

STATEMENT OF PERFORMANCE  
EXPECTATIONS  
TAUĀKĪ WHĀINGA MAHI

2025/26

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This Statement of Performance Expectations documents planned activity, performance targets and forecast financial information for the Arts Council of New Zealand Toi Aotearoa (Creative New Zealand) for the period 1 July 2025 to 30 June 2026. It is presented in accordance with sections 149B to 149M of the Crown Entities Act 2004.

We have updated the Statement of Performance Expectations as at 18 March 2026 to meet performance reporting requirements under the Service Reporting Performance Standard (PBE FRS 48). Refer to page 20 for updates.



**Kent Gardner**  
*Manukura—Chair*  
18 March 2026



**Hilary Poole**  
*Manukura, Te Komiti mō te Arotake me te*  
*Urupare Tūraru—Chair, Audit & Risk*  
*Committee*  
18 March 2026

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# Foreword

## Kupu whakataki

This Statement of Performance Expectations is the first annual plan under our Statement of Intent 2025–2030.

This year is the start of a new chapter for Creative New Zealand. We pay tribute to Stephen Wainwright, who left Creative New Zealand in May 2025 after 35 years, of which 17 were spent as the Chief Executive.

Stephen oversaw significant changes in the arts sector and for Creative New Zealand.

Progress has been made towards a more professional arts sector. We're supporting more arts organisations on a long-term basis, and our support for ngā toi Māori and Pacific arts has grown.

Challenges remain, however. These include how we can best support artists, ringatoi and practitioners, to be able to make a career in the arts (by which we mean the artforms we support—including ngā toi Māori and Pacific arts).

Earlier this year, we consulted on a draft long-term strategy, *Tū Mai Rā, Toi Aotearoa*. This consultation has informed our strategic intentions and our planning for 2025/26.

We look forward to our new chief executive supporting the Arts Council in finalising the strategy and to leading its implementation. We expect to release our strategy later this year.

This timing will enable us to consider how we contribute to the implementation of *Amplify: A Creative and Cultural Strategy for New Zealand*, the Government's strategy for the sector.

Once the Arts Council has finalised its new strategy, we will review our operating model to ensure we're set up to deliver our strategic

intentions and operate efficiently and effectively.

Stable funding from our core funders—New Zealand Lottery Grants Board Te Puna Tahua and the Government—enables us to plan with certainty.

Over the year, we'll also advance the significant change work we have started. This will include changes to how we support arts organisations and groups and how we can empower communities, to make more decisions about the arts that affect them.

Increasingly, our programmes are focused on supporting arts activities that have the greatest impact on their communities – being New Zealanders across the motu.

We're ambitious for the arts. We want to see artists and ringatoi being able to dedicate themselves to producing work that will inspire us all. We want to see the arts and ngā toi Māori central to the lives of New Zealanders and New Zealand communities, and we want to see our arts and ngā toi Māori succeeding on the global stage.

This will take a collective effort, and we'll need to build new relationships and partnerships. We'll also need to grow the resource base and think differently about how we leverage our resources, while acknowledging the pressures on funders across the board.

Inspired by our arts communities, we are committed to working hard over the next year to meet the challenges and opportunities that exist with dedication, heart and manaaki.



**Kent Gardner**  
Manukura—Chair



**Gretchen La Roche**  
Tumu Whakarae—Chief Executive

# About our plan

## Mō tā mātou mahere

Our SPE outlines our planned activity, performance measures and forecast financial information for the coming year. The SPE describes how this year's work contributes to achieving the strategic intentions in our Statement of Intent (SOI).

This SPE covers the 2025/26 financial year (1 July 2025 to 30 June 2026).

The plan has three parts.

- **Part One: Our strategic intentions**, an overview of our strategic intentions for 2025–2030.
- **Part Two: The year ahead**, covering the Minister for Arts, Culture and Heritage's expectations of Creative New Zealand; our operating context; the actions we'll take this year and the programmes we'll deliver.
- **Part Three: Our performance**, how we'll measure our performance and our financial planning for the year ahead.

We will report against this SPE in our Annual Report for 2025/26.

Creative New Zealand operates under one central government output expense: *Promotion and Support of the Arts and Film*, for which we have one output class: *Promotion and support of the arts*. This is a reportable class for the purposes of the Crown Entities Act 2004.

No output classes have been given reporting exemptions by the Minister of Finance. We do not propose supplying any output classes in

2025/26 that are not a reportable class of outputs.

Manatū Taonga Ministry for Culture and Heritage is our monitoring department.

We are mainly funded through the New Zealand Lottery Grants Board Te Puna Tahua (LGB) and the Crown through Vote: Arts, Culture and Heritage.

In 2025/26, Creative New Zealand will receive:

- \$52.789 million from the LGB
- \$16.689 million from the Crown through Vote: Arts, Culture and Heritage.

**Part One:**

**Our strategic intentions**

Wāhanga Tuatahi:

Ō mātou kōingo ā-rautaki

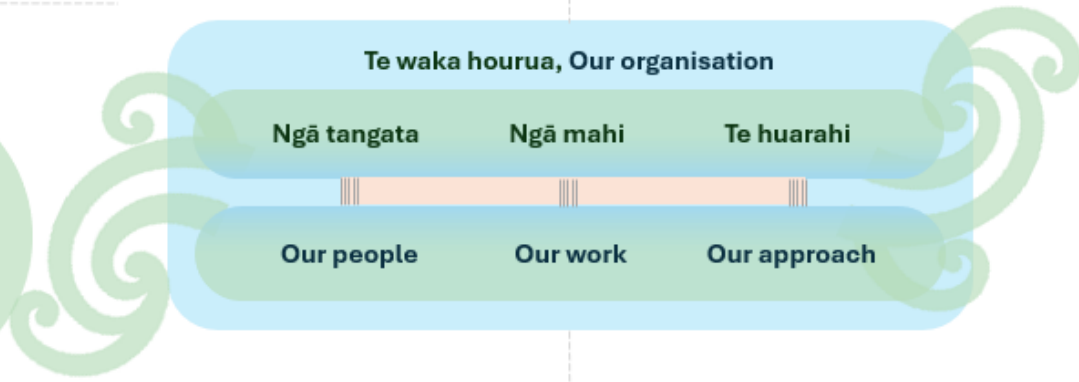
We are **Creative New Zealand Toi Aotearoa**,  
the national arts development agency of **Aotearoa New Zealand**

**Creative New Zealand's strategic intentions**  
2025–2030

**Ngā tūāpapa, Our foundations**,  
are strong and enduring, giving us  
the mandate to do what we do



**Te waka hourua, Our organisation**, is how we're  
moving ahead—the waka represents different  
aspirations and world views coming together,  
for a common good



**Te wāheke, Our future**, is rich  
with potential: a journey that's  
always evolving as we head  
towards 2040



**Our whakapapa** dates back to 1964  
and our establishment as the Queen  
Elizabeth II Arts Council.

**Te pūtake, Our purpose**, is to:

**Encourage, promote and  
support the arts in New Zealand  
for the benefit of all  
New Zealanders.**

**Ngā tangata, Our people**, are at  
the heart of our organisation—  
they're who we are, guided by our  
values in all we do.

**Ngā mahi, Our work**, supports the  
arts community and improves the  
lives of New Zealanders—it's what  
we do every day.

**Te huarahi, Our approach**, reflects  
our people and our work—it's how  
we do things and how we see the  
world.

**Moemoemā, Our vision** for the future is:

**The arts and ngā toi Māori are flourishing: created by a thriving arts  
community, enriching lives here and around the world.**

**Ngā aronga, Our goals**, are what we want to achieve long term, as we  
respond to our context.

- **Empowered communities**, making decisions on the arts and ngā toi Māori closest to them.
- **Thriving artists, ringatoi and practitioners**, with viable creative careers, supported by a strong arts infrastructure.
- **He mana toi, he mana tangata**, thriving and highly visible ngā toi Māori, valued in Aotearoa and around the world.
- **Inspired New Zealanders**, embracing the arts and ngā toi Māori every day.
- **A valued arts development agency**, leading with impact and delivering for Aotearoa New Zealand.

# Our strategic intentions

Our SOI identifies our strategic intentions. Once the Arts Council has agreed its new strategy, we may update these intentions.

Our vision reflects our ambition for the arts and ngā toi.

The arts and ngā toi Māori are flourishing: created by a thriving arts community, enriching lives here and around the world.

We've identified five long-term goals that set out the changes we want to see.

- **Goal 1: Empowered communities**, making decisions on the arts and ngā toi Māori closest to them.
- **Goal 2: Thriving artists, ringatoi and practitioners**, with viable creative careers, supported by a strong arts infrastructure.
- **Goal 3: He mana toi, he mana tangata**, thriving and highly visible ngā toi Māori, valued in Aotearoa and around the world.
- **Goal 4: Inspired New Zealanders**, embracing our arts and ngā toi Māori every day.
- **Goal 5: A valued arts development agency**, leading with impact and delivering for Aotearoa New Zealand.

These goals identify what we want to achieve. Te Kaupapa o Toi Aotearoa, the Creative New Zealand way, sets out how we will work to achieve our goals, guided by the following principles.

- **Tuku rauemi** (handing over resources)—empowering communities to determine their own futures—involving others in our policy, programme design and decision-making.

- **Mana aki i te tangata** (lifting up the mana of the people) to be more artist- and people-centric in our approach.
- **Whakamana i Te Tiriti** (upholding the mana of Te Tiriti o Waitangi) as a foundation for all people who call Aotearoa New Zealand home—tangata whenua and tangata Tiriti.

Our values reflect how we work with each other, the arts community and others.

- **Āwhinatia—Strengthen and support**  
We're inclusive and supportive, we're responsible and accountable for the things we do, and we act with integrity.
- **Honotia—Connect and grow**  
We foster a culture of collaboration and respect, building valued connections with each other and those we work with.
- **Māiatia—Have courage and confidence**  
We stand tall, strive for excellence and embrace the future with optimism.

# Our priorities for 2025–2030

Our SOI 2025–2030 identifies our medium-term priorities for the five years to 2030. Advancing these priorities will help us achieve our long-term vision and goals.

Our medium-term priorities include initiatives aimed at improving the efficiency and effectiveness of our services and what we'll do to make the shifts we're seeking.

Our priorities are informed by our other medium-term strategies and main policies.

- Māori Arts Strategy.
- Pacific Arts Strategy.
- Tapatahi Accessibility Policy and Action Plan.
- Remuneration Policy for Artists and Arts Practitioners.
- Diversity in the Arts Policy.

**Part Two:**

**The year ahead**

Wāhanga

Tuarua: Te tau e haere ake  
nei

# Ministerial expectations

By convention, the Minister for Arts, Culture and Heritage writes to the Arts Council annually, outlining the Government's expectations of Creative New Zealand for the upcoming performance year.

As a Crown entity, Creative New Zealand has a role to play in supporting the Government's priorities, including the Ministers' priorities for arts, culture and heritage. These priorities, and the Government's enduring expectations of Crown entities, are set out in our SOI 2025–2030.

The Minister has outlined the following specific expectations for Creative New Zealand in 2025/26.

- Support the delivery of *Amplify: A Creative and Cultural Strategy for New Zealand*, the Government's creative and cultural strategy.
- Ensure Creative New Zealand operates efficiently and effectively, maintaining a focus on driving down costs and seeking operational improvements where it can. This includes whether there could be reductions or changes in scope to best achieve cost-effective delivery of services.
- Review the level of operating costs to ensure these are reduced to an appropriate level.
- Support Manatū Taonga Ministry for Culture and Heritage to undertake policy work on strategy, and legislative and regulatory reform as required.
- Provide regular reporting through performance measures that signal the impact of changes to the contestable grants programmes as the first annual

funding cycle is completed, including the ability to report on year-on-year trends beyond 2025/26.

- Ensure the expanded support for arts groups and organisations has robust supporting processes for funding decisions and any management of associated risks.
- Have robust decision-making criteria in place, in line with the requirement to maintain political neutrality, to ensure funding decisions get made in the context of Creative New Zealand's strategic intentions and impacts.

## Our operating context

Our SOI 2025–2030 identifies the strategic context informing our medium-term outlook. This section outlines the context informing our planning for 2025/26.

### New leadership

As the financial year starts, we have welcomed Gretchen La Roche as our new chief executive.

Gretchen comes into the organisation at an important point. The Arts Council has embarked on the development of a new long-term strategy, and we're making significant changes to how we support our arts communities and how we work.

Once the Arts Council has completed its new strategy, we will look afresh at how the organisation operates. This includes looking at the shifts we need to make as an organisation to deliver the greatest value for the arts sector.

Fundamentally, we believe we need to invest more of our time and resources in building the capability of the sector, influencing the

wider arts system, attracting more resources, and increasing recognition of the value the arts and ngā toi deliver to our communities and the nation.

This will require us to consider:

- where we allocate our resources
- what we do
- how we're organised.

## Demand for our services

Demand for our services is at a historic high and we're supporting a lower proportion of proposals than we ever have. In 2024/25 we received nearly 4,000 proposals for shorter-term grant funding, significantly more than 2023/24.

In response to sector feedback, we removed limits on the number of applications we would accept. We're also re-shaping our major programmes to better meet the needs of the sector and make our processes simpler.

Economic conditions are adding to the pressure on the arts sector, and we know it is increasingly difficult to secure funding from other sources, including local government, trusts and philanthropy.

We'll continue to refine our funding processes and work hard to increase the overall resource base.

## Changing how we work

This year, we'll advance the three-step review of our major programmes started in 2023. Through this, we're seeking to work with the arts community to put artists, ringatoi, arts organisations, and their communities at the heart of how we work.

We've completed Step 1, which simplified and improved access to grant funding. In 2025/26, we'll complete Step 2 and implement a new approach to supporting arts organisations and groups. The aim is to

streamline our processes and make it easier to access multi-year support. We'll also start Step 3, where we'll explore how we can empower communities to take a greater role in shaping arts development and decision-making.

## Financial outlook

Recent changes to the LGB funding allocation model mean we have confirmed funding stability for the next three financial years. This means we can plan with greater certainty.

We're not planning for any increase in our revenue from the Crown or LGB in the short-to-medium term. As a result, we'll need to grow the resources available to the sector from other places, if we are to address high demand and achieve our ambitions.

## Our actions in 2025/26

This SPE identifies the actions we'll take in 2025/26 to advance our priorities and work towards achieving our vision and goals.

The table that follows shows the short-term actions we'll advance in 2025/26 and how they contribute to our strategic intentions.

## Linking our short-term actions to our medium-term priorities and long-term goals

This table shows the linkages between our long-term goals, our medium-term priorities and our short-term actions. We'll report on progress advancing our short-term actions in our Annual Report 2025/26.

| Long-term goals   | Medium-term priorities<br>(Five years, 2025–2030)   | Short-term actions<br>(One year, 2025/26)   |
|---|---|---|
| <p><b>Goal 1: Empowered communities</b>, making decisions on the arts and ngā toi Māori closest to them</p>                                 | <ul style="list-style-type: none"> <li>We'll develop and implement our approach to empowering communities to increase their own decision-making about arts and ngā toi Māori development.</li> <li>We'll strengthen the infrastructure required for community-led decision-making.</li> </ul>   | <ul style="list-style-type: none"> <li>By 31 December 2025, start Step 3 of our change journey, <i>Empowering communities as decision-makers</i> (tuku rauemi, handing over resources).</li> </ul>  |
| <p><b>Goal 2: Thriving artists, ringatoi and practitioners</b>, with viable creative careers, supported by a strong arts infrastructure</p> | <ul style="list-style-type: none"> <li>We'll work to strengthen the arts and ngā toi Māori ecosystem through our support for creative enterprises, and by supporting capability building and professional and leadership development.</li> <li>We'll leverage our role as a Crown investor to build relationships with a broader range of supporters (government, community funders, business, iwi and hapū) to grow the resource base.</li> <li>We'll work to grow markets and opportunities for artists, ringatoi, practitioners and organisations, locally, nationally and globally.</li> <li>We'll deliver a programme of investment, partnerships and initiatives under the <i>Pacific Arts Strategy 2023–2028</i>, and review this strategy.</li> </ul> | <ul style="list-style-type: none"> <li>By 31 December 2025, confirm a new, simplified funding model for arts organisations and groups, making it easier to apply for and access multi-year support (Step 2 of our change journey, <i>Simplifying our support for organisations and groups</i>).</li> <li>By 31 March 2026, develop our approach to growing investment in the arts through philanthropy and private sector support, partnerships and co-investment.</li> <li>By 30 June 2026, develop our approach to international engagement, including priority markets, partnerships, and funding approaches.</li> </ul> |
| <p><b>Goal 3: He mana toi, he mana tangata</b>, thriving and highly visible ngā toi Māori, valued in Aotearoa and around the world</p>      | <ul style="list-style-type: none"> <li>Mana ōrite—we'll work to achieve equitable outcomes for Māori in how we invest in and work for the arts and ngā toi Māori.</li> <li>Hononga—we'll maintain and develop strong relationships with tangata whenua, mātanga, ringatoi, Māori-led arts organisations, marae, hapū and iwi to support and protect ngā toi Māori as a taonga for future generations.</li> <li>Tautinei—we'll develop the infrastructure and leadership to enable</li> </ul>  | <ul style="list-style-type: none"> <li>By 30 September 2025, develop a refreshed ngā toi Māori strategy.</li> <li>Over 2025/26, advance key recommendations arising from Toi Ora 2023, the national wānanga on ngā toi Māori.</li> </ul>  |

| Long-term goals   | Medium-term priorities<br>(Five years, 2025–2030)  | Short-term actions<br>(One year, 2025/26)  |
|---|--|--|
|   | ngā toi Māori to flourish, in Aotearoa New Zealand and globally.   |  |
| <b>Goal 4: Inspired New Zealanders,</b><br>embracing our arts and ngā toi Māori every day                       | <ul style="list-style-type: none"> <li>We'll work to shift attitudes about the arts and ngā toi Māori towards becoming more positive, and to deepen engagement, including through storytelling that celebrates our unique arts and ngā toi Māori.</li> <li>We'll build the arts community's capability to advocate on its own behalf and encourage greater investment and engagement.</li> <li>We'll improve access to our services and to the arts and ngā toi Māori, reducing barriers and building an inclusive environment for the arts in New Zealand.</li> </ul> | <ul style="list-style-type: none"> <li>Over 2025/26, deliver an annual programme of initiatives (including campaigns, events and submissions) aimed at improving attitudes towards the arts, increasing engagement, and empowering the sector to advocate on its own behalf.</li> <li>By June 2026, complete a review of our Diversity in the Arts Policy and develop an action plan.</li> </ul> |
| <b>Goal 5: A valued arts development agency,</b><br>leading with impact and delivering for Aotearoa New Zealand | <ul style="list-style-type: none"> <li>We'll ensure we're optimally organised to deliver our long-term goals, respond to change, and implement our Te Kaupapa o Toi Aotearoa principles across our work.</li> <li>We'll work across the wider arts ecosystem to add value beyond funding, providing leadership and influencing the system to bring about the changes we're seeking.</li> <li>We'll ensure our systems and use of technology support streamlined, accessible, people-centric processes, internally and externally.</li> </ul>                           | <ul style="list-style-type: none"> <li>By 31 March 2026, review our operating model to align with our strategy and improve efficiency and effectiveness.</li> <li>By 31 March 2026, complete a review of our systems and create a roadmap for improving grants management.</li> </ul>  |

**Part Three:**

**Our performance**

Wāhanga Tuatoru:

Te whakaea i ngā paearu ā-  
mahi

# Non-financial planning and performance

Our performance framework stems from our strategic intentions and shows how the work we're doing in 2025/26 links to our goals and vision.

## Our performance framework

Our performance framework is set out on page 18.

The performance tables on pages 20, 21 and 22 outline the programmes we'll deliver in 2025/26 and what we will measure. We'll monitor the progress of our work throughout the year and report against these measures in our Annual Report 2025/26.

We will also report on how our short-term actions (pages 13–14) contribute to our medium-term priorities and long-term goals, as well to *Amplify: A Creative and Cultural Strategy for New Zealand*.

To improve our performance framework, we have developed a set of indicators and measures to track progress against our goals and priorities over the medium to longer term. These are included in our SOI 2025–2030 and will be reported on in our Annual Report.

Given where we are at in our change journey, during 2025/26, we'll align our performance measures with our new granting programmes and our new strategy (once adopted) and develop baseline data. We expect this to result in changes to our measures or targets from 2026/27.

## Judgements made in the selection of our performance measures

In 2021, the New Zealand Accounting Standards Board issued a Standard for Service Reporting: *Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48)* to apply to all annual reporting beginning on or after 1 January 2022. The Standard provides requirements for selecting and presenting service performance information, so it is appropriate and meaningful to users. It requires agencies like Creative New Zealand to present information that is useful for accountability and decision-making purposes.

PBE FRS 48 requires the disclosure of the judgements used in preparing service performance information under the Standard.

In selecting performance measures for 2025/26, Creative New Zealand has made the following judgements about what information to present.

- In our view, the performance measures selected for the SPE 2025/26 will meet the expectations of Creative New Zealand's stakeholders.
- We consider that the **medium-term measures** (included in our SOI 2025–2030) and **programme delivery measures** provide the most appropriate and meaningful information to users when assessing the work we do to achieve our strategic intentions. They align with management's assessment of where we expect to invest the most time and resources in the period (based on budget information and strategic importance).
- The selected performance measures will adequately inform users of the progress made against achieving the strategic intentions presented in our SOI 2025–2030.

When forecasting our performance targets for 2025/26, we considered the following factors:

- available budget
- organisational capacity and capability
- the potential number of applications and activities supported across programmes.

## How we measure performance

Across our indicators and measures we draw on the following data sources.

- Our grants management systems, including performance information reported to us by those we fund.
- Administrative data held by Creative New Zealand, such as records of actions completed against plans and strategies.
- Creative New Zealand-run surveys, such as our customer satisfaction survey.
- Externally commissioned surveys, such as *New Zealanders and the Arts — Ko Aotearoa me ōna Toi*.

Information about our organisational health and capability is included in our SOI 2025–2030, available at: [creativenz.govt.nz/about-creative-nz/corporate-documents](https://creativenz.govt.nz/about-creative-nz/corporate-documents).

## Our performance framework



## Our programmes

This table sets out our major programmes through which we deliver services to our arts communities, and that contribute to achieving our strategic intentions.

|                       | Programmes                               | Budget 2025/26 (\$'000) | Timeframes  | Description   |
|-----------------------|--|-------------------------|---|---|
| Investing in the arts | <b>Investment and funds</b>              |                         |   |   |
|                       | Creative Communities Scheme              | \$4,035                 | Funding for three years   | Devolved funding administered by territorial authorities to support local arts activities.  |
|                       | International programmes                 | \$1,870                 | Various   | Various funds and development programmes to support international presentation, exchange and capability building.   |
|                       | Investment programmes                    | \$35,003                | Funding for three or six years  | Funding to support the continuous delivery of arts programmes under the Toi Tōtara Haemata and Toi Uru Kahikatea Investment programmes.   |
|                       | Grant programmes                         | \$13,144                | Various   | Various funds for early career artists, artists and practitioners, and organisations and groups to support the development and presentation of work, the development of artistic practice and professional development and capability building. |
|                       | \$2,240                                  |                         |   |   |
| Developing the arts   | <b>Programmes and initiatives</b>        |                         |   |   |
|                       | Strategy delivery: Māori Arts Strategy   | \$1,240                 | Various   | Programme of funding, investment and initiatives delivering to the strategy.  |
|                       | Strategy delivery: Pacific Arts Strategy | \$2,365                 | Various   | Programme of funding, investment and initiatives delivering to the strategy.  |
|                       | Other programmes and initiatives         | \$571                   | Various   | Programmes such as Nui Te Kōrero, our biennial leadership conference and the Pasifika Festivals Initiative.   |
|                       | <b>Partnerships and collaboration</b>    |                         |   |   |
|                       | Partnerships                             | \$500                   | Various   | Reciprocal relationships and partnerships that increase the impact of our collective work for the arts and seek to increase the resource base for the arts.   |
| Leading in the arts   | <b>Advocacy and policy</b>               |                         |   |   |
|                       | Advocacy programme                       | \$1,375                 | Various   | Various advocacy initiatives (including public-facing campaigns and engagement, and work with local government), awards, events and sponsorships.   |
|                       | <b>Research and insights</b>             |                         |   |   |
| Research projects     | \$235                                    | Various                 | Creative New Zealand-commissioned research projects that track trends and developments across the sector or advance knowledge about the arts. |   |

## Programme delivery measures

The measures below focus on tracking how well our major programmes are working and represent the major services we will deliver in 2025/26 to advance our strategic intentions. In March 2026, with approval from the Minister for Arts, Culture and Heritage, we removed selected performance measures from the 2025/26 Statement of Performance Expectations published in July 2025 to meet performance reporting requirements under the Service Reporting Performance Standard (PBE FRS 48).<sup>1</sup> In our Annual Report 2025/26, we will report on the following measures in the audited Service Performance section, with broader engagement and investment trends presented separately.

| Investing in the arts |   |   |   |                  |                |
|-----------------------|---|---|---|------------------|----------------|
| No.                   | Programme(s)  | Measure   | Link to goal  | 2024/25 forecast | 2025/26 target |
| I.1                   | Investment and funds—<br>Creative Communities Scheme            | Percentage of community arts providers that meet delivery expectations.   | Empowered communities   | ≥90%             | ≥90%           |
| I.2                   | Investment and funds—<br>Investment programmes                  | Organisations meet expectations set out in funding agreements.  | Thriving artists, ringatoi and practitioners<br>Inspired New Zealanders | ≥90%             | ≥90%           |
| I.5                   | Investment and funds—Grant programmes                           | Number of grants made to artists, practitioners and organisations that enable participation in arts activities. | Thriving artists, ringatoi and practitioners<br>Inspired New Zealanders | 560              | 560            |
| I.6                   | Investment and funds—<br>Investment programmes                  | Number of organisations supported to enable the delivery of arts activities or services.                        | Thriving artists, ringatoi and practitioners<br>Inspired New Zealanders | 80               | 80             |
| I.8                   | Investment and funds—Grant programmes, International programmes | Completed projects meet delivery expectations.  | Thriving artists, ringatoi and practitioners<br>Inspired New Zealanders | ≥99%             | ≥99%           |

<sup>1</sup> I.3 Average percentage of non-Creative New Zealand investment across organisations receiving multi-year funding (more than two years).

I.4 Number of international arts activities and events funded by Creative New Zealand.

I.7 Number of new New Zealand works developed.

| No.  | Programme(s)                            | Measure  | Link to goal  | 2024/25 forecast | 2025/26 target |
|------|---|--|---|------------------|----------------|
| I.9  | Investment and funds—Various programmes | Percentage of organisations receiving multi-year funding through the Ngā Toi Māori pool. | Thriving artists, ringatoi and practitioners<br>Inspired New Zealanders | 15%              | ≥15%           |
| I.10 | Investment and funds—Grant programmes   | Overall satisfaction with Creative New Zealand’s service.                                | Valued arts development agency  | ≥65%             | ≥65%           |

### Developing the arts

| No. | Programme                      | Measure  | Link to goal                                 | 2024/25 forecast | 2025/26 target |
|-----|--------------------------------|--|--|------------------|----------------|
| D.1 | Programmes and initiatives     | Capability building initiatives delivered to the sector meet expectations.   | Thriving artists, ringatoi and practitioners | ≥97%             | ≥97%           |
| D.2 | Partnerships and collaboration | Number of active relationships and partnerships (including co-investment, regular meetings, shared projects) maintained. | Empowered communities                        | ≥175             | ≥175           |

### Leading in the arts

| No. | Programme             | Measure   | Link to goal                                 | 2024/25 forecast | 2025/26 target |
|-----|-----------------------|---|--|------------------|----------------|
| L.1 | Advocacy and policy   | Annual advocacy actions (in the annual advocacy plan) that meet or exceed our expectations. | Inspired New Zealanders                      | ≥75%             | ≥75%           |
| L.2 | Research and insights | Number of Creative New Zealand research projects completed.                                 | Thriving artists, ringatoi and practitioners | 2                | 1              |

#### Notes to programme delivery measures:

1. See I.1. Creative New Zealand evaluates each council’s delivery of the Creative Communities Scheme on the spread of projects funded in the area (funding criteria and ethnicities of applicants), the level of expenses and roll-over of funds, reporting compliance and assessment committee compliance. Further information on how supported projects deliver to Creative New Zealand’s outcomes will be reported in our 2025/26 Annual Report.

2. See 1.2. This measure reports on the evaluation of the financial health and artistic quality of an investment organisation's programme.
3. See I.8. This measure reports on evaluated completion reports for project-based contestable funding. Completed projects are evaluated against the project delivery and financial expectations set out in funding agreements.
4. See I.10. Satisfaction is measured against the following five standards—that services are: Clear and transparent; Responsive; Accessible; Culturally appropriate and respectful; and Professional and empathetic.

# Financial planning and performance in 2025/26

This section provides our prospective financial statements for 2025/26 and the notes to those statements.

The prospective financial statements in this section are based on policies and approvals in place as at 30 June 2025. The statements are exclusive of goods and services tax (GST) (except for payables and receivables, which are GST inclusive).

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

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

- 2024—actual figures from the 2024/25 Annual Report
- 2025—forecast figures based on the actual figures as of 30 May 2025
- 2026—budget based on the budget approved by the Arts Council on 26 June 2025.

## Financial planning and performance context

### Forecast for 2024/25

Creative New Zealand expects to end the 2024/25 year with a net surplus of \$4.3 million, against the net operating deficit budget of \$2.8 million, a positive variance of \$7.1 million.

Total revenue for the year is expected to be above budget by \$8.1 million, due primarily to:

- \$7.1 million NZLGB payment from the 2023/24 Lotto NZ profit received in November 2024
- higher revenue from the Crown by \$256,000 due to the rolled-over one-off funds from 2023/24 (Pasifika Festival Initiative, Nui Dawn Raids and Mātauranga Māori)
- higher other revenue attributable to higher interest revenue earned of \$525,000 and revenue from project partners \$251,000.

Total expenses for the year are expected to be higher than the budget by \$986,000, which can be attributed to:

- higher spend in the Pasifika Festivals initiative, Nui Dawn Raids and Mātauranga Māori funded from roll-over revenue, as noted above
- higher spend in Investing in the arts and Developing the arts programmes, which were funded by an underspend in Leading in the arts and additional revenue.
- additional information technology costs approved post-SPE budget for new programme development of the grant management system
- offset by savings in personnel due to unfilled vacancies.

Total investment in the arts sector for 2024/25 is lower than in 2023/24 by \$18.0 million (\$61.3 million compared with \$79.4 million), as shown in figure 1. This investment includes the significant one-off Crown investment in Creative New Zealand of \$19 million in 2023/24 related to the COVID-19 recovery response and other one-off funding, as shown in figure 2. The breakdowns of the one-off funding received and expensed are detailed in the notes to the prospective financial statements (notes 2 and 3).

Creative New Zealand's accumulated funds are forecast to increase to \$20.6 million at the end of 2024/25, as shown in figure 3.

## Budget 2025/26

The current budgeting process is being run in the context as outlined on pages 11–12. The plan and budget for 2025/26 were developed considering the following:

- revenue is projected to remain flat at \$70 million, with LGB contributing \$52.789 million (secured for 2024/25 to 2027/28) and Vote: Arts, Culture and Heritage funding budgeted to remain at \$16.689 million. Revenue is more stable post-COVID, but significantly less than for 2020/21 to 2023/24
- of the 2025/26 arts investment budget, 70 percent (\$43.2 million) is already committed, broken down as follows:
  - \$35 million for the Tōtara and Kahikatea Investment programmes.
  - \$4 million for the Creative Communities Scheme.
  - \$3 million for the Arts Organisations and Groups Fund.
  - \$1.2 million for other smaller programmes.
- operating costs will decrease from \$14.3 million in 2023/24 to \$12.7 million in 2025/26. The cost reductions are through efficiency improvements, and will be phased in gradually to allow for adaptation and risk management
- the ongoing inflation that continues to affect our own operational costs, including personnel costs, and will continue to affect those we fund
- maintaining the minimum equity level of \$6 million as a buffer against any future reductions in revenue.

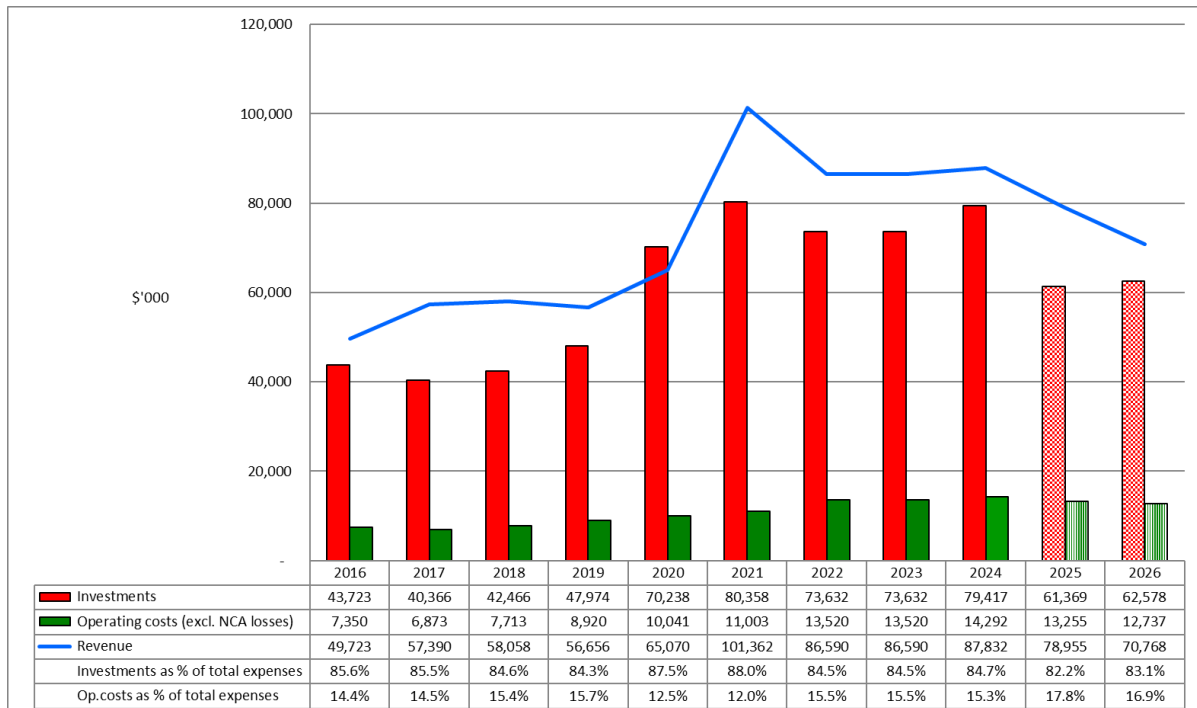
With NZLGB funding now set for the next four years, we can plan over a longer timeframe with greater certainty. While this is good news, we are facing a period with significantly less to invest in the arts sector than we have for the past five years. We are also facing record demand for funding through contestable grants, and it is evident that demand far outstrips the resources we have. We are taking a prudent approach to the longer term planning and budgeting horizon enabled by changes to the NZLGB allocation model. The budget for 2025/26 reflects an intention to spread the upside across the four-year period, to ensure we arrive at a sustainable level of investment in the sector. As a result, total investment in the arts sector for 2025/26 is budgeted at \$62.5 million, \$1.2 million above the 2024/25 level, as shown in figure 1.

Creative New Zealand's accumulated funds are budgeted to decrease to \$16.1 million as at 30 June 2026, as shown in figure 3.

Operating costs are budgeted at 16.9 percent of the total expenditure range. The presented budget reflects a \$1.5 million or 10.8 percent reduction in operating costs (from 2023/24 levels),

consistent with the imperative to reflect our new financial context and the expectations of the Government.

**Figure 1: Revenue and expense trends 2015/16 to 2025/26**



Note: Investments include our deliverables: Investing in the arts, Developing the arts and Leadership in the arts. NCA = Non-current assets.

**2025** = forecast result for 2024/25

**2026**= current budget for

Figure 2: Investment into the arts sector 2015/16 to 2025/26—COVID-19 and non-COVID-19 specific

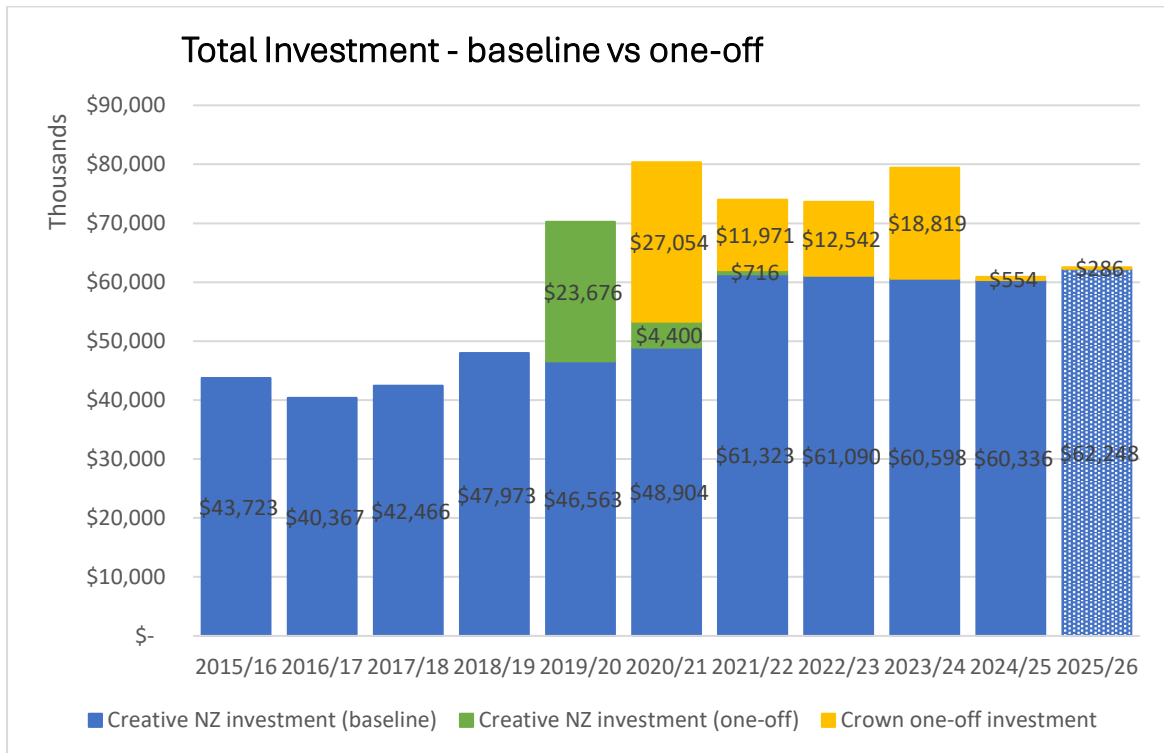
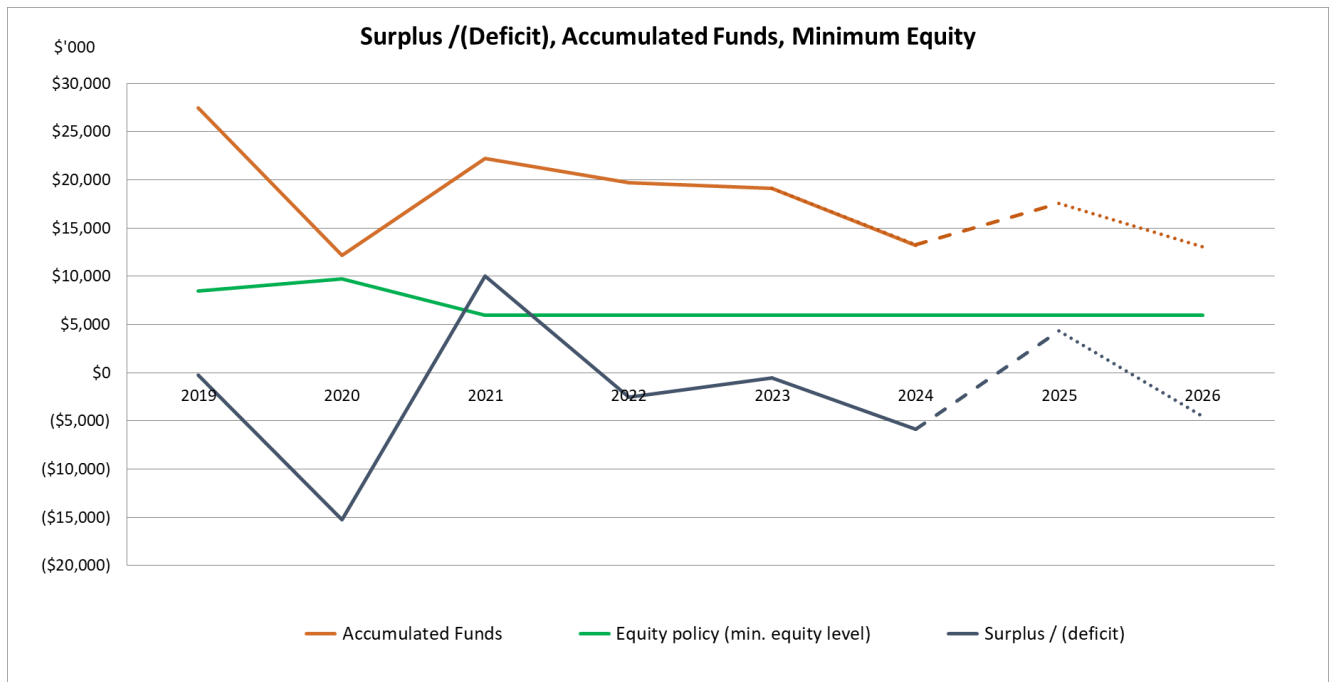


Figure 3: Surplus/(deficit), minimum equity and accumulated funds 2015/16 to 2025/26



# Prospective financial statements

## Prospective statement of financial performance

For the year ending 30 June

|   | NOTE | ACTUAL<br>2024<br>\$000 | FORECAST<br>2025<br>\$000 | BUDGET<br>2026<br>\$000 |
|---|------|-------------------------|---------------------------|-------------------------|
| <b>Revenue</b>                                    |      |                         |                           |                         |
| Revenue from the Crown                            | 2    | 35,508                  | 17,242                    | 16,975                  |
| Revenue from the New Zealand Lottery Grants Board |      | 49,500                  | 59,932                    | 52,789                  |
| Interest revenue                                  |      | 2,317                   | 1,325                     | 800                     |
| Other revenue                                     |      | 507                     | 455                       | 204                     |
| <b>TOTAL REVENUE</b>                              |      | <b>87,832</b>           | <b>78,854</b>             | <b>70,768</b>           |
| <b>Expenses</b>                                   |      |                         |                           |                         |
| Investing in the arts                             | 3    | 70,619                  | 53,314                    | 54,052                  |
| Developing the arts                               | 3    | 7,220                   | 6,468                     | 6,916                   |
| Leading in the arts                               | 3    | 1,578                   | 1,587                     | 1,610                   |
|   |      | <b>79,417</b>           | <b>61,369</b>             | <b>62,578</b>           |
| <b>Operating costs</b>                            |      |                         |                           |                         |
| Personnel expenses                                |      | 10,380                  | 9,707                     | 9,383                   |
| Depreciation and amortisation                     |      | 413                     | 265                       | 250                     |
| Other expenses                                    |      | 3,499                   | 3,282                     | 3,104                   |
|   |      | <b>14,292</b>           | <b>13,254</b>             | <b>12,737</b>           |
| <b>TOTAL EXPENSES</b>                             |      | <b>93,709</b>           | <b>74,623</b>             | <b>75,315</b>           |
| <b>NET OPERATING SURPLUS/(DEFICIT)</b>            |      | <b>(5,877)</b>          | <b>4,331</b>              | <b>(4,547)</b>          |

## Prospective statement of comprehensive revenue and expense

For the year ending 30 June

|  | ACTUAL<br>2024<br>\$000 | FORECAST<br>2025<br>\$000 | BUDGET<br>2026<br>\$000 |
|--|-------------------------|---------------------------|-------------------------|
| Net operating surplus/(deficit) for the year         | (5,877)                 | 4,331                     | (4,547)                 |
| Other comprehensive revenue and expense              |                         |                           |                         |
| Revaluation of works of art                          | –                       | –                         | –                       |
| <b>Total other comprehensive revenue and expense</b> | <b>–</b>                | <b>–</b>                  | <b>–</b>                |
| <b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>       | <b>(5,877)</b>          | <b>4,331</b>              | <b>(4,547)</b>          |

## Prospective statement of changes in net assets and equity

For the year ending 30 June

|  | ACTUAL<br>2024<br>\$000 | FORECAST<br>2025<br>\$000 | BUDGET<br>2026<br>\$000 |
|--|-------------------------|---------------------------|-------------------------|
| Total equity as at 1 July                      | 22,196                  | 16,319                    | 20,650                  |
| Net operating surplus/(deficit) for the year   | (5,877)                 | 4,331                     | (4,547)                 |
| Other comprehensive revenue and expense        | –                       | –                         | –                       |
| <b>Total comprehensive revenue and expense</b> | <b>(5,877)</b>          | <b>4,331</b>              | <b>(4,547)</b>          |
| <b>TOTAL EQUITY AS AT 30 JUNE</b>              | <b>16,319</b>           | <b>20,650</b>             | <b>16,103</b>           |

## Prospective statement of financial position

As at 30 June

|   | ACTUAL<br>2024<br>\$000 | FORECAST<br>2025<br>\$000 | BUDGET<br>2026<br>\$000 |
|---|-------------------------|---------------------------|-------------------------|
| <b>ASSETS</b>                               |                         |                           |                         |
| <b>Current assets</b>                       |                         |                           |                         |
| Cash and cash equivalents                   | 7,308                   | 9,233                     | 5,992                   |
| Investments in term deposits                | 14,000                  | 19,000                    | 14,000                  |
| Receivables                                 | 13,251                  | 13,347                    | 13,497                  |
| Prepayments                                 | 255                     | 200                       | 200                     |
| <b>Total current assets</b>                 | <b>34,814</b>           | <b>41,780</b>             | <b>33,689</b>           |
| <b>Non-current assets</b>                   |                         |                           |                         |
| Property, plant and equipment               | 502                     | 434                       | 214                     |
| Works of art                                | 2,262                   | 2,262                     | 2,262                   |
| Intangible assets                           | 172                     | 50                        | 20                      |
| <b>Total non-current assets</b>             | <b>2,936</b>            | <b>2,746</b>              | <b>2,496</b>            |
| <b>TOTAL ASSETS</b>                         | <b>37,750</b>           | <b>44,526</b>             | <b>36,185</b>           |
| <b>LIABILITIES</b>                          |                         |                           |                         |
| <b>Current liabilities</b>                  |                         |                           |                         |
| Grants payable                              | 18,843                  | 22,163                    | 18,853                  |
| Payables and deferred revenue               | 1,727                   | 1,023                     | 544                     |
| Employee entitlements                       | 757                     | 600                       | 600                     |
| <b>Total current liabilities</b>            | <b>21,327</b>           | <b>23,786</b>             | <b>19,997</b>           |
| <b>Non-current liabilities</b>              |                         |                           |                         |
| Lease incentive                             | 13                      | 9                         | 4                       |
| Employee entitlements                       | 91                      | 81                        | 81                      |
| <b>Total non-current liabilities</b>        | <b>104</b>              | <b>90</b>                 | <b>85</b>               |
| <b>TOTAL LIABILITIES</b>                    | <b>21,431</b>           | <b>23,876</b>             | <b>20,082</b>           |
| <b>NET ASSETS</b>                           | <b>16,319</b>           | <b>20,650</b>             | <b>16,103</b>           |
| <b>EQUITY</b>                               |                         |                           |                         |
| Accumulated funds                           | 13,245                  | 17,576                    | 13,029                  |
| Revaluation reserves                        | 2,262                   | 2,262                     | 2,262                   |
| Restricted reserves (special purpose funds) | 812                     | 812                       | 812                     |
| <b>TOTAL EQUITY</b>                         | <b>16,319</b>           | <b>20,650</b>             | <b>16,103</b>           |

## Prospective statement of cash flows

For the year ending 30 June

|  | ACTUAL<br>2024<br>\$000 | FORECAST<br>2025<br>\$000 | BUDGET<br>2026<br>\$000 |
|--|-------------------------|---------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |                         |                           |                         |
| <b>Cash was provided from:</b>                               |                         |                           |                         |
| Revenue from the Crown                                       | 16,947                  | 16,708                    | 16,689                  |
| Revenue from the New Zealand Lottery Grants Board            | 51,352                  | 59,110                    | 52,789                  |
| Interest received  | 2,726                   | 1,520                     | 800                     |
| Grant retirements and gains                                  | 87                      | 286                       | 100                     |
| Other revenue  | 116                     | 77                        | 4                       |
| Net goods and services tax                                   | –                       | 217                       | –                       |
| <b>Cash was applied to:</b>                                  |                         |                           |                         |
| Payments of grants   | (83,922)                | (57,945)                  | (65,788)                |
| Payments to employees  | (10,289)                | (9,874)                   | (9,383)                 |
| Payments of operating expenses                               | (3,504)                 | (3,100)                   | (3,258)                 |
| Net goods and services tax                                   | (3,368)                 | –                         | (193)                   |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>              | <b>(29,855)</b>         | <b>6,999</b>              | <b>(8,240)</b>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |                         |                           |                         |
| <b>Cash was provided from:</b>                               |                         |                           |                         |
| Term deposits maturing (with maturities over 3 months)       | 39,000                  | 14,000                    | 19,000                  |
| <b>Cash was applied to:</b>                                  |                         |                           |                         |
| Purchase of property, plant, equipment and intangible assets | (57)                    | (75)                      | –                       |
| Investment in term deposits (with maturities over 3 months)  | (14,000)                | (19,000)                  | (14,000)                |
| <b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>              | <b>24,943</b>           | <b>(5,075)</b>            | <b>5,000</b>            |
| <b>NET INCREASE (DECREASE) IN CASH HELD</b>                  | <b>(4,912)</b>          | <b>1,924</b>              | <b>(3,240)</b>          |
| Cash and cash equivalents at the beginning of the year       | 12,220                  | 7,308                     | 9,232                   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>      | <b>7,308</b>            | <b>9,232</b>              | <b>5,992</b>            |

## Notes to the prospective financial statements

### 1. Statement of accounting policies

For the years ending 30 June 2025 and 30 June 2026

#### 1.1 Reporting entity

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

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

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

#### 1.2 Basis of preparation

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

##### 1.2.1 Statement of compliance

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

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

##### 1.2.2 Presentation currency and rounding

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

### 1.3 Significant accounting policies

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

#### 1.3.1 Revenue

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

### ***Revenue from the Crown (Vote: Arts, Culture and Heritage—core funding)***

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

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

### ***Revenue from the Crown (COVID-19 recovery response and one-off funding)***

Revenue from the Crown related to the COVID-19 recovery response is recorded as grants received in advance (deferred revenue) in the Statement of Financial Position and recognised as revenue when conditions of the grant are satisfied, because there is an obligation in substance to return the funds if conditions of the grant are not met.

### ***Revenue from the New Zealand Lottery Grants Board***

Creative New Zealand receives most of its funding from the New Zealand Lottery Grants Board Te Puna Tahua (LGB). The LGB allocates part of Lotto NZ's profit to Creative New Zealand through the Gambling Act 2003. The annual funding allocation until 30 June 2023 was based on 15 percent of Lotto NZ's profit for the financial year. In 2023/24, the LGB shifted from providing Creative New Zealand with a percentage of Lotto NZ profits to a fixed funding amount.

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

### ***Other grants***

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

### ***Interest revenue***

Interest revenue is recognised by accruing on a time proportion basis the interest due for the investment.

### ***Donated assets***

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

The fair value of donated assets is determined as follows.

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

### ***Grant retirements***

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

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

### **1.3.2 Grant expenses**

Discretionary grants are those that Creative New Zealand has no obligations to award on receipt of the grant application. For discretionary grants without substantive conditions, the total committed funding is expensed when the grant is approved by Creative New Zealand and the approval has been communicated to the applicant. Discretionary grants with substantive conditions are expensed at the earlier of the grant payment date or when the grant conditions have been satisfied. Conditions usually include milestones that must be met to be eligible for funding.

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

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

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

### **1.3.3 Personnel expenses**

#### ***Salaries and wages***

Salaries and wages are recognised as an expense because employees provide services.

#### ***Defined contribution scheme***

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

#### **1.3.4 Leases**

##### ***Operating leases***

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

#### **1.3.5 Foreign currency transactions**

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

#### **1.3.6 Cash and cash equivalents**

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

#### **1.3.7 Investments in term deposits**

Investments in bank term deposits with original maturities of between three months and one year are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

#### **1.3.8 Receivables**

Short-term receivables are recorded at the amount due, less an allowance for credit losses. Creative New Zealand applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis because they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when no reasonable expectation of recovery exists. Indicators that no reasonable expectation of recovery exists include the debtor being in liquidation.

#### **1.3.9 Property, plant and equipment**

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

Property, plant and equipment asset classes are measured at cost, less accumulated depreciation and impairment losses.

##### ***Additions***

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

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

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

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

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

### ***Disposals***

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

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

### ***Depreciation***

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

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

|                                     |          |       |
|-------------------------------------|----------|-------|
| Leasehold improvements (Auckland)   | 6 years  | 16.7% |
| Leasehold improvements (Wellington) | 9 years  | 11.1% |
| Furniture, equipment and fittings   | 10 years | 10.0% |
| Computer equipment                  | 4 years  | 25.0% |

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

#### **1.3.10 Works of art**

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

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

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

### 1.3.11 Intangible assets

#### *Software acquisition and development*

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

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

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

#### *Amortisation*

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

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

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

### 1.3.12 Impairment of property, plant, equipment and intangible assets

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

#### *Non-cash generating assets*

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

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

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

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

### **1.3.13 Financial instruments**

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

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

Creative New Zealand does not use derivative financial instruments.

### **1.3.14 Payables and deferred revenues**

Short-term payables are recorded at the amount payable. The amounts are unsecured and are usually paid within 30 days of recognition, therefore, the carrying value of creditors and other payables approximates their fair value.

### **1.3.15 Employee entitlements**

#### ***Short-term employee entitlements***

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

#### ***Long-term employee entitlements***

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

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

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

### **1.3.16 Provisions**

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

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

### **1.3.17 Goods and services tax**

All items in the financial statements are exclusive of GST, except for receivables and creditors and other payables, which are stated inclusive of GST. GST is not recoverable because input tax is recognised as part of the related asset or expense.

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

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

Commitments and contingencies are disclosed exclusive of GST.

### **1.3.18 Income tax**

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

### **1.3.19 Equity**

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

- accumulated funds
- revaluation reserve
- restricted reserve.

Revaluation reserve relates to the revaluation of works of art.

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

## **1.4 Changes in accounting policies**

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

## **1.5 Significant estimates and assumptions concerning the future**

Revenue from the LGB for 2024/25 is based on the amount confirmed by the LGB on 3 May 2024, together with the allocation model for the distribution of LGB funding for the four years from 2024/25.

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

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

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

## 2. Revenue from the Crown

|  | ACTUAL<br>2024<br>\$000 | FORECAST<br>2025<br>\$000 | BUDGET<br>2026<br>\$000 |
|--|-------------------------|---------------------------|-------------------------|
| Vote: Arts, Culture and Heritage—core funding                            | 16,689                  | 16,689                    | 16,689                  |
| <b>COVID-19 recovery response funding</b>                                |                         |                           |                         |
| Cultural Sector Capability Fund  | 760                     | –                         | –                       |
| Pasifika Festivals Initiative  | 110                     | 490                       | 286                     |
| Mātauranga Māori Te Awe Kōtuku Initiative                                | –                       | 19                        | –                       |
| Reprioritised Cultural Recovery Package                                  | 15,734                  | –                         | –                       |
| <b>Other one-off funding</b>   |                         |                           |                         |
| Niu Dawn Raids   | 1,956                   | 44                        | –                       |
| Cultural Diplomacy International Programme—<br>South by Southwest Sydney | 258                     | –                         | –                       |
|  | <b>35,507</b>           | <b>17,242</b>             | <b>16,975</b>           |

Creative New Zealand received significant one-off investment from the Crown in 2021, 2022 and 2023 related to the COVID-19 recovery response. This one-off investment is recorded as grants received in advance (deferred revenue) in the Statement of Financial Position and recognised as revenue when conditions of the grant are satisfied, because of an obligation in substance to return the funds if conditions of the grant are not met.

The remaining COVID-19 recovery response funding affecting these financial statements is restricted in its use towards achieving the following outcomes:

- deliver the objectives of the **Cultural Sector Capability Fund** so the arts sector has the necessary industry, technical and business capability to meet the challenges of a COVID-19 environment (\$1 million per year in 2021 and 2022)
- manage the new **Pasifika Culture and Heritage Fund** to support Pasifika festivals throughout New Zealand that are facing financial hardship brought about by the COVID-19 pandemic, as well as develop their capability so they can operate in a COVID-19 environment (\$4 million per year in 2021, 2022 and 2023)
- deliver to programmes under the **Mātauranga Māori Te Awe Kōtuku Initiative**, in particular: to support the retention and revitalisation of critically endangered Tārai Waka mātauranga (waka building knowledge), and Taonga Pūoro mātauranga, to boost the existing Toi Ake contestable fund to support the retention of mātauranga and heritage ngā toi Māori artforms, and to develop regional partnerships to support mātauranga Māori artform practitioners (\$1.073 million in 2021, \$2.255 million in 2022 and \$1 million in 2023)
- enable the continued recovery of the arts, culture and heritage sector from the ongoing effects of COVID-19 (\$22 million reprioritised in 2023 from the Government’s Arts and Culture COVID Recovery Fund).
  - **Additional support for festivals:** \$10 million to support established festivals that celebrate the life experiences, stories, cultures and regional identities of New Zealanders, and that continue to be affected by the effects of COVID-19 in 2023.
  - **Additional support for artists, arts practitioners and arts organisations:** \$12 million to support artists, arts practitioners and arts organisations, including through Grants or other existing programmes that help the arts, culture and heritage sector to adapt and thrive in an ongoing COVID-19 environment.

Additional one-off funding of \$2 million was allocated through Budget 2022 for the Niu Dawn Raids initiative, a contestable funding for Pacific artists and historians to capture and reflect community experiences of the Dawn Raids.

One-off project funding of \$0.259 million was received from the Cultural Diplomacy International Programme to deliver a cross-sector Aotearoa New Zealand activation in October 2023 as part of the South by Southwest, in partnership with Te Māngai Pāho and the New Zealand Music Commission.

The reconciliation of COVID-19 recovery response funding received and deferred is detailed as follows.

|   | ACTUAL<br>2024<br>\$000 | FORECAST<br>2025<br>\$000 | BUDGET<br>2026<br>\$000 |
|---|-------------------------|---------------------------|-------------------------|
| <b>Cash received from the Crown</b>   |                         |                           |                         |
| Vote: Arts, Culture and Heritage—core funding                                     | 16,689                  | 16,689                    | 16,689                  |
| Cultural Diplomacy International Programme—                                       | 258                     | –                         | –                       |
| South by Southwest Sydney   |                         |                           |                         |
|   | <b>16,947</b>           | <b>16,689</b>             | <b>16,689</b>           |
| <b>Less, revenue deferred (recognised in the Statement of Financial Position)</b> |                         |                           |                         |
| COVID-19 recovery response funding  |                         |                           |                         |
| Pasifika Festivals Initiative   | 776                     | –                         | –                       |
| Mātauranga Māori Te Awe Kōtuku Initiative   | 20                      | –                         | –                       |
| Other one-off funding   |                         |                           |                         |
| Niu Dawn Raids  | 44                      | –                         | –                       |
|   | <b>840</b>              | <b>–</b>                  | <b>–</b>                |
| <b>Plus, deferred revenue used from prior years</b>                               |                         |                           |                         |
| COVID-19 recovery response funding  |                         |                           |                         |
| Cultural Sector Capability Fund   | 760                     | –                         | –                       |
| Pasifika Festivals Initiative   | 886                     | 490                       | 286                     |
| Mātauranga Māori Te Awe Kōtuku Initiative   | 20                      | 19                        | –                       |
| Reprioritised Cultural Recovery Package   | 15,734                  | –                         | –                       |
| Other one-off funding   |                         |                           |                         |
| Niu Dawn Raids  | 2,000                   | 44                        | –                       |
|   | <b>19,400</b>           | <b>553</b>                | <b>286</b>              |
| <b>Revenue from the Crown</b>   | <b>35,507</b>           | <b>17,242</b>             | <b>16,975</b>           |

### 3. Expenses by investment category

|  | ACTUAL<br>2024<br>\$000 | FORECAST<br>2025<br>\$000 | BUDGET<br>2026<br>\$000 |
|--|-------------------------|---------------------------|-------------------------|
| <b>INVESTING IN THE ARTS</b>   |                         |                           |                         |
| Toi Tōtara Haemata Investment programme                                  | 16,192                  | 16,516                    | 16,516                  |
| Toi Uru Kahikatea Investment programme                                   | 17,981                  | 18,487                    | 18,487                  |
| Grants and Special Opportunities   | 12,022                  | 12,776                    | 13,144                  |
| Creative Communities Scheme  | 3,948                   | 4,053                     | 4,035                   |
| International programme  | 2,528                   | 1,439                     | 1,870                   |
| <b>COVID-19 Crown funding</b>  |                         |                           |                         |
| Creative Communities Scheme  | 1,183                   | –                         | –                       |
| Grants and special opportunities—Arts Grants                             | 4,758                   | –                         | –                       |
| Grants and special opportunities—Festivals                               | 9,793                   | –                         | –                       |
| <b>Other one-off funding</b>   |                         |                           |                         |
| Niu Dawn Raids   | 1,956                   | 44                        | –                       |
| Cultural Diplomacy International Programme—<br>South by Southwest Sydney | 258                     | –                         | –                       |
|  | <b>70,619</b>           | <b>53,314</b>             | <b>54,052</b>           |
| <b>DEVELOPING THE ARTS</b>   |                         |                           |                         |
| Grant Programmes   | 1,792                   | 1,699                     | 2,240                   |
| Programmes and initiatives   | 4,106                   | 3,829                     | 3,890                   |
| Partnership and collaboration  | 452                     | 450                       | 500                     |
| <b>COVID-19 Crown funding</b>  |                         |                           |                         |
| Capability building—Cultural Sector Capability Fund                      | 760                     | –                         | –                       |
| Initiatives and pilots—Pasifika Festivals Initiative                     | 110                     | 490                       | 286                     |
|  | <b>7,220</b>            | <b>6,468</b>              | <b>6,916</b>            |
| <b>LEADERSHIP IN THE ARTS</b>  |                         |                           |                         |
| Advocacy and policy  | 1,327                   | 1,368                     | 1,375                   |
| Research and insights  | 251                     | 219                       | 235                     |
|  | <b>1,578</b>            | <b>1,587</b>              | <b>1,610</b>            |

Creative New Zealand does not allocate personnel costs directly to deliverables: Investing in the arts, Developing the arts, Leadership in the arts.