.

STRATEGIC PRIORITIES

Creative New Zealand has developed four strategic priorities that collectively represent a healthy arts environment. We are committed to making an impact in each of these areas:

- + New Zealanders are engaged in the arts
- + high quality New Zealand art is developed
- + New Zealanders have access to high-quality arts experiences
- + New Zealand arts gain international success.

In addition, we recognise that our own organisational culture, thinking and processes are fundamental to success in these four externally focused strategic priorities. To this end, we have adopted a fifth “organisational strength” priority. This internally focused priority aims to ensure that all aspects of our organisation are supporting and contributing to the vision of a flourishing arts environment. Our achievements against these priorities are outlined in sections two and three.

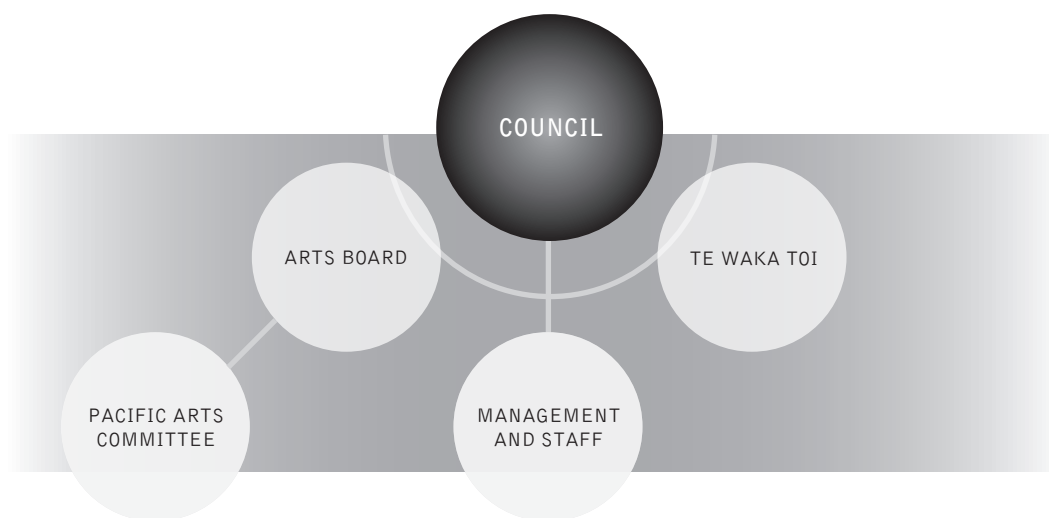
Who we are

Ko wai mātou



The Arts Council of New Zealand Toi Aotearoa Act 1994 determines Creative New Zealand's structure.

Creative New Zealand's main office is in Wellington, with regional offices located in Auckland (Northern Region) and Christchurch (Southern Region). These offices assist the organisation to present a national perspective on the arts.



GOVERNANCE

ARTS COUNCIL

The Arts Council (the Council), Creative New Zealand's governing body, is established under the Arts Council of New Zealand Toi Aotearoa Act 1994 (the Act).

Under the Crown Entities Act 2004, Creative New Zealand is an autonomous Crown entity, and as such must have regard to government policy when directed by the responsible Minister, the Minister for Arts, Culture and Heritage. Under the Arts Council of New Zealand Toi Aotearoa Act, the Minister may not give direction to the Council in relation to cultural matters (section 7[3] of the Act).

The Council carries out its statutory functions with funds provided by the government through Vote: Arts, Culture and Heritage and the

New Zealand Lottery Grants Board, and it is accountable to the responsible Minister.

The Council is responsible for setting the policy and strategic direction of Creative New Zealand, allocating funding to the arts boards (the Arts Board and Te Waka Toi, the Māori Arts Board) for investment, and undertaking initiatives. The Council is also responsible for, and monitors the overall performance of, Creative New Zealand and the arts boards.

The responsible Minister appoints members of the Council. The Minister must consult with the Minister of Māori Affairs before appointing Māori members.

There are two committees of the Council that undertake work on its behalf: the Finance and Audit Committee and the Chairs Committee.

- + The **Finance and Audit Committee** meets bi-monthly to ensure Council accounting and financial reporting standards are developed, maintained and followed.

- + The **Chairs Committee** is advisory only and meets on a regular basis to advise the Council Chair on the implementation of Council policy and delivery of organisational processes as they apply to the arts boards and to ensure communication between the Council and arts boards. In addition, the Chairs of the arts boards and the Pacific Arts Committee attend meetings of the Council.

One new member was appointed to the Council on 1 July 2007. Alastair Carruthers, Chair of the Arts Board between 1 July 2001 and 30 June 2007, was appointed as Arts Council Chair from 1 July 2007.

The members of the Arts Council, as of 30 June 2008, are:

	APPOINTED	TERM EXPIRES
Alastair Carruthers (Chair)	1 Jul 2007	30 Jun 2010
Alick Shaw	17 Dec 2003	31 Oct 2009
Dr James Ng	17 Dec 2003	31 Oct 2009
Waaka Vercoe*	1 Jun 2005	31 May 2008
Jenny May	1 Jul 2006	30 Jun 2009
Dr Jenny Plane Te Paa	1 Jul 2006	30 Jun 2009
Oscar Kightley	16 Jul 2007	30 Jun 2010

Notes:

* Term expired on 31 May 2008 and a new appointment was made effective 1 July 2008 (refer below)

ARTS BOARDS

Under the Act, Creative New Zealand has two funding boards: the Arts Board and Te Waka Toi (the Māori Arts Board).

The Minister for Arts, Culture and Heritage appoints members to the Arts Board and Te Waka Toi. The Minister consults with the Minister of Māori Affairs before appointing members to Te Waka Toi.

The Pacific Arts Committee is a committee of the Arts Board. A member of the Arts Board chairs the Committee and Committee members are appointed by the Arts Board.

The arts boards deliver Creative New Zealand's strategic priorities, detailed in the *Strategic Plan 2007–2010*, through a range of initiatives and programmes, including the provision of

annual and multi-year funding to major arts organisations (recurrently funded organisations), contestable funding and special opportunities (including residencies, awards and fellowships), investment priorities and targeted programmes.

The arts boards are accountable to the Council for carrying out the functions and actions delegated to them. The priorities identified in the *Statement of Intent 2008–2011* Part Three: Forecast Performance for the Period 1 July 2008 to 30 June 2009 (page 28–35) will be delivered by these boards.

Creative New Zealand's guiding principles, also outlined in the *Strategic Plan 2007–2010*, provide direction to the arts boards in delivering the strategic priorities. The boards deliver across each of the strategic priorities, with each board determining the most effective and suitable initiatives that will deliver the identified objectives under each priority.

ARTS BOARD

The Arts Board is responsible for developing the arts and artists of New Zealand. It invests in contestable funding, develops initiatives and delivers targeted programmes to meet identified needs. It also invests in 34 professional arts organisations on an annual or multi-year basis (two of which are co-funded with Te Waka Toi).

Three new members were appointed to the arts boards on 1 July 2007, including Alan Sorrell, who was appointed as Chair.

The members of the Arts Board, as at 30 June 2008, are:

	APPOINTED	TERM EXPIRES
Alan Sorrell (Chair)	1 July 2007	30 June 2010
Terry Snow*	1 June 2005	30 June 2008
Kate De Goldi	1 July 2006	30 June 2009
Michael Prentice	1 July 2006	30 June 2009
Pele Walker	1 July 2006	30 June 2009
Sid Ashton	1 July 2007	30 June 2010
Penny Eames	1 July 2007	30 June 2010

Notes:

* Reappointed for a second three-year term ending 30 June 2011, effective 1 July 2008

The **Pacific Arts Committee** is a committee of the Arts Board and is responsible for developing New Zealand's Pacific arts and artists. It invests in contestable funding, develops initiatives and delivers tailored programmes to support Pacific artists and communities.

Three new members were appointed to the Pacific Arts Committee in 2007/08.

The members of the Pacific Arts Committee as at 30 June 2008 are:

	ISLAND REPRESENT- ATIVE	APPOINTED	TERM EXPIRES
Pele Walker (Chair)		1 Jul 2006	1 Jul 2009
Rev Suamalie Naisali Tafaki Iosefa*	Tuvalu	Oct 2003	Oct 2007
Albert Refiti*	Samoa	May 2005	May 2008
Taniela Vao	Tonga	Jul 2007	30 Jun 2010
Ema Tavola	Fiji	Jul 2007	30 Jun 2010
Matafetu Smith	Niue	Jun 2008	Jun 2011
Vacant**	Tokelau		
Vacant	Cook Islands		

Notes:

* Reappointed in July 2008 for a further one-year term expiring on 30 June 2009

** Tiso Fiaola (Tokelau) resigned from the Committee effective 5 June 2008

TE WAKA TOI

Te Waka Toi is responsible for developing Māori arts and artists. It invests in contestable funding, develops initiatives and delivers tailored programmes. It invests in three professional arts organisations on an annual or multi-year basis, two in partnership with the Arts Board.

No new members were appointed to Te Waka Toi in 2007/08.

The members of Te Waka Toi, as at 30 June 2008 are:

	APPOINTED	TERM EXPIRES
Dr Ngahuia Te Awakotuku (Chair)	1 Jul 2006	30 Jun 2009
Sandy Adsett*	19 Dec 2002	30 Jun 2008
Suzanne Ellison*	19 Dec 2002	30 Jun 2008
Patu Wahanga Hohepa*	3 Feb 2003	30 Jun 2008

	APPOINTED	TERM EXPIRES
Marina Sciascia**	1 Jun 2005	31 May 2008
Ranui Ngarimu	1 Jul 2006	30 Jun 2009
Darrin Haimoana	1 Jul 2006	30 Jun 2009

Notes:

* Terms expired and new appointments made effective 1 July 2008 (refer below)

** Reappointed for a further term expiring on 30 June 2011, effective 1 July 2008

NEW MEMBERS

A number of new members have been appointed to the Arts Council, Arts Board, Te Waka Toi and the Pacific Arts Committee, effective 1 July 2008. The new appointments are:

	BODY	APPOINTED	TERM EXPIRES
Erima Henare	Arts Council	1 Jul 2008	30 Jun 2011
Kura Te Waru Rewiri	Te Waka Toi	1 Jul 2008	30 Jun 2011
John Huria	Te Waka Toi	1 Jul 2008	30 Jun 2011
Te Kāhautu Maxwell	Te Waka Toi	1 Jul 2008	30 Jun 2011
Frances Hartnell	Pacific Arts Committee (Cook Islands)	1 Jul 2008	30 Jun 2011

DIRECTIONS FROM THE MINISTER

Creative New Zealand did not receive any directions from the Minister for Arts, Culture and Heritage in 2007/08.

ACTS IN BREACH OF STATUTE

Creative New Zealand cannot act in a way that is contrary to, or outside the authority of, an Act of Parliament. Creative New Zealand has not performed any *ultra vires* transactions (Section 19 of the Crown Entities Act 2004).

PERMISSION TO ACT

Under the Crown Entities Act, a member who is interested in a matter relating to a Crown entity must not vote or take part in any discussion or decision of the board or any committee relating

to that matter. However, the chair of a Crown entity may exempt one or more board members from this requirement if it is in the public interest to do so (Section 68[6] of the Crown Entities Act 2004). No exemptions were granted in 2007/08.

POLICIES AND PROCEDURES

Over the past year, a review of the Arts Council's accountability framework, including delegations and induction processes, was completed in order to improve the governance of Creative New Zealand.

MANAGEMENT AND STAFF

As of 1 July 2008, Creative New Zealand has 55 staff based across its three offices. Fifty of these were permanent staff and five fixed-term staff. Three staff work on a part-time basis. Three senior managers were appointed in the period between 1 July 2007 and 30 June 2008.

As of 1 July 2008, Creative New Zealand's senior management team comprises:

ORGANISATIONAL HEALTH AND CAPABILITY

Creative New Zealand has established a fifth strategic priority, **organisational strength**, under which organisational health and capability is managed. This strategic priority is aligned with equal employment opportunities principles and the State Services Commission's six Development Goals, and it recognises that organisational culture, people, systems, processes, decision-making and relationships are critical in enabling us to achieve our outcomes.

Creative New Zealand is required to deliver on a broad mandate to a diverse range of stakeholders, so it is important we have a strong organisation to ensure we can be as effective as possible. We aim to be a flexible organisation, respected for its integrity, professionalism and high standards.

Activities and initiatives achieved or progressed in each of the six strands of the organisational strength priority during 2007/08 are detailed on pages 13 to 15.

Chief Executive **Stephen Wainwright**

Planning Performance and Stakeholder Relations	Manager: Elizabeth Beale	The Planning, Performance and Stakeholder Relations team manages government relations, including accountability documents, public and government requests for information, business planning and governance policy. This team also manages communications with the media and other stakeholders, initiates and implements advocacy initiatives, produces publications and provides information to the arts sector and the public.
Arts Development	Manager: Cath Cardiff	The Arts Development team is divided into the Programmes team and the Strategy team. The Programmes team works directly with artists and arts organisations and manages funding programmes, initiatives and special opportunities for artists. This team provides advice to the Arts Board and the Pacific Arts Council. The Strategy team works to identify strategic issues and opportunities across the arts sector. This team has the capacity to address sector, pan-arts and artform strategies and issues.
Arts Infrastructure Services	Manager: Jane Clarke	The Arts Infrastructure Services team supports the development of a sustainable infrastructure for the arts sector and provides advice on arts funding to arts organisations. The team also develops and implements strategies aimed at strengthening markets and audiences for New Zealand arts locally.
Business Services	Manager: Angus Evison	The Business Services team provides administration, grants processing, accounting, information technology, records management and human resource services to the organisation.
Māori Arts Services	Manager: Muriwai Ihakara	The Māori Arts Services team initiates and implements Māori arts initiatives such as <i>toi iho</i> ™, advises on Māori arts policy and provides advice to Te Waka Toi.
International	Manager: Carla Van Zon	The International team develops and implements strategies aimed at strengthening markets and audiences for New Zealand arts internationally.

BEST PEOPLE AND ORGANISATIONAL CULTURE

A key element of the best people strand is our ongoing commitment to being a good employer, building a team capable of meeting the needs of New Zealand's increasingly diverse population and creating an environment where all our people can flourish.

Creative New Zealand is an active member of the Equal Employment Opportunities (EEO) Trust and the Diversity Practitioners Network. EEO principles are also embedded in our *Strategic Plan 2007–2010* and in organisational policies.

Creative New Zealand demonstrates EEO principles in its **recruitment, selection and induction practices**. All individuals employed, or considered for employment are treated on the basis of merit according to skills, aptitude, qualifications and relevant experience.

Highlights over 2007/08 include:

- + an excellent response from well-qualified candidates to advertised vacancies, in spite of a difficult recruitment market
- + a more streamlined recruitment process to reduce the lag between staff who have resigned being replaced
- + the further refinement of the induction process, with the benefit of input from new staff. The induction process offers staff an opportunity to assess their training needs after a number of weeks in the role, and these needs are regularly reviewed as part of the performance management process
- + a review of all human resources policies and implementation of enhanced management reporting processes
- + continued encouragement of staff participation in the development of policy and practice

Senior managers have focused on the **development and promotion** aspirations of staff who have been with Creative New Zealand for several years in order to offer them greater development opportunities and to enhance retention. Te reo training has been made

available to all staff on request. Several teams have also used a Team Management Index tool to assess team dynamics and to determine how they can work most effectively together. Creative New Zealand staff are offered an exit interview at the time of departure from the organisation.

Creative New Zealand developed and implemented a new **remuneration and recognition framework** in 2008. The framework is equitable, transparent and gender neutral, using job evaluation and market surveys to inform remuneration levels. The remuneration policy, including conditions and remuneration ranges, has been published on Creative New Zealand's intranet and is accessible to staff. Performance agreements for senior management include responsibility for leading diversity and fairness in their regions and business units. The framework will be reviewed before the next remuneration round in 2009.

Creative New Zealand recognises the role **flexible work design** plays in retaining key staff, including those returning from parental leave. Part-time work is offered and employees work from home, as appropriate.

Creative New Zealand ensures the workplace is a **safe and healthy environment**. Best practices are adopted and all staff are encouraged to participate in health and safety initiatives. During the 2007/08 year, staff were assessed to ensure the appropriateness of their workstation, and where necessary additional equipment was provided; flu vaccines were offered to all staff; sick leave was closely monitored, with appropriate support provided; and access to an employee assistance programme was provided through an external agency.

The manner in which we work – the way we interact with each other and the values of our organisation – are critical determinants of success. How we perceive ourselves and are perceived by our stakeholders is critical. In 2008, Creative New Zealand introduced a **partnering with Māori strategy**. The strategy acknowledges the unique position of Māori as tāngata whenua and includes a training plan for staff. The long-term goal of this strategy and training plan is

for all Creative New Zealand staff to have the appropriate skills, tools and understanding to empower them to work confidently, professionally and in good faith with Māori.

BEST THINKING AND DECISIONS

It is important we continue to make well-informed and robust decisions that are well communicated. In 2007/08 we commenced a number of activities to enhance our decision-making ability, improve our services and develop more effective and efficient means to deliver our priorities.

The review of Creative New Zealand's **contestable project funding and special opportunities for artists and practitioners** has been completed, and a new funding system will be implemented from February 2009.

The new system is expected to deliver real benefits for artists and the arts sector, including:

- + recognition of the differences between one-off projects and longer-term investments – applications and time frames matched to the complexity of the proposal
- + providing a developmental trajectory through the four pathways
- + providing greater certainty of funding for longer-term investments
- + providing faster turnaround for all grants.

We are now focusing on the review of the **Creative Communities Scheme**, which is expected to be completed in early 2009.

The review aims to recommend options for delivering community arts funding that meet Creative New Zealand's statutory mandate and strategic priorities, in particular the priority *New Zealanders are engaged in the arts*.

In terms of strategy development, we have commenced a **distribution strategy** focusing on touring and digital distribution, which will be implemented by early 2009, as well as an **international strategy**, which will identify key markets and interventions we can make to achieve the priority *New Zealand arts gain*

international success. As the first stage of a programme of research into the community arts environment, we commenced planning for research into the **health of Māori heritage arts**. This research will be completed in 2008/09.

As part of our commitment to better understanding of the impact and effectiveness of our investments, we are progressing the development of a **monitoring and evaluation framework**. The framework was used to develop indicators to measure success in the 2008/09 year and aims to improve the availability of benchmark data in order for Creative New Zealand to evaluate the impact of its investments.

BEST RELATIONSHIPS

There have been many opportunities in 2007/08 to work collaboratively and in partnership with the Government, local government, regional organisations, iwi, the business sector and other community and private groups. We believe working in this way will achieve better and longer-term results for the arts sector.

We are also looking at how we can **assist arts organisations and the sector** to maximise the opportunities arising from recent changes to the tax environment for charitable giving. We are working with a number of organisations, including the Inland Revenue Department, the Charities Commission and Philanthropy New Zealand to develop a practical toolkit for arts organisations. This initiative is part of a wider advocacy programme aimed at promoting the value of, and support for, the arts.

We are continuing to focus on strengthening our **relationships with territorial local authorities** and other co-funders of major arts organisations. Creative New Zealand meets regularly with Auckland, Christchurch and Wellington City Councils.

BEST GOVERNANCE AND MANAGEMENT

Creative New Zealand has a large number of governors and board and committee members, requiring a clear **accountability framework** that

sets out the complementary roles of the Council, funding boards and Pacific Arts Committee and also empowers governors to provide direction to the organisation.

A review of governance policies and accountabilities was carried out in 2007/08. A clear accountability and delegations framework for the Arts Council, Arts Board, Te Waka Toi and Pacific Arts Committee will be implemented in 2008/09, along with an improved induction process.

The Arts Council, Arts Board, Te Waka Toi and Pacific Arts Committee met approximately 30 times in 2007/08. This does not include the approximately 25 assessment committees that met to consider funding proposals. Creative New Zealand management and staff ensured members received the necessary support to govern or make funding decisions by providing **timely information and advice**.

In 2007 Creative New Zealand revised the procedures for **grant management** to include invoicing for the repayment of unacquitted grants. This has seen a decrease in the number of Creative New Zealand's default clients (clients who have received funding yet not provided a completion report).

In 2007/08 Creative New Zealand commenced an investigation into what would be required to upgrade **Creative New Zealand's Wellington premises**, the Old Public Trust Building. The building is registered as a category one historic place by the New Zealand Historic Places Trust and is subject to a heritage order. The project will continue in 2008/09.

BEST STRUCTURES AND PROCESSES

Creative New Zealand's long-term organisational capability is developed and maintained through continuous improvements to operational processes and infrastructure.

As stated on page 14, the review of Creative New Zealand's **contestable funding** was completed in 2007/08. The review included an evaluation of the efficiency and effectiveness of application and assessment processes, both internal and external. A key application process improvement will be the availability of improved funding information for applicants on the Creative New Zealand website for the February 2009 funding round.

The development phase of an online portal for recurrently funded organisations (RFOs), **RFOnline**, was completed in 2008, and implementation and training will occur in 2008/09. The portal enables recurrently funded organisations to apply and report online. A long-term outcome of the portal will be the streamlining of business processes for the organisations.

What we do

A mātou mahi



FUNCTIONS

The Act (section 7[1]) sets out Creative New Zealand's principal functions. The *Strategic Plan 2007–2010* provides the framework for putting these functions into operation.

The functions of the Arts Council are to:

- + encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders
- + recognise in the arts the role of Māori as tāngata whenua
- + promote the development of a New Zealand identity in the arts
- + encourage, promote and support the arts of the Pacific peoples of New Zealand and the arts of the diverse cultures of New Zealand
- + determine the level of funding that should be available for allocation by each arts board
- + deliver funding in accordance with the allocation decisions of the arts boards
- + formulate policies for the directions of the arts boards
- + ensure that the arts boards encourage, promote and support professional and community arts
- + uphold and promote the rights of artists and the rights of persons to freedom in the practice of the arts
- + maintain relationships with other agencies and organisations
- + give advice to the Minister on any matter relating to or affecting the function of the Council.

The general functions of the arts boards reflect those of the Arts Council in that they are required to encourage, promote and support the arts, recognise the role of Māori as tāngata whenua and promote the development of a New Zealand identity in the arts.

The specific functions of the arts boards are to:

- + allocate funding for the arts, including those of the Pacific peoples and the diverse cultures of New Zealand (the Arts Board and the Pacific Arts Committee)
- + allocate funding for Māori arts (Te Waka Toi)
- + allocate available funding to arts projects for professional and community arts
- + establish peer assessment mechanisms and guidelines for the allocation of funding
- + set guidelines relating to designated community arts providers
- + ratify and monitor funding decisions.

In achieving its legislative mandate, Creative New Zealand is required to recognise and uphold the following **principles** (section 5[d]):

- + **participation**, by supporting initiatives that encourage participation in the arts
- + **access**, by supporting the availability of projects of merit to communities or sections of the population that would otherwise not have access to them
- + **excellence and innovation**, by supporting activities of artistic and cultural significance that develop the creative potential of artists and art forms
- + **professionalism**, by maintaining and developing a professional arts infrastructure, both at national and community levels
- + **advocacy**, by promoting New Zealand's arts and artists locally, nationally and internationally.

ACTIVITIES

In order to achieve the functions outlined above and the outcomes, priorities and objectives set out in the *Strategic Plan 2007–2010*, Creative New Zealand undertakes a wide range of activities and works in partnership with the arts sector, central and local government and the private sector.

Creative New Zealand received \$45,037,000 (excluding GST) from the Government, the New Zealand Lottery Grants Board and other revenue. Revenue from The New Lottery Grants Board included one-off funding of \$5.620 million in 2007/08. In 2007/08 this funding supported the following activities:

ACTIVITY	DESCRIPTION	AMOUNT (\$)
Recurrently funded organisations¹	Supporting the development of sustainable infrastructure in the arts sector by funding selected organisations for an annual, two- or three-year programme of activity	15,271,570
Arts organisation development programme	Delivering a programme of capability-building initiatives aimed at increasing the skills of arts organisations and practitioners, including arts leadership	394,933
Audience and market development	Encouraging and supporting opportunities that develop audiences and markets for New Zealand arts	987,000
Contestable funding²	Supporting projects that focus on the development of New Zealand arts, artists, arts organisations and practitioners, including: + Toi Ake – supporting the preservation and development of mahi toi for hapū/iwi + Tohunga Tukunga Mentoring Programme – supporting tohunga to share their knowledge and skills with senior Māori artists	9,152,193
Special opportunities for artists and practitioners	Supporting residencies, fellowships and awards that provide selected artists with opportunities that are unavailable through contestable funding	659,367
Creative Communities Scheme	Supporting participation in the arts at a local level and the range and diversity of arts available to communities. Creative Communities Scheme funding is devolved to the 73 territorial authorities to distribute in their local community	2,651,238
International projects	Supporting New Zealand arts to achieve international success, including opportunities that develop audiences and markets internationally	420,515
toi iho™	A registered trademark denoting authenticity and quality for Māori arts and crafts	238,650
New Zealand Authors' Fund³	This fund compensates New Zealand authors for loss of income through holdings of their books in New Zealand libraries	1,513,573

In addition, operating costs totalled \$7,588,000 and \$620,320 was paid in governance and assessment fees.

1 Excludes arts organisation development programmes and audience and market development programmes.

2 Includes the Screen Innovation Production Fund.

3 In the May 2008 Budget, the Government signalled its intention to develop stand-alone legislation for the New Zealand Author's Fund and to transfer responsibility for the scheme to a government department. The Public Lending Right for New Zealand Authors Act 2008 was passed in September 2008 and comes into force on 1 January 2009.

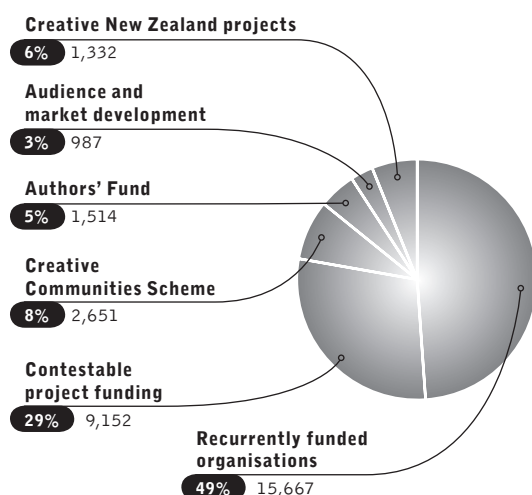
Overview

Tirohanga whānui

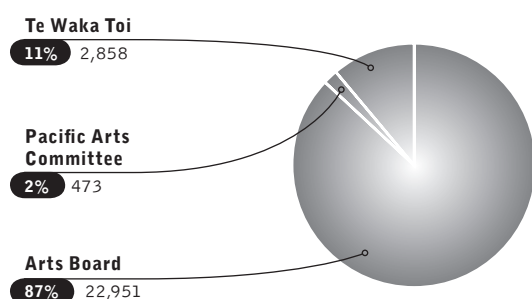


Creative New Zealand invested **\$31,289,037** in artists and arts organisations nationally in 2007/08 through grants and initiatives, compared to \$29,516,000 in the previous year (excluding GST). This included support for the creation of new works, the presentation of new works, touring, publishing, capability development and initiatives to grow and understand audience and market development.

EXPENDITURE ON GRANTS AND INITIATIVES THROUGH MAJOR FUNDING MECHANISMS IN 2007/08 (\$000 EXCL. GST)⁴:



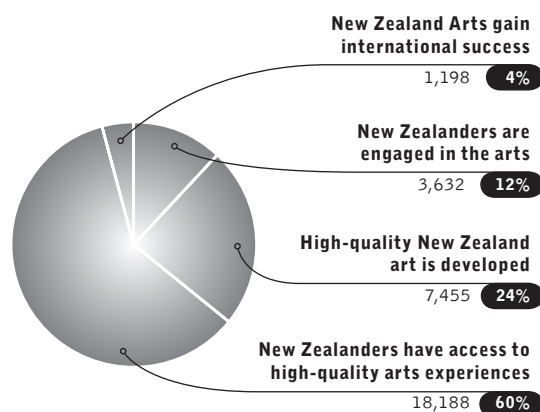
EXPENDITURE ON GRANTS AND INITIATIVES (EXCLUDING NEW ZEALAND AUTHORS' FUND) BY FUNDING BOARD IN 2007/08 (\$000 EXCL. GST)⁵:



In the *Strategic Plan 2007–2010*, Creative New Zealand presented four strategic priorities that collectively represent a healthy arts landscape. We are committed to making an impact in the four areas of:

- + New Zealanders are engaged in the arts
- + high-quality New Zealand art is developed
- + New Zealanders have access to high-quality arts experiences
- + New Zealand arts gain international success.

EXPENDITURE ON GRANTS AND INITIATIVES (EXCLUDING NEW ZEALAND AUTHORS' FUND) BY STRATEGIC PRIORITY IN 2007/08 (\$000 EXCL. GST)⁶:

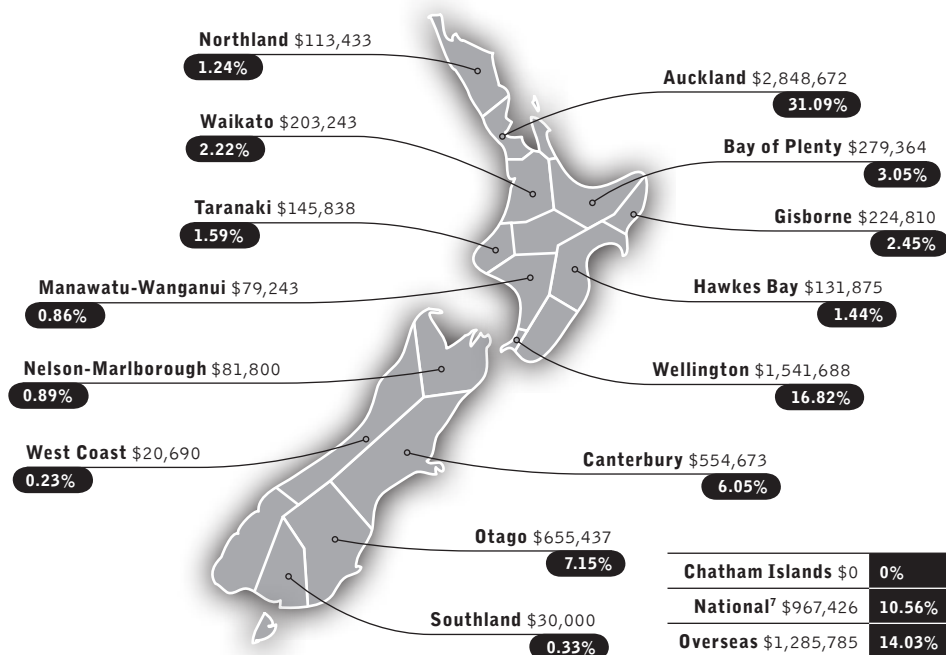


The \$9,152,193 investment in **contestable funding** enabled the creation of 91 new artistic works and the presentation of 145 new artistic works.

4 Recurrent funding includes arts organisation development programmes in 2007/08.
5 Excludes additional funding distributed through the Arts Council in 2007/08.

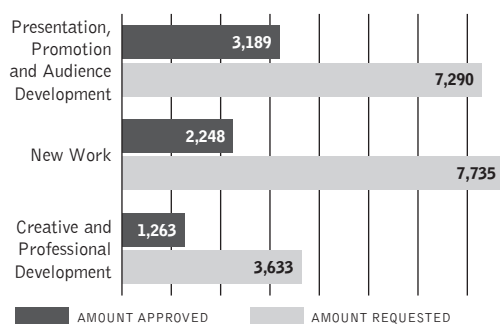
6 New Zealand arts gain international success does not include contestable project funding or recurrent funding.

EXPENDITURE ON CONTESTABLE PROJECT FUNDING BY REGION IN 2007/08:



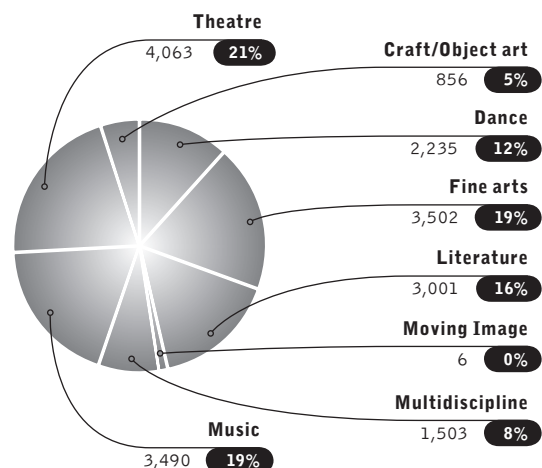
7 National projects have an impact on at least three regions and includes major touring projects.

EXPENDITURE ON CONTESTABLE PROJECT FUNDING ACROSS PROGRAMMES AND ARTFORM BY THE ARTS BOARD IN 2007/08 (\$000 EXCL. GST)⁸:



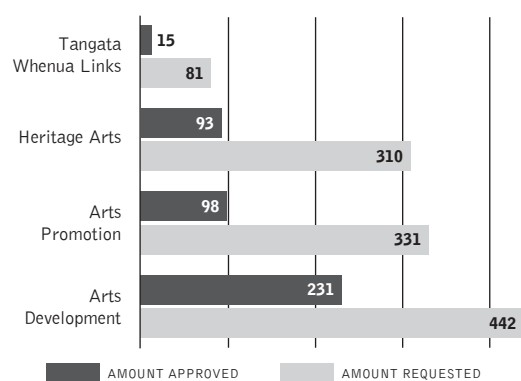
8 Graphs do not include funding allocated by boards in the 2007/08 period that is not picked up by the successful applicant or funding that is picked up and returned at a later date.

ARTS BOARD FUNDING BY ARTFORM 2007/08 (\$000 EXCL. GST):

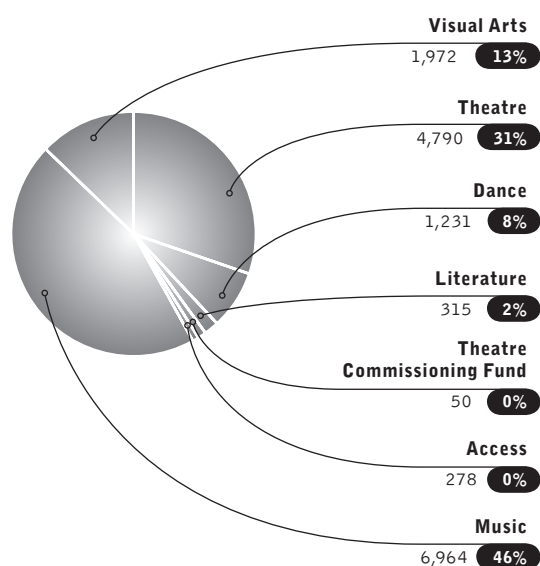


The Arts Board also supported 35 productions totalling **\$600,000** through the **Screen Innovation Production Fund** in 2007/08. The fund is a partnership between Creative New Zealand and the New Zealand Film Commission.

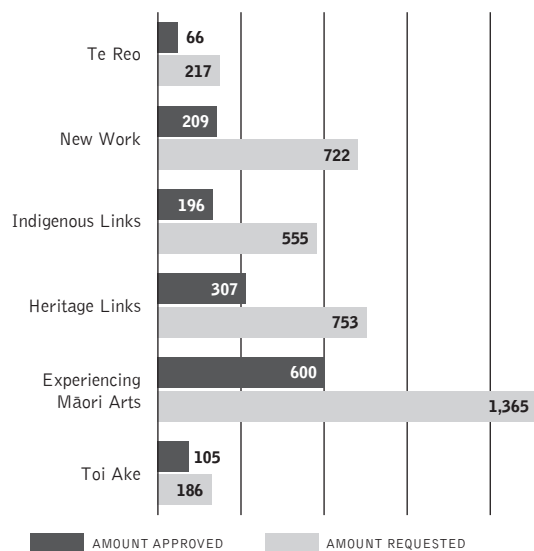
EXPENDITURE ON CONTESTABLE PROJECT FUNDING ACROSS PROGRAMMES BY THE PACIFIC ARTS COMMITTEE IN 2007/08 (\$000 EXCL. GST):



THIRTY-SIX RECURRENTLY FUNDED PROFESSIONAL ARTS ORGANISATIONS WERE FUNDED TO A TOTAL OF \$15,271,570 IN 2007/08 (\$000 EXCL. GST)⁹:



EXPENDITURE ON CONTESTABLE PROJECT FUNDING ACROSS PROGRAMMES BY TE WAKA TOI IN 2007/08 (\$000 EXCL. GST):



⁹ Includes a sum of \$325,000 to support Southern Opera although the organisation does not have recurrent funding status. 'Access' refers to Arts Access Aotearoa. Music includes opera.

Highlights and achievements

Ngā miramira me ngā whakatutukitanga



STRATEGIC PRIORITY ONE:

NEW ZEALANDERS ARE ENGAGED IN THE ARTS

This strategic priority aims to give New Zealanders the opportunity to participate in and have access to the arts for the benefit of their communities. It has particular focus on Māori, Pacific and diverse local communities, noting that Māori and Pacific art feature in each of the strategic priorities.

Three **recurrently funded organisations** have received funding from Te Waka Toi to produce programmes that facilitate the transmission of cultural traditions and artistry.

- + Four projects were delivered by Toi Māori Aotearoa from the *Heritage Arts* funding programme. The total investment for the projects was \$90,000. The projects included funding to Te Roopu Raranga Whatu o Aotearoa to hold its biennial gathering of the best Māori weavers in Te Kaha last year. More than 300 people attended. Toi Māori Aotearoa also funded Te Runanga Whakairo, who delivered several projects, with one exchange project to Vancouver. Shannon Wafer, an emerging carver, was selected for this residency.
- + Kahurangi Māori Dance Trust was funded to a total of \$35,000 to produce the te reo component of the *Te Whare Korero* stage production for tour.
- + Taki Rua Productions was funded to produce its te reo Māori season of *Kia Ngawari*. The production is presented to schools and marae around the country.

Six tōhunga have mentored 17 tukunga through the **Tōhunga Tukunga Mentoring Programme**. The programme has provided creative and professional development of tukunga, who demonstrated excellence and commitment to the arts, with the opportunity to work closely with tōhunga toi Māori as their mentor. Given the calibre of tōhunga, all tukunga talk of the

success of these relationships, the effect on their knowledge base, the major influence on their level of cultural understanding and engagement and the impact on their arts practice.

2,489 community arts projects were supported through the **Creative Communities Scheme** in 2007/08. Total funding of \$2,651,238 was allocated on a per capita basis to support community arts projects in both large and small communities throughout New Zealand. Projects supported aim to increase participation in the arts at a local level, increase the range and diversity of arts or enhance or strengthen the local arts sector.

Seventeen Te Waka Toi *Te Reo* and *Heritage Arts* projects were supported over two **contestable project funding**¹⁰ rounds in July 2007 and February 2008. This is compared to 21 projects supported in the 2006/07 period.¹¹ Total funding approved in 2007/08 was \$373,000.

Forty-two Pacific Arts Committee *Arts Development*, *Tangata Whenua Links* and *Heritage Arts* projects were supported. This is compared to 37 in the 2006/07 period. Total funding approved in 2007/08 was \$338,507.

Five *Toi Ake* projects were supported over two contestable funding rounds in July 2007 and February 2008. Total funding paid in 2007/08 was \$63,000.

A full list of projects supported under these programmes is available on the Creative New Zealand website www.creativenz.govt.nz.

July 2008 is the final round in which Creative New Zealand will allocate project funding through the above programmes. However, heritage arts and te reo will continue to be supported through the new funding system. Our strategies and the outcomes of research into the health of Māori and Pacific heritage arts will assist us to target our investment in these areas.

¹⁰ Figures do not include funding allocated by boards in the 2007/08 period that is not picked up by the successful applicant, or picked up and returned at a later date.

¹¹ Whilst the four priorities are new under the Strategic Plan 2007-2010, the contestable funding programmes remained the same and are comparable across years.

The *Health of Māori Heritage Arts* research to be undertaken in 2008/09 will examine key signifiers of heritage arts strength including te reo, and a similar project on Pacific heritage arts will commence in 2008/09.

STRATEGIC PRIORITY TWO:

HIGH QUALITY NEW ZEALAND ART IS DEVELOPED

This strategic priority will ensure that the best New Zealand artists have the opportunity to develop the quality of their work, reach their full potential and continually evolve their artforms.

Of the 36 **recurrently funded organisations**, several received funding to deliver wānanga, workshops, master classes and other creative and professional development. Examples include:

- + the Court Theatre in Christchurch has a comprehensive education programme providing training workshops for school-age people and adults, regularly liaising with high school and tertiary institutions, as well as other community groups
- + Footnote Dance Company presented Choreolab, which is the most significant professional development event for contemporary dance in the year, attracting dancers from New Zealand and overseas to work in an intensive series of workshops.

Creative New Zealand undertook a number of initiatives in 2007/08 under its **Arts Organisations Development Programme** to build the capability of professional arts workers and the capacity of arts organisations. These included a Senior Leadership Forum for arts leaders, governance and management workshops, marketing support, software consultations and training, and financial and business planning support.

Creative New Zealand supported six **awards** during 2007/08 to acknowledge the contributions made by artists, arts practitioners and supporters of the arts. Full details of the awards can be

found on the Creative New Zealand website www.creativenz.govt.nz

High-quality artists were also recognised through **residencies, scholarships and bursaries**.

Further information on these initiatives can be found on Creative New Zealand's website www.creativenz.govt.nz. Several special opportunities were put on hold for 2007/08 due to the review of special opportunities for artists and practitioners, which has now been completed.

Ninety-three Arts Board *Creative and Professional Development* projects were supported over two **contestable project funding** rounds in July 2007 and February 2008. This is compared to 95 in the 2006/07 period. Total funding approved in 2007/08 was \$1,237,553.

One hundred and twelve Arts Board *New Work* and Te Waka Toi *New Work* projects were supported in 2007/08 as in the 2006/07 period. Total funding approved in 2007/08 was \$2,475,080.

Ninety-one new artistic works were created and 145 presented with Creative New Zealand contestable project funding in 2007/08.

A full list of projects supported under these programmes is available on the Creative New Zealand website www.creativenz.govt.nz

Under this priority, we have also continued to explore how we can invest in the development of high quality, innovative and culturally diverse work. Following on from the *Asian Aucklanders and the Arts: Attitudes, attendance and participation in 2006* research, we progressed the development of the *Asian Aucklanders in the Arts Strategic Action Framework* in conjunction with Auckland City Council and the ASB Community Trust. The framework aims to engage Asian Aucklanders in the arts, including developing audiences.

STRATEGIC PRIORITY THREE:**NEW ZEALANDERS HAVE ACCESS TO HIGH QUALITY ARTS EXPERIENCES**

This strategic priority will give New Zealanders regular opportunities to access diverse, high quality arts experiences in identified centres. The distribution of Māori and Pacific art is seen as a critical component of this strategic priority.

New Zealanders in metropolitan centres have frequent opportunities to access high quality arts experiences that are not regularly available in provincial or rural New Zealand. With Creative New Zealand support in 2007,¹² professional arts organisations have enabled rural and provincial New Zealanders to experience diverse and quality art. Thirty-six **recurrently funded organisations** were supported for their programmes of activity over the 2007 calendar year, with funding totalling \$15,271,570.

There were approximately 615,000 attendances at performances or events across New Zealand by recurrently funded organisations in 2007.¹³

Further information on events and performances throughout New Zealand in 2007 can be found on the Creative New Zealand website www.creativenz.govt.nz.

In order to support professional arts organisations to deliver diverse arts experiences throughout New Zealand, Creative New Zealand undertook a number of initiatives in 2007/08. These include:

- + the inaugural **21st Century Arts Conference**, attended by 158 arts sector members from across New Zealand in June 2008. The event explored the challenges and opportunities towards becoming a 21st-century audience-focused organisation

- + development of a **distribution strategy** focusing on touring and digital distribution to be implemented by early 2009
- + introduction of the Arts Board **Reserves Incentive Scheme**, which aims to provide incentives to recurrently funded organisations to improve their financial position
- + the **Spotlight on Diversity** workshop and **Arts Ambassador** scheme, which supported the development of culturally diverse audiences
- + delivery of **capability and coaching programmes** and online tools for improving audience and market development.

One hundred and fifteen Arts Board *Presentation, Promotion and Audience Development* projects were supported over two **contestable project funding** rounds in July 2007 and February 2008. This is consistent with 118 supported in the 2006/07 period. Total funding approved in 2007/08 was \$3,161,453.

Thirty-three Te Waka Toi *Experiencing Māori Arts* projects were supported, compared to 29 projects supported in 2006/07. Total funding approved in 2007/08 was \$590,643.

Ten Pacific Arts Committee *Arts Promotion* projects were approved. This compares to 16 approved in the 2006/07 period. Total funding approved in 2007/08 was \$98,478.

A full list of projects supported under these programmes is available on the Creative New Zealand website www.creativenz.govt.nz.

STRATEGIC PRIORITY FOUR:**NEW ZEALAND ARTS GAIN INTERNATIONAL SUCCESS**

Through this priority, Creative New Zealand will position the best of New Zealand arts and artists within an international context and will work collaboratively with the key partners to have enduring impacts in target markets.

In early 2008, Creative New Zealand implemented the outcomes of a review of

12 Recurrently funded organisations are funded by calendar year.

13 This is the number of tickets sold at RFO events directly supported by Creative New Zealand, but it does not include attendances at events the organisations hire productions/performance out to or free concerts. It is estimated at least an additional 500,000 people attended free concerts by RFOs in 2007/08.

its Audience and Market Development and Communications functions. The outcome of this review has led to the creation of a new International team, who will focus on delivering the strategic priority *New Zealand arts gain international success*. Development of an **international strategy** for Creative New Zealand commenced in 2007/08, and the strategy, which will be completed and implemented in 2008/09, will focus on development and penetration of priority international markets.

In 2007/08, Creative New Zealand continued to provide national and international audiences with greater access to New Zealand arts, at the same time developing market opportunities for artists and arts organisations through a range of initiatives.

These include:

- + artists and practitioners were supported to attend international performing arts markets
- + there was identification of opportunities for greater collaboration with other agencies promoting New Zealand in overseas markets
- + international performing arts guests (producers, festival directors, and venue directors) from the United Kingdom, Canada, the Netherlands, Austria, Germany, Australia, the United States and France were hosted at the 2008 New Zealand International Arts Festival in February and March 2008.

Creative New Zealand also commenced planning for its official presence at the 53rd Venice Biennale, which runs from June to November 2009. The Venice Biennale is the world's oldest and most prestigious international forum for contemporary visual art. The 2009 event will mark the fourth time that Creative New Zealand has hosted a New Zealand presence at the Venice Biennale. For further information refer to the Creative New Zealand website www.nzartvenice.com. The decision to send two artists shows a strong commitment to the success of New Zealand visual arts overseas.

In 2007/08, Creative New Zealand completed planning to send an Aotearoa delegation of Māori and New Zealand-based Pacific artists to the 10th Festival of Pacific Arts, 2008. The Festival took place from 2 July to 2 August 2008 in Pago Pago, American Samoa.

The Festival provides the opportunity to showcase the customary and traditional art forms of Māori and New Zealand-based Pacific artists on the international stage. Creative New Zealand's participation in the Festival can be aligned to several of the four priorities with the *Strategic Plan 2007–2010*, although it is specifically relevant to the fourth strategic priority, *New Zealand arts gain international success*.

Further information on the Festival is available on the Creative New Zealand website www.creativenz.govt.nz.

Eight Te Waka Toi *Indigenous Links* projects were supported over two **contestable project funding** rounds in July 2007 and February 2008, consistent with seven in the 2006/07 period. Total funding approved in 2007/08 was \$196,361.

Arts Board *Presentation, Promotion and Audience Development* programme projects, under strategic priority three on page 23, also contribute to this priority by supporting the presentation and promotion of work by New Zealand practitioners in international markets and by developing audiences and markets for New Zealand work.

A full list of projects supported under these programmes is available on the Creative New Zealand website www.creativenz.govt.nz.

Non-financial Performance:

Statement of Service Performance



The *Statement of Intent 2007–2010* set out the specific priorities and objectives Creative New Zealand sought to achieve in 2007/2008.

Whilst most strategies and actions have been achieved, it is difficult to assess the impact of Creative New Zealand's work. Most outcomes are realised through the individuals and organisations that receive funding, and Creative New Zealand is often one of a number of investors.

However, as evident in the following tables, Creative New Zealand project funding, recurrent funding, special opportunities, capability building and international activities contributed to the achievement of our priorities and objectives in 2007/08.

STRATEGIC PRIORITY**NEW ZEALANDERS ARE ENGAGED IN THE ARTS**

This strategic priority will give New Zealanders the opportunity to participate in, and have access to, the arts for the benefit of their communities. It has a particular focus on Māori, Pacific and diverse local communities, with Māori and Pacific art featuring in each of the strategic priorities.

KEY OBJECTIVE:**Strong Māori arts**

We will invest in Māori communities, strengthening and building cultural identity through the arts.

STRATEGY/ACTION	OUTCOME	KEY EVIDENCE	MEASURING PERFORMANCE 2007/2008
<p>We will invest in the development and implementation of arts management plans with key identified hāpu to enhance arts management skill bases.</p> <p>We will invest in opportunities that increase the access to Māori art that is essential to strengthening cultural identity of Māori communities.</p>	The pātaka of knowledge and iwi cultural identity are strengthened.	Specified objectives as identified in individual iwi management plans are met.	<p>Partially achieved:</p> <p>Twelve Toi Ake projects were in progress during 2007/2008. Eight projects are expected to be acquitted by the end of 2008.</p>
<p>Programmes will be established, provided and supported to facilitate the transmission of cultural traditions and artistry through interventions, including:</p> <ul style="list-style-type: none"> + Toi Ake + Tōhunga Tukunga + project funding + recurrently funded organisations + residencies + fellowships. 		<p>Opportunities are identified, prioritised and funded.</p>	<p>Achieved:</p> <p>Te Waka Toi funded 13 Heritage Arts projects and four Te Reo projects through two contestable project funding rounds in July 2007 and February 2008.</p> <p>Recurrently funded organisations (RFOs) Toi Māori Aotearoa, Kahurangi Māori Dance Trust and Taki Rua Productions were supported.</p>
		<p>Review of project funding is completed and new funding programmes are developed.</p>	<p>Achieved:</p> <p>The Review of Project Funding and Special Opportunities for Artists and Practitioners (the Review) was completed.</p> <p>A new contestable funding system will operate from February 2009, incorporating new funding pathways (programmes).</p> <p>The objective <i>strong Māori arts</i> is a funding priority for the four new contestable funding pathways.</p>
		<p>Selected high quality artists are recognised.</p>	<p>Achieved:</p> <p>Te Waka Toi offered two residencies in 2007/2008.</p> <p>Six tōhunga have mentored 17 tukunga through the Tōhunga Tukunga Mentoring Programme.</p> <p>Refer to Toi Ake under "Specified objectives as identified in individual iwi management plans are met" above.</p> <p>Refer also to Ngā Taonga Toi a Te Waka Toi – Te Waka Toi Awards under "Strategic priority two".</p>

KEY OBJECTIVE:

Strong Pacific arts

We will invest in New Zealand Pacific communities, strengthening and building cultural identity through the arts.

STRATEGY/ACTION	OUTCOME	KEY EVIDENCE	MEASURING PERFORMANCE 2007/2008
<p>We will invest in key interventions to identify and facilitate the retention of key customary artistic practices, including:</p> <ul style="list-style-type: none"> + project funding + residencies + fellowships. <p>We will invest in opportunities that facilitate the retention and transmission of customary artistic practices.</p>	<p>Knowledge and practice of identified customary artistic practices are maintained and strengthened.</p>	<p>Opportunities are identified, prioritised and funded.</p>	<p>Achieved:</p> <p>The Pacific Arts Committee funded twelve Heritage Arts projects and two Tāngata Whenua Links projects through two contestable project funding rounds.</p> <p>Creative New Zealand's Pasifika Artists Fono: <i>Vaka Pasifika: An Exploration into Heritage Arts</i>, held on 15 March 2008.</p> <p>RF0s Tautai Contemporary Pacific Arts Trust and Black Grace Trust were supported.</p>
		<p>Review of project funding is completed and new funding programmes are designed.</p>	<p>Achieved:</p> <p>The objective <i>strong Pacific arts</i> will be a funding priority for the four new contestable funding pathways developed as a result of the review.</p>
		<p>Selected high quality artists are recognised.</p>	<p>Achieved:</p> <p>The Pacific Arts Committee offered one residency in 2007/2008. Refer also to Arts Pasifika Awards under "Strategic priority two".</p>
<p>We will invest in opportunities that facilitate the development of new forms of Pacific expression, including:</p> <ul style="list-style-type: none"> + project funding + recurrently funded organisations + residencies + fellowships. 	<p>The development of new forms of Pacific expression is supported to enhance Pacific identity in New Zealand.</p>	<p>Opportunities are identified, prioritised and funded.</p>	<p>Achieved:</p> <p>The Pacific Arts Committee funded twenty-eight Pacific Arts Development projects through two contestable project funding rounds.</p> <p>RF0s Tautai Contemporary Pacific Arts Trust and Black Grace Trust were supported.</p>
		<p>Review of project funding is completed and new funding programmes are designed.</p>	<p>Achieved:</p> <p>The objective strong Pacific arts will be a funding priority for the four new contestable funding pathways developed as a result of the review.</p>
		<p>Selected high quality artists are recognised.</p>	<p>Achieved:</p> <p>The Pacific Arts Committee offered one residency in 2007/2008. Refer also to Arts Pasifika Awards under "Strategic priority two".</p>

KEY OBJECTIVE:

Community arts participation

We will invest in diverse, local and ethnic communities to participate in and develop their art.

STRATEGY/ACTION	OUTCOME	KEY EVIDENCE	MEASURING PERFORMANCE 2007/2008
We will invest in the development of a programme that benefits New Zealanders in each of the territorial local authorities. A pilot programme will run with selected territorial local authorities to develop their arts strategies.	Quality of community life is enhanced through the arts.	Programme of arts funding is successfully devolved to territorial local authorities.	Achieved: Contracts with 73 territorial local authorities established to deliver the Creative Communities Scheme. 2,489 projects were supported through the scheme in 2007/2008.
		Impacts and outcomes from pilot programme are measured and evaluated.	Achieved: An evaluation report, <i>Creative Communities Scheme Pilot: Research and Analysis</i> , was completed in July 2007. The first 10 months showed 79% of funded projects were delivered to the pilot criteria of "accessing opportunities for people to actively participate in the arts".
We will explore the extent of intercultural engagement through the Creative Communities Scheme.	Greater understanding of the impact of the Creative Communities Scheme on ethnic communities.	Identified opportunities and planned actions for 2008/2009.	Achieved: The review of the Creative Communities Scheme commenced in June 2008 and will continue work initiated by the pilot programme to provide a greater understanding of the impact of the Creative Communities Scheme on ethnic communities. The review will be completed in 2008/2009.
We will identify opportunities to facilitate and invest in artist-led projects in communities that increase development of and participation in the arts at a community level.	Community arts that deliver a public benefit are developed to a high standard.	Opportunities are identified, prioritised and funded.	Achieved: The Regional Strengths Maurangi Toi programme, which supports arts and cultural projects led by regional partnerships, and is jointly funded by Creative New Zealand and the Ministry for Social Development, funded five organisations to undertake an approved programme of activity in 2007/08. Projects funded and reported under strategic priorities two and three through the Creative and Professional Development and Presentation, Promotion and Audience Development programmes also contribute to the development of and participation in the arts at a community level. Six Creative Places (Local Government) awards were presented.
		Review of project funding is completed and new funding programmes are designed.	Achieved: The objective <i>community arts participation</i> will be a funding priority for the four new contestable funding pathways developed as a result of the review.

STRATEGIC PRIORITY

HIGH QUALITY NEW ZEALAND ART IS DEVELOPED

This strategic priority will ensure that the best New Zealand artists have the opportunity to develop the quality of their work, reach their full potential and continually evolve their artforms.

KEY OBJECTIVE:

Innovative and quality artists

We will invest in dynamic New Zealand artists, practitioners and organisations, acknowledged for innovation and quality.

STRATEGY/ACTION	OUTCOME	KEY EVIDENCE	MEASURING PERFORMANCE 2007/2008
We will invest in artists, practitioners and organisations engaged in innovative, excellent and challenging research, artistic development and critical discourse. This investment will take place in a variety of ways, including through: <ul style="list-style-type: none">+ project funding+ recurrently funded organisations+ residencies+ fellowships+ awards.	Investments are made in well-developed, conceptually strong proposals that progress the understanding and practice of the arts.	Opportunities are identified, prioritised and funded.	Achieved: Ninety-four Arts Board Creative and Professional Development programme projects were funded through two contestable project funding rounds. There was recurrent funding of 36 professional arts organisations.
		Review of project funding is completed and new funding programmes are designed.	Achieved: The objective <i>innovative and quality artists</i> will be a funding priority for the four new contestable funding pathways developed as a result of the review.
		Selected high quality artists are recognised.	Achieved: Three Prime Minister's Awards for Literary Achievement were awarded in September 2007. Seven awards and three scholarships were presented at the Ngā Taonga Toi a Te Waka Toi – Te Waka Toi Awards in August 2007. Six Arts Pasifika Awards were presented in November 2007. Ten special opportunities (residencies, scholarships and busarries) were offered to artists.
We will undertake targeted investments to develop new, high quality New Zealand work. Investment approaches will include: <ul style="list-style-type: none">+ project funding+ toi iho™+ residencies+ fellowships+ recurrently funded projects and organisations+ longer-term investment.		New works are available from New Zealand artists, practitioners and organisations.	Achieved: Ninety-nine Arts Board New Work projects were funded through two contestable project funding rounds. Seventeen toi iho™ licences were granted and one new stockist approved. This brings the total number of artists with toi iho™ licenses to 225 and the number of stockists to 14. The monitoring of the economic benefits to artists is an ongoing process and will be a major focus within the next year. Ten special opportunities (residencies, scholarships and busarries) were offered to artists. There was recurrent funding of 36 professional arts organisations.
We will facilitate the identification, development and distribution of best-practice models, approaches, and new ways of working to inform artists, practitioners and organisations.	Improved uptake of best practice models.	New ways of working and best practice are identified.	Achieved: The <i>fuel4arts</i> website (www.fuel4arts.co.nz) provides best-practice information from a number of agencies, both in New Zealand and internationally. From July 2007 to June 2008, seven case studies were published on <i>fuel4arts</i> .

KEY OBJECTIVE:

Producing innovative work

We will invest in quality new art that commands attention nationally and internationally.

STRATEGY/ACTION	OUTCOME	KEY EVIDENCE	MEASURING PERFORMANCE 2007/2008
We will identify and invest in the development of the highest quality, most innovative, challenging and culturally diverse work through a range of mechanisms, including:	There is culturally diverse, innovative, challenging and excellent new work available for New Zealand audiences by New Zealand artists.	A framework is developed for producing work for particular culturally diverse audiences.	Achieved: Creative New Zealand is working in partnership with Auckland City Council and ASB Community Trust to develop a five-year strategic action framework for engaging Asian Aucklanders in the arts, including developing audiences. The framework provides the basis for Creative New Zealand to develop initiatives and projects through the period 2008–2012.
+ project funding + recurrently funded organisations + residencies + fellowships.	A proportion of this new work will receive international recognition.	Creative New Zealand-supported work receives critical acclaim nationally and internationally.	Achieved: Pacific Contemporary dance company Black Grace Trust toured North America (March and April 2008). Theatre production <i>Vula</i> was staged at the Barbican, London (April and May 2008). Rangi Kipa, the 2006 Creative New Zealand Craft/Object Art Fellowship recipient, participated at the inaugural exhibition of the Museum of Contemporary Art, Denver (October 2007 to February 2008).

KEY OBJECTIVE:

Developing potential

We will invest in and support quality New Zealand artists, practitioners and organisations to reach their potential.

STRATEGY/ACTION	OUTCOME	KEY EVIDENCE	MEASURING PERFORMANCE 2007/2008
We will support critical discourse, exchange and systematic engagement in concepts, values and ideas as part of the development of artform practice.	Artforms evolve and artists learn and develop their skills.	Creative New Zealand's investment aids the development of artform practice and artists' learning.	Achieved: Thirty-six professional arts organisations received recurrent funding to support the development of artform practice and artists' learning.
Tailored solutions that develop the skills and capability of identified high-potential artists, practitioners and organisations will be developed.	Practitioners' skills attain higher standards and their contribution to artform development increases.	New development programmes are identified and available by June 2008.	Achieved: Seven governance workshops and three management workshops were completed by 215 participants, with a satisfaction rating of 100%. Two leadership workshops were completed by 23 sector participants, with a satisfaction rating of 100%.
We will develop the artistic potential of young people by supporting key national and regional events and organisations that enhance the development of young people at the early stages of their careers.	Young people progress to higher levels of achievement in their artistic development.	Key events that are acknowledged for their impact on developing the potential of young artists are identified and supported.	Achieved: Key youth-focused projects were funded under strategic priorities two, three and four through the Creative and Professional Development and Presentation, Promotion and Audience Development programmes.

STRATEGIC PRIORITY

NEW ZEALANDERS HAVE ACCESS TO HIGH QUALITY ARTS EXPERIENCES

This strategic priority will give New Zealanders regular opportunities to access diverse, high quality arts experiences in identified centres.

KEY OBJECTIVE:

Delivery of the arts

We will invest in opportunities for New Zealanders to access quality arts experiences on a regular basis.

STRATEGY/ ACTION	OUTCOME	KEY EVIDENCE	MEASURING PERFORMANCE 2007/2008
<p>We will invest in providers who deliver high quality arts experiences for New Zealanders in the metropolitan centres of Auckland, Wellington, Christchurch and Dunedin. These opportunities will include:</p> <ul style="list-style-type: none">+ facilitating the touring of work+ investing in key providers to deliver quality arts experiences locally and regionally. <p>We will invest in targeted opportunities that provide high quality arts experiences in up to four identified provincial centres.</p> <p>We will develop systems that enable organisations to better monitor audience numbers attending events.</p> <p>We will develop and implement a touring strategy.</p>	<p>These centres provide regular opportunities for New Zealanders to experience work that includes quality literature, theatre, opera, contemporary dance, art and music, visual art, craft object art, orchestral music and chamber music to a high standard.</p>	<p>Benchmark data is increasingly available, providing a basis for measuring progress towards improved access to high-quality arts experiences.</p> <p>A touring strategy that facilitates the touring of work to key identified metropolitan and provincial centres.</p>	<p>Achieved:</p> <p>RF0 audience participation numbers for 2007 were collated and will be used as a benchmark for measuring improvements in 2008/2009.</p> <p>RFOnline, a portal to enable RF0s to apply and report online, will go live in November 2008 with the capability to report audience attendance numbers.</p> <p>As part of the review, a monitoring and evaluation framework will be developed to enable Creative New Zealand to track key indicators such as audience numbers and access to arts experiences in the metropolitan and provincial centres.</p> <p>Partially achieved:</p> <p>Creative New Zealand commenced development of a distribution strategy, which will address issues impacting on touring and digital distribution across New Zealand.</p> <p>The strategy will be completed by December 2008, and implemented from February 2009 as part of the new contestable funding system.</p>
<p>We will identify priorities for the digital distribution of work to New Zealand audiences.</p>	<p>New Zealanders accessing high quality New Zealand work digitally.</p>	<p>Priorities identified and communicated.</p>	<p>Partially achieved:</p> <p>The distribution strategy (above) will identify priorities for digital distribution of work.</p> <p>When completed, the strategy will be published on the Creative New Zealand website and as a priority for applications under the new contestable funding system to be implemented in February 2009.</p>

KEY OBJECTIVE:

Audience development

We will support the provision of opportunities for New Zealanders to experience high quality New Zealand work that is challenging, innovative and culturally diverse.

STRATEGY/ ACTION	OUTCOME	KEY EVIDENCE	MEASURING PERFORMANCE 2007/2008
We will invest in providers whose work is targeted at Asian, Māori or Pacific audiences.	The range of quality arts experiences available and accessed reflects New Zealand's diverse population.	Benchmark data on the cultural diversity of audiences will be established for targeted audiences.	<p>Partially achieved:</p> <p>A Spotlight on Diversity programme was developed to build culturally diverse audiences by engaging pan-Asian arts ambassadors. Twenty-nine ambassadors were recruited; 73% are of Asian descent and the majority are in their early to mid-20s.</p> <p>As part of the review, a monitoring and evaluation framework will be developed to enable Creative New Zealand to measure the impact of its investment over time and establish benchmark data on cultural diversity and audiences.</p> <p>Planning commenced to undertake a repeat of the 2005 research <i>New Zealanders and the Arts: Attitudes, attendance and participation in 2008</i>. This will include research into the attitudes, attendance and participation of Asian peoples.</p>

KEY OBJECTIVE:

Developing potential

We will invest in providers of quality arts experiences to broaden, deepen and diversify their audiences.

STRATEGY/ ACTION	OUTCOME	KEY EVIDENCE	MEASURING PERFORMANCE 2007/2008
We will invest in programmes for organisations and key providers to build their skills and understanding of market and audience development.	Decision-makers are better informed. Over time, organisations are able to broaden, deepen and diversify their audiences.	Material produced and made available impacts positively on market and audience development.	<p>Achieved:</p> <p>The inaugural 21st Century Arts Conference was attended by 158 chief executives, arts leaders and marketers in June 2008.</p> <p>Three organisations completed the Move on Up Audience Focus coaching programme.</p> <p>Vital Statistics, an online tool for analysing customer information drawn from box office systems, was deployed by seven organisations.</p> <p>Two RFOs have commenced a two-year Test Drive the Arts programme, an innovative arts marketing programme aimed at developing new audiences and reactivating past attenders.</p>

STRATEGIC PRIORITY

NEW ZEALAND ARTS GAIN INTERNATIONAL SUCCESS

Through this priority, Creative New Zealand will position the best of New Zealand arts and artists within an international context and will work collaboratively with key partners to have enduring impacts in target markets.

KEY OBJECTIVE:

New Zealand's distinctive voices heard overseas

We will invest in the distinct expressions of New Zealand's diverse arts and culture at key international events and markets.

STRATEGY/ ACTION	OUTCOME	KEY EVIDENCE	MEASURING PERFORMANCE 2007/2008
We will identify and develop initiatives that enable distinctive, high quality New Zealand artistic endeavours to be distributed, presented and toured internationally to targeted events and recognised as being artistically fresh and distinctive. Mechanisms used will include: <ul style="list-style-type: none">+ project funding+ recurrently funded organisations+ residencies+ fellowships.	New Zealand's distinctive arts are sought internationally.	Key international audiences appreciate the freshness and quality of New Zealand art.	Achieved: Indicative examples of Creative New Zealand-funded art and artists recognised on the international stage in this reporting period include: The Tower New Zealand Youth Choir (funded through Choirs Aotearoa New Zealand) travelled to Canada, Wales, England and Spain in July 2007 for competitions. They received two third placings in Wales and a first and second in Cantonigros in Spain. They also performed with Jonathan Lemalu at the New Zealand Memorial in Hyde Park. Three New Zealand digital artists, Stella Brennan, Terrance Hanscomb, and Lisa Reihana, were selected in April 2008 to exhibit at Foundation for Art and Creative Technology (FACT) in Liverpool as part of the Liverpool Biennale in September and November 2008. As a direct result of attending the Australian Performing Arts Market in Adelaide in 2008, performer Stephen Bain has secured a tour for <i>Baby Where are the Fine Things You Promised Me</i> to Singapore, Belgium and the Netherlands.
Artistic links between tāngata whenua and other first nations peoples will be further developed and promoted through project funding.	Intercultural learning impacts on artists, practitioners and artform practice.	Intercultural exchange impacts on cultural practice.	Achieved: Indicative examples of intercultural exchange supporting cultural practice in this reporting period include: Eight Indigenous Links projects were funded through two contestable project funding rounds. Dance company Black Grace Trust performed to sell-out houses at the Tjibaou Centre in New Caledonia in May 2008. Refer also to the evidence given against key objective <i>strong Pacific arts</i> under "Strategic priority one".

KEY OBJECTIVE:

Market development

We will invest in an arts sector that generates New Zealand artists making world-class work that delivers to targeted markets.

STRATEGY/ ACTION	OUTCOME	KEY EVIDENCE	MEASURING PERFORMANCE 2007/2008
Up to six priority international markets and events will be identified as a key focus for Creative New Zealand for the period 2007–2010. We will position New Zealand art, artists and practitioners in key target markets.	New Zealand artists, practitioners and arts are active and successful in the identified markets.	Priority international markets and events are identified.	Partially achieved: The development of an international strategy for Creative New Zealand commenced in 2007/08 and has identified key markets and priority events and relationships within each market. The strategy, which will be completed and implemented in 2008/2009, will focus on development and penetration of priority international markets.
Approaches and mechanisms will be developed so that New Zealand and New Zealand work can be better positioned and delivered into these markets. We will focus work aimed at these markets and identify criteria for market development.		Opportunities are identified, prioritised and funded.	Achieved: Twenty independent theatre producers attended the Australian Performing Arts Market (APAM) in Adelaide in February 2008 and met with over 100 international presenters. <i>Strange Resting Places</i> (Taki Rua), <i>Vula</i> (The Conch), <i>Instructions for Modern Living</i> (Instant Happiness Ltd) and <i>Baby Where are the Fine Things You Promised Me</i> (Winning Productions) secured further engagements after attending APAM. Auckland gallery <i>Starkwhite</i> received funding in April 2008 to present two artists at a key international contemporary visual arts event, <i>Art Basel</i> , in Switzerland in June 2008. Creative New Zealand announced in June 2008 it will send two artists to the 2009 Venice Biennale. Planning will continue over 2008/2009, with the event occurring in June 2009. Attendances at all international events in 2007/2008, including recommendations for market development, are being evaluated, and results will inform the international strategy development. Projects funded and reported under strategic priorities two, three and four through the Creative and Professional Development and Presentation, Promotion and Audience Development programmes also contribute to the delivery of New Zealand work into target markets.
		New Zealand work is delivered into these markets and increased market penetration occurs.	Partially achieved: Market penetration is increasing in Australia. Offers of engagement and/or performances in 2007/2008 include: Two artists were selected in 2007 to attend the Pasifika Festival in Brisbane in August 2008. Artists and curators attended the Sydney Biennale in June 2008. New Zealand music was played by the Tasmanian Symphony Orchestra in June 2008. Two artists went to the Dreaming Festival in Brisbane in June 2008. Four artists/companies have been invited since APAM in February 2008 to the 10 Days on the Island Festival in Tasmania in March and April 2009. The international strategy will identify criteria for market penetration for further key markets.
		A presence at targeted offshore markets to showcase selected work and build networks and relationships.	Achieved: Refer to evidence under "Opportunities are identified, prioritised and funded" above.

STRATEGY/ ACTION	OUTCOME	KEY EVIDENCE	MEASURING PERFORMANCE 2007/2008
Benchmark data will be developed so that progress in accessing and achieving success in target markets can be measured.	Strong evidence, supported by credible data, of New Zealand's success in targeted markets.	Benchmark data is gathered and measures are in place.	Partially achieved: The Creative New Zealand international strategy, development of which commenced in 2007/2008, will be implemented in 2008/2009 and will include benchmarks for international success. Implementation of the new contestable funding system in February 2009 will include development of a monitoring and evaluation framework. This aims to establish benchmark data to provide strong evidence of New Zealand's success in targeted markets.
		The results from targeted market interventions are identified.	Partially achieved: An evaluation of attendance at all international events, including recommendations for market development, has begun, and this will inform the development of the international strategy.

KEY OBJECTIVE:

Developing potential

We will invest in New Zealand artists, practitioners and organisations to build their capacity, profile, relationships and work in order to have enduring overseas success.

STRATEGY/ ACTION	OUTCOME	KEY EVIDENCE	MEASURING PERFORMANCE 2007/2008
We will deliver targeted programmes that develop the skills and capability of identified high-potential artists, practitioners and organisations to engage with confidence in identified international markets and events. These programmes will include: + project funding + mentoring + capability building + incubators.	Artists, practitioners and organisations attain higher standards and their contribution to artform development increases.	An increase is achieved in the skills and capability of identified high-potential artists, practitioners and arts organisations who go through the programmes.	Achieved: Projects funded and reported under strategic priorities two, three and four through the Creative and Professional Development and Presentation, Promotion and Audience Development programmes also contribute to the delivery of New Zealand work into target markets. There were panel discussions, meetings and forums for New Zealand performing artists and dance and theatre practitioners to meet with, and learn from, international guests at the 2008 New Zealand International Arts Festival and New Zealand Post Writers and Readers Week in February and March 2008. This has resulted in author Duncan Sarkies obtaining a publisher for his new book <i>Two Little Boys</i> in the United Kingdom. One organisation, Michael Lett Gallery, was enrolled in the Incubator Programme pilot. Refer also to "Developing potential" under "Strategic priority three" for evidence.
We will invest in the development of networks, platforms and people that contribute to and deliver enduring international success for New Zealand work. We will identify and invest in key organisations that develop potential.	Networks and platforms are firmly established and provide strong support to arts providers in the delivery of excellent work in targeted offshore markets.	The early-stage development of platforms to support international activity will be commenced through the establishment of excellent work in targeted offshore markets.	Achieved: Relationships have been established with the Australia Council for the Arts. Contact has been established with leading venues, presenters and key influencers in Sydney to discuss the regular presentation of New Zealand work. Fourteen international performing arts guests (producers, festival directors and venue directors) from the United Kingdom, Canada, the Netherlands, Austria, Germany, Australia, the United States and France were hosted at the 2008 New Zealand International Arts Festival in February and March 2008. Three international literary guests were hosted at the New Zealand Post Writers and Readers Week in March 2008.
		Key organisations are identified and supported.	Achieved: There was recurrent funding of key professional arts organisations and festivals, including the 2008 New Zealand International Arts Festival and New Zealand Post Readers and Writers Week, New Zealand Book Council, Black Grace Trust, Taki Rua Productions, the New Zealand String Quartet, and Toi Māori Aotearoa. Projects funded and reported under Strategic priorities two, three and four through the Creative and Professional Development and Presentation, Promotion and Audience Development programmes also contribute to the delivery of New Zealand work into target markets.

Financial Performance: Audit Report



TO THE READERS OF THE ARTS COUNCIL OF NEW ZEALAND TOI AOTEAROA'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2008

The Auditor-General is the auditor of the Arts Council of New Zealand Toi Aotearoa. The Auditor-General has appointed me, Robert Manktelow, using the staff and resources of Audit New Zealand, to carry out the audit on his behalf. The audit covers the financial statements and statement of service performance included in the annual report of the Arts Council of New Zealand Toi Aotearoa for the year ended 30 June 2008.

UNQUALIFIED OPINION

In our opinion:

- + The financial statements of the Arts Council of New Zealand Toi Aotearoa on pages 40 to 72:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Arts Council of New Zealand Toi Aotearoa's financial position as at 30 June 2008; and
 - the results of its operations and cash flows for the year ended on that date.
- + The statement of service performance of the Arts Council of New Zealand Toi Aotearoa on pages 26 to 36:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 29 October 2008, and is the date at which our opinion is expressed.

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

BASIS OF OPINION

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- + determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- + verifying samples of transactions and account balances;
- + performing analyses to identify anomalies in the reported data;
- + reviewing significant estimates and judgements made by the Council;
- + confirming year-end balances;
- + determining whether accounting policies are appropriate and consistently applied; and
- + determining whether all financial statement and statement of service performance disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We evaluated the overall adequacy of the presentation of information in the financial statements and statement of service performance. We obtained all the information and explanations we required to support our opinion above.

RESPONSIBILITIES OF THE COUNCIL AND THE AUDITOR

The Council is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the Arts Council of New Zealand Toi Aotearoa as at 30 June 2008 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the Arts Council of New Zealand Toi Aotearoa's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Council's responsibilities arise from the Crown Entities Act 2004.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Crown Entities Act 2004.

INDEPENDENCE

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Arts Council of New Zealand Toi Aotearoa.



ROBERT MANKTELOW
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2008

The Council of Creative New Zealand accepts responsibility for the preparation of the financial statements and the judgements used in them.

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

In the opinion of the Council of Creative New Zealand, the annual financial statements for the year ended 30 June 2008 fairly reflect the financial position and operations of Creative New Zealand.



ALASTAIR CARRUTHERS
Chair, Arts Council
29 October 2008



ALICK SHAW
Deputy Chair, Arts Council
29 October 2008

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2008

BUDGET 2008 \$000		NOTE	ACTUAL 2008 \$000	ACTUAL 2007 \$000
INCOME				
15,452	Crown revenue	2	15,452	15,452
27,745	New Zealand Lottery Grants Board		27,745	21,310
228	Revenue from other government agencies		50	375
350	New Zealand Film Commission		350	350
10	The Todd Trust		10	10
1,071	Interest received		1,284	769
64	Other revenue	3	67	57
300	Grant Retirements and Gains	4	79	259
45,220	TOTAL INCOME		45,037	38,582
EXPENDITURE				
31,723	Grants and initiatives	9	31,289	30,674
4,260	Personnel	5	4,135	3,845
238	Depreciation and Amortisation	6	209	220
284	Council and board fees	7	279	257
4,042	Other operating expenses	8	3,583	3,271
40,547	TOTAL OPERATING EXPENDITURE	9	39,495	38,267
4,673	NET OPERATING SURPLUS		5,542	315

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

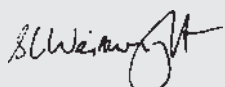
BUDGET 2008 \$000		NOTE	ACTUAL 2008 \$000	ACTUAL 2007 \$000
4,673	Net operating surplus for the year		5,542	315
–	Increase in revaluation reserves	10	–	952
–	Correction of error in accumulated funds	21.1(c)	–	(215)
	TOTAL RECOGNISED			
4,673	REVENUE AND EXPENSES		5,542	1,052
–	Capital contribution		–	–
7,857	PUBLIC EQUITY AS AT 1 JULY 2007	21	7,632	6,580
12,530	PUBLIC EQUITY AS AT 30 JUNE 2008	10	13,174	7,632

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2008

BUDGET 2008 \$000		NOTE	ACTUAL 2008 \$000	ACTUAL 2007 \$000
PUBLIC EQUITY				
5,339	Revaluation reserves	10	5,247	5,247
7,191	Accumulated funds	10	7,927	2,385
–	Capital contribution	10	–	–
12,530	TOTAL PUBLIC EQUITY		13,174	7,632
Represented by:				
ASSETS				
CURRENT ASSETS				
16,717	Cash and cash equivalents	11	18,410	13,065
194	Debtors and other receivables		50	77
–	Prepayments		80	116
16,911	Total current assets		18,540	13,258
NON-CURRENT ASSETS				
6,450	Property, plant and equipment	12	5,359	5,418
2,260	Works of art	13	2,260	2,260
–	Investment property	14	544	544
–	Intangible assets	15	524	361
8,710	Total non-current assets		8,687	8,583
25,621	TOTAL ASSETS		27,227	21,841
LIABILITIES				
CURRENT LIABILITIES				
3,034	Creditors and other payables	16	2,482	3,107
–	Provisions		–	–
235	Employee entitlements	18	253	235
9,822	Grants committed		11,318	10,867
13,091	Total current liabilities		14,053	14,209
NON-CURRENT LIABILITIES				
–	Employee entitlements		–	–
–	Total non-current liabilities		–	–
13,091	TOTAL LIABILITIES		14,053	14,209
12,530	NET ASSETS		13,174	7,632



Stephen Wainwright
Chief Executive
29 October 2008



Alastair Carruthers
Chair, Arts Council
29 October 2008

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2008

BUDGET 2008 \$000		ACTUAL 2008 \$000	ACTUAL 2007 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
	Cash was provided from:		
15,452	Crown revenue	15,452	15,452
27,745	New Zealand Lottery Grants Board	27,745	21,310
652	Third-party revenue	479	792
–	Net Goods and Services Tax	47	114
1,071	Interest received	1,284	765
44,920		45,007	38,433
	Cash was applied to:		
4,275	Payments to employees	4,109	3,830
33,442	Payments of grants	30,757	29,383
3,199	Payments of operating expenses	4,478	3,466
40,916		39,344	36,679
4,004	NET CASH FLOWS FROM OPERATING ACTIVITIES	5,663	1,754
CASH FLOWS FROM INVESTING ACTIVITIES			
	Cash was provided from:		
–	Sale of fixed assets	5	3
	Cash was applied to:		
352	Purchase of fixed assets	323	587
(352)	NET CASH FLOWS FROM INVESTING ACTIVITIES	(318)	(584)
CASH FLOWS FROM FINANCING ACTIVITIES			
	Cash was provided from:		
–	Capital contribution	–	–
–	NET CASH FLOWS FROM FINANCING ACTIVITIES	–	–
3,652	NET INCREASE (DECREASE) IN CASH HELD	5,345	1,170
	Add opening cash brought forward:		
66	Cash	66	645
12,999	Short-term investments	12,999	11,250
16,717	BALANCE AT END OF YEAR	18,410	13,065
	Represented by:		
	Closing cash carried forward:		
32	Cash and bank	210	66
16,685	Short-term investments	18,200	12,999
16,717		18,410	13,065

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

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

RECONCILIATION OF THE NET SURPLUS FROM OPERATIONS WITH THE NET CASH FLOWS FROM THE OPERATING ACTIVITIES

	ACTUAL 2008 \$000	ACTUAL 2007 \$000
Net surplus/(deficit) from operations	5,542	315
Add (less) non-cash items:		
Depreciation	209	220
Gain on disposal of investment property	—	(92)
Retirement of grants	(79)	(167)
	130	(39)
Add (less) movements in working capital items:		
Decrease (increase) in prepayments	36	(63)
Decrease (increase) in accounts receivable	26	352
Decrease (increase) in interest receivable	1	(4)
Increase (decrease) in GST payable	47	114
Increase (decrease) in accounts payable	(672)	(101)
Increase (decrease) in provisions	—	(130)
Increase (decrease) in provision for employee entitlements	18	15
Increase (decrease) in current grants committed	530	1,289
	(14)	1,472
Add/(Less) items classified as an investing activity		
Net gain/(loss) on the sale of fixed assets	5	6
NET CASH FLOW FROM OPERATING ACTIVITIES	5,663	1,754

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

STATEMENTS OF COMMITMENTS

AS AT 30 JUNE 2008

	2008 \$000	2007 \$000
CAPITAL COMMITMENTS APPROVED AND CONTRACTED	–	–
<i>Non-cancellable operating lease commitments (as lessor) receivable:</i>		
Creative New Zealand leases out part of the Old Public Trust building under an operating lease. The future minimum lease payments under the terms of the non-cancellable lease are as follows:		
Not later than one year	33	55
Later than one year and not later than two years	–	33
	33	88
NON-CANCELLABLE OPERATING LEASE COMMITMENTS (AS LESSEE) PAYABLE:		
Not later than one year	137	66
Later than one year and not later than two years	67	58
Later than two years and not later than five years	62	29
	266	153
GRANT COMMITMENTS, PAYABLE:		
Not later than one year	3,004	8,799
Later than one year and not later than two years	–	3,004
	3,004	11,803
TOTAL COMMITMENTS	3,270	11,956

Operating lease commitments

The Council leases office premises in Christchurch and Auckland, photocopiers, facsimile machines and printers. The non-cancellable leasing period for these leases range from two to four years. There are no contingent rents payable and no sub-lease income receivable on these operating leases.

Grant commitments

Amounts totalling \$3,004,000 (2007: \$11,803,220) relate to future financial years. These contracts contain a clause to the effect that future years' funding is dependent on the Council receiving the necessary appropriations.

Contracts are entered into with organisations, which the Council funds on a three-year basis. Amounts granted under these contracts are disclosed in the statement of financial performance to the extent that they relate to the financial year.

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

STATEMENT OF CONTINGENT LIABILITIES

AS AT 30 JUNE 2008

CONTINGENT LIABILITIES

In May 2008 Creative New Zealand agreed to provide additional funding to three major Auckland based recurrently funded organisations. This additional funding is dependent upon the Auckland Regional Amenities Funding Bill being passed and those organisations providing satisfactory 2009 budgets. The combined total payment to these recurrently funded organisations is \$455,370.

The Auckland Regional Amenities Funding Act 2008 received royal assent on 29 August 2008.

	ACTUAL 2008 \$000	ACTUAL 2007 \$000
BANK GUARANTEES		
Bank of New Zealand	150	130
	150	130

STATEMENT OF CONTINGENT ASSETS

AS AT 30 JUNE 2008

As a result of a review of policy relating to grant defaults, the Council has started to invoice grantees who are in default of their grant position. The issuance of these invoices could result in either the grantee producing a satisfactory acquittal report or the repayment of the grant. If a satisfactory acquittal report is provided, the repayment of the grant will not be pursued. It is not possible to reliably estimate the amount recoverable on these invoices, therefore amounts invoiced during the financial year and not paid as at 30 June 2008 have not been recognised in the statement of financial position. Instead the invoiced amounts are disclosed below as a contingent asset in accordance with NZ IFRS 37. At 30 June 2008, total invoiced to grantees in a default position was as follows (30 June 2007: nil).

GRANTING BOARD OR COMMITTEE	\$000
Arts Board	119
Te Waka Toi	130
Pacific Arts Committee	100
Screen Innovation Fund	198
	547

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

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2008

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.

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

Its purpose, as defined under the Arts Council of New Zealand Toi Aotearoa Act 1994, is to encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders.

Accordingly, the Council has designated itself as a public benefit entity for the purposes of New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS").

The financial statements for the Council are for the year ended 2008 and were approved by the Board on 29 October 2008.

1.2 BASIS OF PREPARATION

Statement of compliance

The financial statements for the year ended 30 June 2008 are prepared in accordance with the Arts Council of New Zealand Toi Aotearoa Act 1994 and the Crown Entities Act 2004, which includes the requirement to comply with New Zealand's generally accepted accounting practice ("NZ GAAP").

Basis of preparation

These financial statements comply with NZ IFRS, and other applicable financial reporting standards, as appropriate for public benefit entities.

First year of preparation under NZ IFRS

This is the first set of financial statements prepared using NZ IFRS, and comparatives for the year ended 30 June 2007 have been restated to NZ IFRS accordingly. Reconciliations of equity and surplus for the year ended 30 June 2007 under NZ IFRS to the balances reported in the 30 June 2007 financial statements are detailed in note 21.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2006 for the purposes of the transition to NZ IFRS.

1.3 MEASUREMENT BASE

These financial statements have been prepared on an historical cost basis, except where modified by the revaluation of land and buildings, works of art and investment property.

The accrual basis of accounting has been used unless otherwise stated.

1.4 STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED THAT ARE NOT YET EFFECTIVE AND HAVE NOT BEEN EARLY ADOPTED

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Council include:

NZ IAS 1 *Presentation of Financial Statements (revised 2007)* replaces NZ IAS 1 *Presentation of Financial Statements (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009.

The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with the Crown in its capacity as "owner".

The revised standard gives the Council the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals or in two separate statements (a separate income statement followed by a statement of comprehensive income).

The Council intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

1.5 FUNCTIONAL PRESENTATION CURRENCY

These financial statements are presented in New Zealand dollars and are rounded to the nearest thousand dollars (\$000). The functional currency of the Council is New Zealand dollars.

1.6 USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, the Council has made estimates and assumptions about the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other facts, including expectations of future events that are believed to be reasonable under the circumstances.

1.7 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position at 1 July 2006 for the purposes of the transition to NZ IFRS.

1.7.1 PROPERTY, PLANT AND EQUIPMENT

Land and buildings and works of art are revalued every three years to ensure that the carrying amount does not differ materially from fair value. Fair value is determined from market-based evidence by an independent registered valuer.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the revaluation reserve, the debit balance will be expensed in the statement of financial performance. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the statement of financial performance will be recognised first in the

statement of financial performance up to the amount previously expensed and then credited to the revaluation reserve for that class of asset.

1.7.2 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 the Council and the cost of the item can be measured reliably.

Where an asset is acquired at no cost or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

1.7.3 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 included in the statement of financial performance.

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

1.7.4 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 the Council 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.

1.7.5 DEPRECIATION

Depreciation is provided on a straight-line basis on all fixed assets, other than freehold land, at a rate which 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:

Building	50 years	2% straight line
Building improvements	10 or 50 years	10% or 2% straight line
Furniture, equipment and fittings	5 years	20% straight line
Computer equipment	4 years	25% straight line
Motor vehicles	5 years	20% straight line

1.7.6 WORKS OF ART

Works of art are not depreciated, as they have an indeterminate useful life and are expected to vary in value over time. Works of art are reviewed annually for indications of impairment.

1.7.7 INVESTMENT PROPERTY

Investment property consists of part of the Old Public Trust Building on which rental income is earned.

The fair value of the Council's ownership of the premises is determined by an independent registered valuer using market-based evidence. In order to determine the fair value of the investment property, this

valuation has been apportioned between the areas occupied by the Council and the areas leased out on the basis of potential net rental-income-earning capacity of each area.

Any change in value is recognised in the statement of financial performance in the year of valuation.

1.7.8 INTANGIBLE ASSETS

Software acquisition and development

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

Costs that are directly associated with the development of software for external use by Creative New Zealand are recognised as an intangible asset. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. Staff training costs 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:

Partnership Portal	4 years	25% straight line
Acquired Computer Software	1–4 years	25% straight line

1.7.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment and intangible assets that have a finite useful life 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 depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Council would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of financial performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement

of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

1.7.10 FINANCIAL INSTRUMENTS

The Council is party to non-derivative financial instruments as part of its normal operations. These financial instruments include bank accounts, on-call deposits, short-term deposits, trade and other receivables, and trade 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.

The Council does not use derivative financial instruments.

1.7.11 ACCOUNTS RECEIVABLE

Accounts receivable are stated at their expected realisable value after providing for doubtful and uncollectible debts.

1.7.12 LEASES

The Council leases office premises in Christchurch and Auckland, photocopiers, facsimile machines and printers.

These leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease expenses are recognised in the statement of financial performance on a systematic basis over the period of the lease.

Lease payments are recognised as an expense on a straight-line basis over the term of the lease in the statement of financial performance.

The Council does not have any finance lease arrangements.

1.7.13 FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into New Zealand dollars using the exchange rates prevailing 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.

1.7.14 EMPLOYEE ENTITLEMENTS

Short-term employee entitlements

Employee entitlements that the Council expects 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, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave. The Council recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent the Council anticipates it will be used by staff to cover those future absences. The Council recognises a liability and an expense for bonuses where it is contractually obliged to pay them, or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long service leave and retirement leave have been calculated on an actuarial basis. The calculations are based on:

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

The discount rate is based on 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.

1.7.15 INCOME TAX

The Council is a public authority and consequently is exempt from the payment of income tax. Accordingly, no charge for income tax has been provided for.

1.7.16 GOODS AND SERVICES TAX (GST)

All items in the financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable, which are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, 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.

1.7.17 RECOGNITION OF REVENUE AND EXPENDITURE

Revenue is measured at the fair value of consideration received or receivable.

Revenue from the Crown

The Council receives a significant amount of its funding from the Crown. The funding is restricted in its use for the purpose of the meeting of objectives as specified in the statement of intent.

Revenue from the Crown is recognised as revenue when earned and is reported in the financial period to which it relates.

Other grants

The Council receives the majority of its funding from the New Zealand Lottery Grants Board. This is recognised as revenue when it becomes receivable unless there is an obligation 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.

Revenue received from third parties on the condition that it is used for a particular purpose is recognised in the statement of financial performance only when the funds are spent for the designated purpose. Any unspent funds at the reporting date are included within current liabilities in the statement of financial position and carried forward to the next financial year.

Interest

Interest income is recognised as it accrues on bank account balances, on-call deposits and short-term deposits.

Rental income

Rental income is recognised in the Statement of Financial Performance on a straight-line basis over the term of the lease.

1.7.18 RECOGNITION OF GRANTS AND INITIATIVES EXPENDITURE

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligations to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

The liability disclosed in the statement of financial position represents financial grants to New Zealand artists and arts organisations committed by the Council but not uplifted at balance date.

When grants that were committed by the Council in previous years are no longer required for the purpose for which they were committed, they are retired and recognised as a gain in the statement of financial performance.

During the year, funds may be set aside for Council or board-led projects, known as initiatives. If these funds are not fully expended at the end of the financial year, they are carried forward to the next financial year within current liabilities in the statement of financial position.

1.7.19 CASH AND CASH EQUIVALENTS

Cash and cash equivalents held by the Council include bank balances, on-call bank deposits and short-term deposits with original maturities of three months or less.

1.7.20 BUDGET FIGURES

The budget figures are derived from the statement of intent as approved by the Council at the beginning of the financial year. The budget figures have been prepared in accordance with NZ IFRS, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

1.7.21 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.

1.7.22 COST OF SERVICE STATEMENTS

The Council has only one output class, which includes a number of key activities.

2. CROWN REVENUE

Creative New Zealand has been provided with funding from the Crown for the specific purposes of Creative New Zealand as set out in its founding legislation and the scope of the government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2007 nil).

3. OTHER REVENUE

	2008 \$000	2007 \$000
Rental income	55	45
Other	12	12
	67	57

4. GRANT RETIREMENTS AND GRANTS

	2008 \$000	2007 \$000
Change in fair value of investment property	—	92
Retirement of grants	79	167
Net foreign exchange gain	—	—
	79	259

5. PERSONNEL EXPENSES

	2008 \$000	2007 \$000
Wages and salaries	3,558	3,513
Other staff related costs	548	255
Movement in employee entitlements	3	15
Employer contributions to defined contribution plans	26	26
Termination benefits	—	36
	4,135	3,845

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

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

Total remuneration and benefits

\$000	2008	2007
100–110	3	2
110–120	Nil	Nil
120–130	1	2
130–140	Nil	1
140–150	Nil	Nil
150–160	Nil	Nil
160–170	Nil	Nil
170–180	Nil	1
180–190	1	Nil
190–200	Nil	Nil

The Chief Executive's remuneration and benefits is in the \$180,000 to \$190,000 band. He was appointed on 21 August 2006.

6. DEPRECIATION AND AMORTISATION

	2008 \$000	2007 \$000
DEPRECIATION		
Building	64	58
Building improvements	27	15
Furniture, equipment & fittings	24	35
Computer equipment	80	112
AMORTISATION		
Computer Software	14	—
	209	220

7. COUNCIL AND BOARD FEES

Arts Council, Arts Board, Te Waka Toi and Pacific Arts Committee members earned the following fees/ honoraria during the year for attendance at Council, Board and/or assessment committee meetings.

MEMBER	FEES 2008 \$	FEES 2007 \$
C Doig (Chair, Arts Council to 9 February 2007)	—	18,304
A Shaw (Acting Chair, Arts Council 10 February – 30 June 2007)	8,969	16,939
A Carruthers (Chair, Arts Council)	32,000	18,175
A Sorrell (Chair, Arts Board)	21,000	—
N Te Awekotuku (Chair, Te Waka Toi)	21,000	19,125
P Walker (Chair, Pacific Arts Committee)	12,550	13,935
P Brunt	—	8,500
J May	9,500	8,500
J Ng	9,500	8,500
W Vercoe	9,500	8,500
J Plane Te Paa	8,125	8,500
G Gorton	—	10,800
T Snow	11,500	10,800
M Prentice	11,500	10,800
J Fyfe	—	10,800
K De Goldi	11,500	10,260
S Adsett	11,500	10,260
D Haimona	11,320	9,900
P Hohepa	10,925	10,800
M Sciascia	10,925	10,800
S Ellison	11,500	10,800
R Ngarimu	11,500	9,180
T Fiaola	2,075	2,100
S Oberg	1,300	2,100
M Koroitamana	—	1,225
V Iosefa	1,475	1,925
A Refiti	2,250	1,925
M Vete	—	1,575
G Vilisoni	—	2,100
O Kightley	8,550	—
S Ashton	11,500	—
P Eames	11,500	—
T Vao	2,775	—
E Tavola	2,775	—
	278,514	257,128

8. OTHER OPERATING EXPENSES

	2008 \$000	2007 \$000
Auditors remuneration to Audit New Zealand comprises:		
audit fees for financial statement audit	50	49
audit fees for NZ IFRS transition	12	—
other audit-related services	—	—
Operating lease payments	119	106
Net foreign exchange losses	—	—
Net loss on disposal of property, plant and equipment	8	6
Other operating expenses	3,394	3,110
	3,583	3,271

9. STATEMENT OF EXPENDITURE

FOR THE YEAR ENDED 30 JUNE 2008

	ACTUAL 2008 \$000	ACTUAL 2007 \$000
COUNCIL		
Creative Communities Scheme	2,651	2,637
Regional Strengths Maurangi Toi	50	300
New Zealand Authors' Fund	1,514	1,500
Venice Biennale	33	67
10th Festival of Pacific Arts	337	82
Prime Minister's Awards for Literary Achievement	180	180
Smash Palace Fund	3	168
toi iho™ – Māori made mark	239	297
	5,007	5,231
ARTS BOARD		
New Work	3,507	2,369
Creative and Professional Development	2,967	3,204
Presentation, Promotion and Audience Development	16,083	14,949
Recapitalisation and capability building	—	277
Screen Innovation Production Fund	—	650
Future Strengths initiatives	—	—
Arts Board Project	38	21
Arts Organisations Development Programme	356	491
	22,951	21,961

	ACTUAL 2008 \$000	ACTUAL 2007 \$000
TE WAKA TOI		
Heritage Arts	352	452
Te Reo	71	186
New Work	222	361
Indigenous Links	196	120
Experiencing Māori Art	1,862	1,548
Toi Atu Tohunga Tukunga	60	22
Toi Tuarangi	32	12
Toi Ake	63	262
	2,858	2,963
PACIFIC ARTS COMMITTEE		
Heritage Arts	93	56
Arts Development	232	228
Arts Promotion	132	231
Tangata Whenua Links	16	4
	473	519
TOTAL GRANTS AND INITIATIVES	31,289	30,674
Governance	456	450
Management	7,750	7,143
	8,206	7,593
TOTAL EXPENDITURE	39,495	38,267

10. PUBLIC EQUITY

	2008 \$000	2007 \$000
GENERAL FUNDS		
Balance at 1 July	2,385	1,508
Net surplus/(deficit)	5,542	315
Correction of error in accumulated funds	—	(215)
Correction of posting in revaluation reserve	—	(11)
Transfer from capital contribution	—	788
General Funds at 30 June	7,927	2,385
CAPITAL CONTRIBUTION		
As at 1 July	—	788
Transfer to general funds	—	(788)
Capital Contribution at 30 June	—	—
REVALUATION RESERVES		
As at 1 July Revaluation gains/(losses)	5,247	4,284
Land and buildings	—	970
Works of art	—	(18)
Correction of posting in expensing intangibles	—	11
Revaluation reserves at 30 June	5,247	5,247
Total Taxpayers' Funds at 30 June	13,174	7,632
Revaluation reserves at 30 June consists of:		
Land and building revaluation reserve	2,989	2,989
Works of art revaluation reserve	2,258	2,258
	5,247	5,247

11. CASH AND CASH EQUIVALENTS

FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$000	2007 \$000
Cash on hand and at bank	210	66
Cash equivalents-term deposits	18,200	12,999
TOTAL CASH AND CASH EQUIVALENTS	18,410	13,065

The carrying value of short term deposits with maturity dates of three months or less approximates their fair value.

The weighted average effective interest rate for short term deposits is 8.64% (2007: 7.55%).

12. PROPERTY, PLANT AND EQUIPMENT

	LAND \$000	BUILDING \$000	BUILDING IMPROVE- MENTS \$000	FURNITURE, EQUIPMENT AND FITTINGS \$000	COMPUTER EQUIPMENT \$000	MOTOR VEHICLE \$000	TOTAL \$000
COST OR VALUATION							
Balance at 1 July 2007	1,711	3,217	796	687	1,288	22	7,721
Additions	—	—	100	15	46	—	161
Reclassification	—	—	—	—	(659)	—	(659)
Revaluation increase	—	—	—	—	—	—	—
Disposals	—	—	(3)	(34)	(71)	(22)	(130)
Balance at 30 June 2008	1,711	3,217	893	668	604	—	7,093
ACCUMULATED DEPRECIATION							
Balance at 1 July 2007	—	—	591	617	1,073	22	2,303
Depreciation expense	—	64	27	24	80	—	195
Eliminated on disposal reclassification	—	—	(3)	(34)	(705)	(22)	(764)
Eliminated on revaluation	—	—	—	—	—	—	—
Balance at 30 June 2008	—	64	615	607	448	—	1,734
CARRYING AMOUNT							
30 JUNE 2008	1,711	3,153	278	61	156	—	5,359

	LAND \$000	BUILDING \$000	BUILDING IMPROVE- MENTS \$000	FURNITURE, EQUIPMENT AND FITTINGS \$000	COMPUTER EQUIPMENT \$000	MOTOR VEHICLE \$000	TOTAL \$000
COST OR VALUATION							
Balance at 1 July 2006	1,169	2,885	634	660	1,182	22	6,552
Additions	–	–	162	27	122	–	311
Revaluation increase	542	332	–	–	–	–	874
Disposals	–	–	–	–	(16)	–	(16)
Balance at 30 June 2007	1,711	3,217	796	687	1,288	22	7,721
ACCUMULATED DEPRECIATION							
Balance at 1 July 2006	–	43	576	582	967	22	2,190
Depreciation expense	–	58	15	35	112	–	220
Eliminated on disposal	–	–	–	–	(6)	–	(6)
Eliminated on revaluation	–	(101)	–	–	–	–	(101)
Balance at 30 June 2007	–	–	591	617	1,073	22	2,303
CARRYING AMOUNT							
30 JUNE 2007	1,711	3,217	205	70	215	–	5,418

The land and building assets represent the ownership of three floors of the Old Public Trust Building excluding the portion classified as investment property (note 14). The revalued building is stated at fair value as determined by Michael Sellars (registered valuer) of Sellars Valuation Ltd as at 30 June 2007.

	\$000
Fair value of the Public Trust Building and associated land at 30 June 2007 per valuation	5,472
Apportioned as follows:	
Land	1,711
Buildings	3,217
Investment property (note 14)	544
	5,472

13. WORKS OF ART

	ARTWORKS \$000	CRAFTWORKS \$000	TOTAL \$000
VALUATION			
Balance at 1 July 2007	2,177	83	2,260
Additions	—	—	—
Revaluation increase/(decrease)	—	—	—
Disposals	—	—	—
Impairment losses	—	—	—
Carrying Amount at 30 June 2008	2,177	83	2,260
VALUATION			
Balance at 1 July 2006	2,193	85	2,278
Additions	—	—	—
Revaluation increase/(decrease)	(16)	(2)	(18)
Disposals	—	—	—
Impairment losses	—	—	—
Carrying Amount at 30 June 2007	2,177	83	2,260

The works of art are stated at fair value as determined by Chris Moore of Chris Moore Gallery as at 30 June 2007. Mr. Moore is an art dealer and an experienced valuer of artworks. There is no formal qualification for valuing artworks in New Zealand.

14. INVESTMENT PROPERTY

	2008 \$000	2007 \$000
Balance at 1 July	544	452
Acquisitions	—	—
Transfer from property, plant and equipment	—	—
Change in fair value	—	92
Balance at 30 June	544	544

Investment property consists of part of the Old Public Trust building which is leased to third parties. The property was revalued at 30 June 2007, see note 10 for further details.

15. INTANGIBLE ASSETS

COMPUTER SOFTWARE	2008 \$000	2007 \$000
COST OR VALUATION		
Balance at 1 July	361	88
Additions	163	273
Reclassification	659	—
Revaluation increase	—	—
Disposals	(4)	—
Balance at 30 June	1,179	361
AMORTISATION		
Balance at 1 July	—	—
Amortisation expense	14	—
Reclassification	644	—
Eliminated on disposal	(3)	—
Eliminated on revaluation	—	—
Balance at 30 June	655	—
CARRYING AMOUNT 30 JUNE	524	361

Costs have been incurred in the 2007 and 2008 years for the development of a partnership portal. This asset is to be amortised from the date it is available for use.

16. CREDITORS AND OTHER PAYABLES

	NOTE	2008 \$000	2007 \$000
Trade payables		737	845
Accrued expenses		703	1,131
GST payable		458	411
Special purpose funds	17	584	592
Partnership liability accounts		—	128
		2,482	3,107

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

17. SPECIAL PURPOSE FUNDS

Included within Creditors and other payables are the following amounts which have been designated for special purposes:

	OPENING BALANCE \$000	THIRD PARTY INCOME	EXPENDITURE	CLOSING BALANCE \$000
2008				
Screen Innovation Production Fund	9	600	609	—
Tup Lang bequest	77	6	5	78
Butland Music Foundation	39	3	3	39
Louis Johnson bequest	53	4	4	53
The Todd Trust	—	10	10	—
Old Public Trust Body Corporate	21	152	167	6
Edwin Carr Foundation	393	39	24	408
	592	814	822	584
	OPENING BALANCE \$000	THIRD PARTY INCOME	EXPENDITURE	CLOSING BALANCE \$000
2007				
Screen Innovation Production Fund	(76)	350	265	9
Tup Lang bequest	76	6	5	77
Butland Music Foundation	39	3	3	39
Louis Johnson bequest	53	4	4	53
The Todd Trust	—	10	10	—
Old Public Trust Body Corporate	3	145	127	21
Edwin Carr Foundation	388	40	35	393
	483	558	449	592

The Screen Innovation Production Fund is a joint venture with the New Zealand Film Commission.

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

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

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

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

The Old Public Trust Body Corp owns the Wellington premises occupied by Creative New Zealand.

The Edwin Carr Foundation was set up during 2004/2005. Creative New Zealand administers the Foundation and its associated scholarships.

18. EMPLOYEE ENTITLEMENTS

	2008 \$000	2007 \$000
CURRENT EMPLOYEE ENTITLEMENTS ARE REPRESENTED BY:		
Accrued salaries and wages	15	—
Annual leave	183	173
Long service leave	55	58
Retirement leave	—	4
TOTAL CURRENT PORTION	253	235
NON-CURRENT EMPLOYEE ENTITLEMENTS ARE REPRESENTED BY:		
Long service leave	—	—
Retirement leave	—	—
Total non-current portion	—	—
TOTAL EMPLOYEE ENTITLEMENTS	253	235

19. RELATED PARTIES

The Council is a wholly owned entity of the Crown. The Council has entered into a number of transactions with government departments, Crown entities and state-owned enterprises on an arm's length basis. Those transactions that occur within a normal supplier or client relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Council would have adopted if dealing with that entity at arm's length in the same circumstance are not disclosed.

Some members of the Council have been or are also members of other governing bodies which are funded by The Arts Council of New Zealand Toi Aotearoa through the Creative Communities Scheme. They are:

	TRANSACTION VALUE YEAR ENDED 30 JUNE		BALANCE OUTSTANDING YEAR ENDED 30 JUNE	
	2008	2007	2008	2007
Alick Shaw, Wellington City Council, Councillor (to October 2007)	\$116,205	\$132,762	—	—
Some members of the Council are employees of Universities that the Council has funding contracts with. They are:				
Ngahua Te Awakotuku, University of Waikato, Professor	\$25,313	\$22,500	—	—
Peter Brunt, Victoria University of Wellington, Lecturer	—	\$32,995	—	—
Other:				
Michael Prentice, The Edge, Acting Director	—	\$22,075	—	—

KEY MANAGEMENT PERSONNEL COMPENSATION

	2008 \$000	2007 \$000
Salaries and other short-term employee benefits	896	758
Post-employment benefits	—	—
Other long-term benefits	26	10
Termination benefits	—	22
	922	790

Key management personnel includes the Chief Executive and six members of the Senior Management Team.

20. FINANCIAL INSTRUMENTS

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

20.1 MARKET RISK

20.1.1 CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council is exposed to foreign currency risk on payments and liabilities that are denominated in a currency other than the Council's functional and presentational currency, New Zealand dollars (\$). The level of payments in foreign currencies is small and the time between commitment and payment of the liability is generally less than one month, therefore the Council considers foreign exchange risk to be minimal. No forward contracts are entered into to hedge foreign currency risk exposure.

20.1.2 INTEREST RATE RISK

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Council has no borrowings and has adopted a policy of holding short-term investments until maturity at a fixed rate. Therefore the interest rate risk is considered to be minimal.

The interest rate for fixed term deposits at 30 June 2008 is 8.64% (2007: 8.30%). Call deposits are invested at the Official Cash Rate, 8.25% at 30 June 2008 (2007: 8.00%).

20.2 CREDIT RISK

Credit risk is the risk that a third party will default on its obligations to the Council, causing the Council to incur a loss. Financial instruments, which potentially subject the company to risk, consist principally of cash, bank deposits and trade debtors.

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

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

20.3 LIQUIDITY RISK

Liquidity risk is the risk that the Council will encounter difficulty raising liquid funds to meet commitments as they fall due.

The Council closely monitors its forecast cash requirements and maintains a target level of cash to meet liquidity requirements. The table below analyses the Council's financial liabilities that will be settled based on the remaining period at the balance sheet date to the contractual maturity date.

	LESS THAN 6 MONTHS	BETWEEN 6 MONTHS AND 1 YEAR	BETWEEN 1 AND 5 YEARS	OVER 5 YEARS
2008				
Creditors and other payables	2,482	—	—	—
Grants committed	11,318	—	—	—
2007				
Creditors and other payables	3,107	—	—	—
Grants committed	10,867	—	—	—

20.4 FAIR VALUE

The recorded value of financial assets and liabilities equates to their fair market value at 30 June 2008.

21. EXPLANATION OF TRANSITION TO IFRS

The Council's financial statements for the year ended 30 June 2008 are the first financial statements that comply with NZ IFRS. The Council has applied NZ IFRS 1 First-time Adoption of NZ IFRS in preparing these financial statements. The transition date is 1 July 2006 and the Council has prepared its opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 30 June 2008. The Council's NZ IFRS adoption date is 1 July 2007.

21.1 RECONCILIATION OF EQUITY

The following table shows the changes in equity resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 July 2006 and 30 June 2007.

	NOTE	PREVIOUS NZ GAAP 1 JUL 06 \$000	EFFECT ON TRANSITION TO NZ IFRS 1 JUL 06 \$000	NZ IFRS 1 JUL 06 \$000	PREVIOUS NZ GAAP 30 JUN 07 \$000	EFFECT ON TRANSITION TO NZ IFRS 30 JUN 07 \$000	NZ IFRS 30 JUN 07 \$000
PUBLIC EQUITY							
Revaluation reserve	(a)	4,284	–	4,284	5,339	(92)	5,247
Accumulated funds	(a),(c)	1,503	5	1,508	2,519	(134)	2,385
Capital contribution		788		788	–	–	–
TOTAL PUBLIC EQUITY		6,575	5	6,580	7,858	(226)	7,632
Represented by:							
ASSETS							
Current assets							
Cash and cash equivalents		11,895	–	11,895	13,065	–	13,065
Debtors and other receivables		426	–	426	77	–	77
Prepayments		53	–	53	116	–	116
TOTAL CURRENT ASSETS		12,374	–	12,374	13,258	–	13,258
Non-current assets							
Property, plant and equipment		4,899	(536)	4,363	6,334	(916)	5,418
Works of art		2,276	–	2,276	2,260	–	2,260
Investment property	(a)	–	453	453	–	544	544
Intangible assets	(b)	–	88	88	–	361	361
TOTAL NON-CURRENT ASSETS		7,175	5	7,180	8,594	(11)	8,583
TOTAL ASSETS		19,549	5	19,554	21,852	(11)	21,841
LIABILITIES							
Current liabilities							
Creditors and other payables	(c)	2,879	–	2,879	2,892	215	3,107
Provisions		130	–	130	–	–	–
Employee entitlements		220	–	220	235	–	235
Grants committed		9,745	–	9,745	10,867	–	10,867
TOTAL CURRENT LIABILITIES		12,974	–	12,974	13,994	215	14,209
Non-current liabilities							
Employee entitlements		–	–	–	–	–	–
TOTAL NON-CURRENT LIABILITIES		–	–	–	–	–	–
TOTAL LIABILITIES		12,974	–	12,974	13,994	215	14,209
NET ASSETS		6,575	5	6,580	7,858	(226)	7,632

EXPLANATORY NOTES: RECONCILIATION OF SURPLUS

(A) INVESTMENT PROPERTY

Under the previous GAAP all of the property owned by the Council was treated as property, plant and equipment. However, the part of the building that is rented out is an investment property under NZ IAS 40 – Investment Property. The portion of the property that is held for rental has been recognised separately as Investment Property in the statement of financial position and the depreciation charged in both the 2006 and 2007 years on this property has been reversed.

The property was revalued in the year ended 30 June 2007 and the portion of the revaluation gain relating to investment property has been transferred out of the revaluation reserve and recognised as income in the statement of financial performance.

(B) INTANGIBLE ASSETS

Computer software previously classified as property, plant and equipment is classified as an intangible asset under NZ IAS 38 Intangible assets. Expenditure during the 2006 and 2007 years on computer software development has been reclassified as an intangible asset. Depreciation had not been charged on this expenditure under the previous GAAP because the development is ongoing and was not available for use by 30 June 2007. Under NZ IAS 38 intangible assets should be amortised over their useful life from when the asset is available for use, therefore no amortisation has been charged in the restatement to NZ IFRS.

(C) CORRECTION OF ERROR IN ACCUMULATED FUNDS

The Council have become aware of an error in the accumulated funds and accounts payable balance which dates back several years. This error has been corrected as part of the transition to NZ IFRS and has resulted in an increase in Creditors and other payables and a decrease in accumulated funds of \$215,000.

21.2 RECONCILIATION OF SURPLUS

The following table shows the changes in the Council's surplus, resulting from the transition from previous NZ GAAP to NZ IFRS for the year ended 30 June 2007.

	NOTE	PREVIOUS NZ GAAP 30 JUN 07 \$000	EFFECT ON TRANSITION TO NZ IFRS 30 JUN 07 \$000	NZ IFRS 30 JUN 07 \$000
INCOME				
Revenue				
Crown revenue		15,452		15,452
New Zealand Lottery Grants Board		21,310		21,310
Revenue from other government agencies		375		375
New Zealand Film Commission		350		350
The Todd Trust		10		10
Interest received		769		769
Other revenue		57		57
Gains	(a)	167	92	259
TOTAL INCOME		38,490	92	38,582
EXPENDITURE				
Grants and initiatives		30,674		30,674
Personnel		3,845		3,845
Depreciation	(a),(b)	232	(12)	220
Council and board fees		257		257
Other operating expenses	(b)	3,254	17	3,271
TOTAL OPERATING EXPENDITURE		38,262	5	38,267
NET OPERATING SURPLUS		228	87	315

EXPLANATORY NOTES: RECONCILIATION OF SURPLUS

(A) INVESTMENT PROPERTY

As noted above part of the property owned by the Council previously included in Property, plant and equipment is treated as Investment Property under NZ IFRS. As required by NZ IAS 40 – Investment Property the gain on revaluation relating to the investment portion of the property has been recognised in the revised statement of financial performance for the year ended 30 June 2007. Prior to the revaluation on 30 June 2007, depreciation of \$6,441 had been charged on the Investment Property and was included in operating expenditure for the year. This depreciation charge has been reversed in the transition to NZ IFRS.

(B) CORRECT DISCLOSURE OF LOSS ON SALE OF ASSETS

In the prior year financial statements, the loss made on the disposal of items of property, plant and equipment was included in the depreciation charge disclosed for the year. The loss should have been included in other operating expenses and is required to be disclosed in the notes to the accounts by NZ IAS 1 – Presentation of Financial Statements. Whilst the value of the error for the year ended 30 June 2007 was not material to the financial statements, the Council has taken the opportunity to correct this error in the transition to NZ IFRS to ensure consistent reporting going forward.

21.3 STATEMENT OF CASHFLOWS

There have been no material adjustments to the statement of cash flows on transition to NZ IFRS. Further disclosure has been given where necessary to fulfil the requirements of NZ IAS 7 Cash Flow Statements.

21.4 RECONCILIATION OF GENERAL FUNDS

	NOTE	1 JUL 06 \$000	30 JUN 07 \$000
The adjustments to general funds are as follows:			
Property, plant and equipment	(a)	5	(11)
Revaluation of Investment property	(b)	–	92
Correction in error of accumulated funds	(c)	–	(215)
TOTAL ADJUSTMENT TO GENERAL FUNDS		5	(134)

EXPLANATORY NOTES: RECONCILIATION OF GENERAL FUNDS**(A) PROPERTY, PLANT AND EQUIPMENT**

Under the previous GAAP all of the property owned by the Council was treated as property, plant and equipment. However, the part of the building that is rented out is an investment property under NZ IAS 40 – Investment Property. The portion of the property that is held for rental has been recognised separately as Investment Property in the statement of financial position and the depreciation charged in the 2006 (\$5,000) year on this property has been reversed.

(B) REVALUATION OF INVESTMENT PROPERTY

The property was revalued in the year ended 30 June 2007 and the portion of the revaluation gain (\$92,000) relating to investment property has been transferred out of the revaluation reserve and recognised as income in the statement of financial performance.

(C) CORRECTION OF ERROR IN GENERAL FUNDS

The Council have become aware of an error in the accumulated funds and accounts payable balance which dates back several years. This error has been corrected as part of the transition to NZ IFRS and has resulted in an increase in Creditors and other payables and a decrease in accumulated funds of \$215,000.

22. CAPITAL MANAGEMENT

The Council's capital is its equity (or taxpayers' funds), which comprise general funds and revaluation reserves. Equity is represented by net assets. The Council manages its revenues, expenses, assets, liabilities and general financial dealings prudently. The Council's equity is largely managed as a by-product of managing income, expenses, assets and liabilities and compliance with the policies of Creative New Zealand and the requirements for the Crown. The objective of managing the Council's equity is to ensure the Council effectively achieves its goals and objectives for which it has been established, whilst remaining a going concern.

23. ACCEPTANCE OF FINANCIAL STATEMENTS

These financial statements have been authorised for issue by the Council of Creative New Zealand on 29 October 2008. No changes can be made to the financial statements subsequent to them being issued.

