



Contact us

Website: www.creativenz.govt.nz

Wellington office

Level 2

2-12 Allen Street

PO Box 3806

Wellington 6140

T: 04 473 0880

F: 04 471 2865

E: info@creativenz.govt.nz

Auckland office

Level 1

Southern Cross Building

Cnr High and Victoria Streets

PO Box 1425

Auckland 1140

T: 09 373 3066

F: 09 377 6795

E: northern@creativenz.govt.nz

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ISSN 2357-1659 (Print)

ISSN 2357-1667 (Online)

FRONT COVER: Students from Waitākere College performing in the 2021 Northern Dance Network YouDance. Photographer: Amanda Billing.

In accordance with section 150(3) of the Crown Entities Act 2004, the Annual Report for 2020/21 of the Arts Council of New Zealand Toi Aotearoa, trading as Creative New Zealand, is presented to the House of Representatives.

The report covers the 2020/21 financial year—1 July 2020 to 30 June 2021—and reports against Creative New Zealand's one output class: Promotion and support of the arts.

A handwritten signature in black ink, consisting of a stylized, cursive 'C' followed by a long horizontal line.

Caren Rangi ONZM | Manukura—Chair

Arts Council of New Zealand Toi Aotearoa

15 December 2021

A handwritten signature in black ink, featuring a stylized, cursive 'M' followed by a large, sweeping flourish.

Michael Prentice | Toihau Tuarua—Deputy Chair

Arts Council of New Zealand Toi Aotearoa

15 December 2021

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OUR CHAIR AND CHIEF EXECUTIVE REVIEW THE YEAR

NGĀ TIROHANGA MAI TŌ MĀTOU TIAMANA, ME TE TUMUAKI NŌ TENEI TAU

The arts matter to most New Zealanders, that's clear from our recent *New Zealanders and the arts Ko Aotearoa Me Ōna Toi* research (2020).

New Zealanders are increasingly recognising the benefits of the arts to themselves, their communities, their identities, and the country. Three-out-of-five New Zealanders surveyed (61 percent) agree the arts make an important contribution to community resilience and wellbeing.

While the year continued to be dominated by the COVID-19 pandemic and its effects, artists, arts practitioners, and arts organisations played a vital role in our lives. We thank New Zealanders for supporting and taking part in the arts in communities across the country in 2020/21.

COVID-19 and how we responded during the year

In 2020/21, we invested a record \$80.3 million in the arts, supporting the sector through our funding, capability building, advocacy, and leadership initiatives.

Along with our regular annual investment, out of the May 2020 Budget, we were fortunate to receive significant one-off funding to support the arts sector to survive and adapt to the COVID-19 environment. This included \$25 million to invest in our core funding programmes; \$12 million (over three years) to implement the new Pasifika Festivals Initiative; \$2.828 million (over two years) to deliver programmes through the Mātauranga Māori Te Awe Kōtuku Initiative; and \$2 million (over two years) from the Te Tahua Whakakaha Cultural Sector Capability Fund.

This funding boost our 2020/21 support for the arts sector alongside other agencies, as part of the Government's wider Arts and Culture COVID Recovery

Programme. Because of this collaborative effort, we have been able to help reduce some of the harm felt by the arts sector at a time when many practitioners and organisations could not operate.

With these additional resources and dynamic budgeting, we continued to focus on recovery, resilience, and renewal as the COVID-19 pandemic affected artists, arts practitioners, arts organisations, and their work. This included:

- supporting 81 arts organisations funded through our Tōi Tōtara Haemata and Toi Uru Kahikatea Investment programmes, ensuring critical arts infrastructure as well as jobs were retained
- offering eight rounds of Arts Grants that funded 1978 applications, ensuring support for artists and arts practitioners and enabling arts activities to continue, an increase on the 1650 applications funded in 2019/20
- distributing an additional \$900,000 through the Creative Communities Scheme, enabling the 67 territorial authorities to support an additional 400 projects and deliver more local arts activities. In addition, the Local Government Arts Fund helped councils to provide 1926 grants, totalling more than \$850,000, to support the resilience and recovery of local arts organisations affected by the COVID-19 pandemic
- supporting the retention and revitalisation, through the Mātauranga Māori Te Awe Kōtuku Programme, of critically endangered tārai waka mātauranga (waka building knowledge) and taonga pūoro mātauranga (traditional Māori musical instrument knowledge). This funding also boosted the existing Toi Ake programme to support the retention of mātauranga and heritage ngā toi Māori artforms and develop regional partnerships to support mātauranga Māori artform practitioners

- supporting Pasifika festivals across New Zealand, through the Pasifika Festivals Initiative, that were facing financial hardship brought about by the COVID-19 crisis, as well as capability building to strengthen festival organisations
- supporting regional arts activities through the Ngā Toi a Rohe—Arts in the Regions Fund.

Achievements despite the uncertainty

Even with the challenges that artists, arts practitioners, and arts organisations have faced this year, Creative New Zealand's programmes have supported artists to develop high-quality works and encouraged participation in, and engagement with, those works. This has resulted in:

- more than 7000 high-quality New Zealand artworks being developed
- over 258 000 participants in projects or events funded by Creative New Zealand
- more than 8 million attendances reported at arts experiences across the country.

While direct financial government support is critical, action to promote sector resilience and adaptability is also important. During 2020/21, we advanced work in the following areas:

- delivering our main kaupapa-based strategies: *Te Hā o ngā Toi—Māori Arts Strategy 2019–2024*, the *Pacific Arts Strategy 2018–2023*, and the *Investment Strategy Te Ara Whakamua 2018–2023*
- gaining a better understanding of the extent to which our support for the arts is inclusive of, and accessible to, New Zealand's diverse communities through the development of our first diversity report (published later in 2021)

- developing our thinking about how to support the arts sector to maximise the opportunities associated with digital technologies
- working to improve the sustainability of arts sector careers through consultation on sustainable careers for artists and arts practitioners Umanga Toitū mō ngā Ringa Rehe Toi, me ngā Tohunga Toi, publishing the outcomes, and committing to the development of a remuneration policy for artists and arts practitioners
- progressing our Te Kaupapa o Toi Aotearoa programme, aimed at helping ensure we have the organisational culture, competencies, and practices to meet our aspirations and obligations under Te Tiriti o Waitangi (the Treaty of Waitangi) and deliver public value for all New Zealanders.

Reflections midway through 2021/22

Because we drew heavily on our reserves last year to support the sector with our COVID-19 response, we do not have as much money this year to do anything new. We are still investing significantly, however, more than we did in 2018/19, before the COVID-19 pandemic.

Drawing on what we have learnt in 2020/21, we are prioritising investment into a simplified grants funding programme to support artists and arts practitioners and address the significant demand for support. At the start of the 2021/22 year, we retained flexibility in our budget in the event of a COVID-19 resurgence. When Delta struck mid-2021, we were able to reduce the effects of this with our resources. This was helped by a further \$5 million through the Government's Delta Relief Fund in September 2021 to provide short-term support to the arts sector.

Guided by our *Creating Value for New Zealanders* public value model, we are working with fewer resources but, by being more intentional with what we do have in other areas, we are:

- working to improve the sustainability of the arts sector, including the sustainability of arts sector careers, contributing to the wider government Arts and Culture COVID Recovery Programme in 2021/22, and aligning our resources to ensure the best outcomes for the arts sector. This includes the Pacific Festivals Initiative and Toi Ake – Mātauranga Māori Te Awe Kōtuku Fund
- further advancing our Te Kaupapa o Toi Aotearoa programme
- improving our digital delivery so more efficient processes are administered internally across a unified platform. External users will experience improved system performance and differentiated journeys, depending on their profile
- continuing with special opportunities for artists, our usual annual awards, and our scholarships, as well as the Creative Communities Scheme, although we are needing to be dynamic in our delivery as needs arise.

We will keep monitoring the impact of our funding and how it is supporting the sector in 2021/22. Inspired by our arts community, we will meet the challenges—and opportunities—that the year brings with dedication, heart, and manaaki.

Mā whero, mā pango ka oti ai te mahi.

With red and black the work will be complete.



Stephen Wainwright

Pou Whakarae—Chief Executive,
Creative New Zealand
15 December 2021



Caren Rangi

Manukura—Chair
Arts Council of New Zealand Toi Aotearoa
15 December 2021

OUR VISION

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

OUR VALUES

1

MANA TOI

We champion the role of the arts and the contribution artists make to our lives.

2

TAUIWI

We recognise New Zealand's distinctive cultural and social diversity and work to ensure arts opportunities for all.

3

MANA MĀORI

We recognise and support the role of Māori as tangata whenua in the arts.

4

MANA PASIFIKA

We recognise the arts of the Pasifika peoples of New Zealand.

5

MAHITAHI

We work together with others so we can achieve more, including exploring the big picture and sharing what we learn.

6

TE TAUMATA

We set high standards for our work.

7

TAUUTUUTU

We are open, frank and respectful in our relationships.

8

MANAAKITANGA

We are welcoming and responsive to all.

OUR PURPOSE

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

OUR MĀTAURANGA MĀORI FRAMEWORK

TE WAKA TOI PĀTAKA

Highlights areas of particular importance and responsibility (such as maintaining connections to Papatūānuku and tūpuna, building resilience and potential, and supporting and advocating for communities) when advancing our work and initiatives in partnership with others.

Te Waka Toi Pātaka anticipates a wider view of wellbeing, incorporating the social, cultural, environmental and economic value of ngā toi Māori, and responds to the aspirations of the ngā toi Māori sector.



S1

THE YEAR IN REVIEW
TE TIROHANGA O TĒNEI TAU

OUR STRATEGIC DIRECTION UNDERPINNING OUR WORK IN 2020/21 *TO TĀTOU MĀHERE RAUTAKI E HONO NEI O TĀTOU MAHI MŌ NGĀ 2020/21*

In 2019, Creative New Zealand adopted a new public value model (*Creating value for New Zealanders*) or describing how it creates long-term value for New Zealanders through its support for the arts.

Using this model, we have articulated the value we believe the arts deliver for individuals, whānau, communities, and society. We have considered what we need to do to increase that value and make sure all New Zealanders—regardless of where they live and who they are—share in those benefits.

Creating value for New Zealanders describes, through the four perspectives and seven segments, the environment we operate in, the relationships between the parts of the system, and how they work together to deliver value. At the heart is our vision, our purpose, our values, and Te Waka Toi Pātaka (our mātauranga Māori framework).

The model should be read as a ‘virtuous circle’, where strengthening one segment will lead to the strengthening of the next and so on. Over time, our aim is to strengthen and grow each segment of the circle, to increase the value the arts can deliver for all New Zealanders.

The model can be explained simply through the graphic below (the full model is represented in the diagram on page 9).

Our goals

As part of a 10-year strategy (set out in our Statement of Intent 2019–2029), the Council established four goals that will enable us, by working with the sector and our partners, to achieve our outcomes. Further detail on how we worked toward our goals in 2020/21 is included in this report.

Goal: We grow the confidence of others in us, and attract greater resources for the arts, recognising their contribution to the wellbeing of New Zealanders

Goal: We have the strategies, services and operational capacity to drive development of the arts in New Zealand

Goal: We work collaboratively with others developing a dynamic and resilient arts sector, and building support for New Zealand arts in Aotearoa, Te Moana-nui-a-Kiwa, and the world

Goal: We can clearly articulate how our work and engagement in the arts deliver value for all New Zealanders



**OUR STRATEGIC DIRECTION FOR 2019–2029:
*CREATING VALUE FOR NEW ZEALANDERS***

What we want to achieve by 2029 – Our goals


 We can clearly articulate how our work and engagement in the arts deliver value for all New Zealanders.

Outcomes and value perspective



We grow the confidence of others in us and attract greater resources for the arts, recognising their contribution to the wellbeing of New Zealanders.

Mana and support perspective



We work collaboratively with others developing a dynamic and resilient arts sector, and building support for New Zealand arts in Aotearoa, Te Moana-nui-a-Kiwa and the world.

Sector perspective



We have the strategies, services and operational capacity to drive the development of the arts in New Zealand.

Creative New Zealand perspective

How we create long-term value for New Zealanders

How our work links to government priorities

Wellbeing dimensions and capitals from the Treasury's Living Standards Framework

Subjective wellbeing Human capital
Health status
Education and skills

Social connections Social capital

Cultural identity

Civic engagement

Time use

Income and wealth	Financial/physical
Jobs and earnings	capital

Environment Natural capital

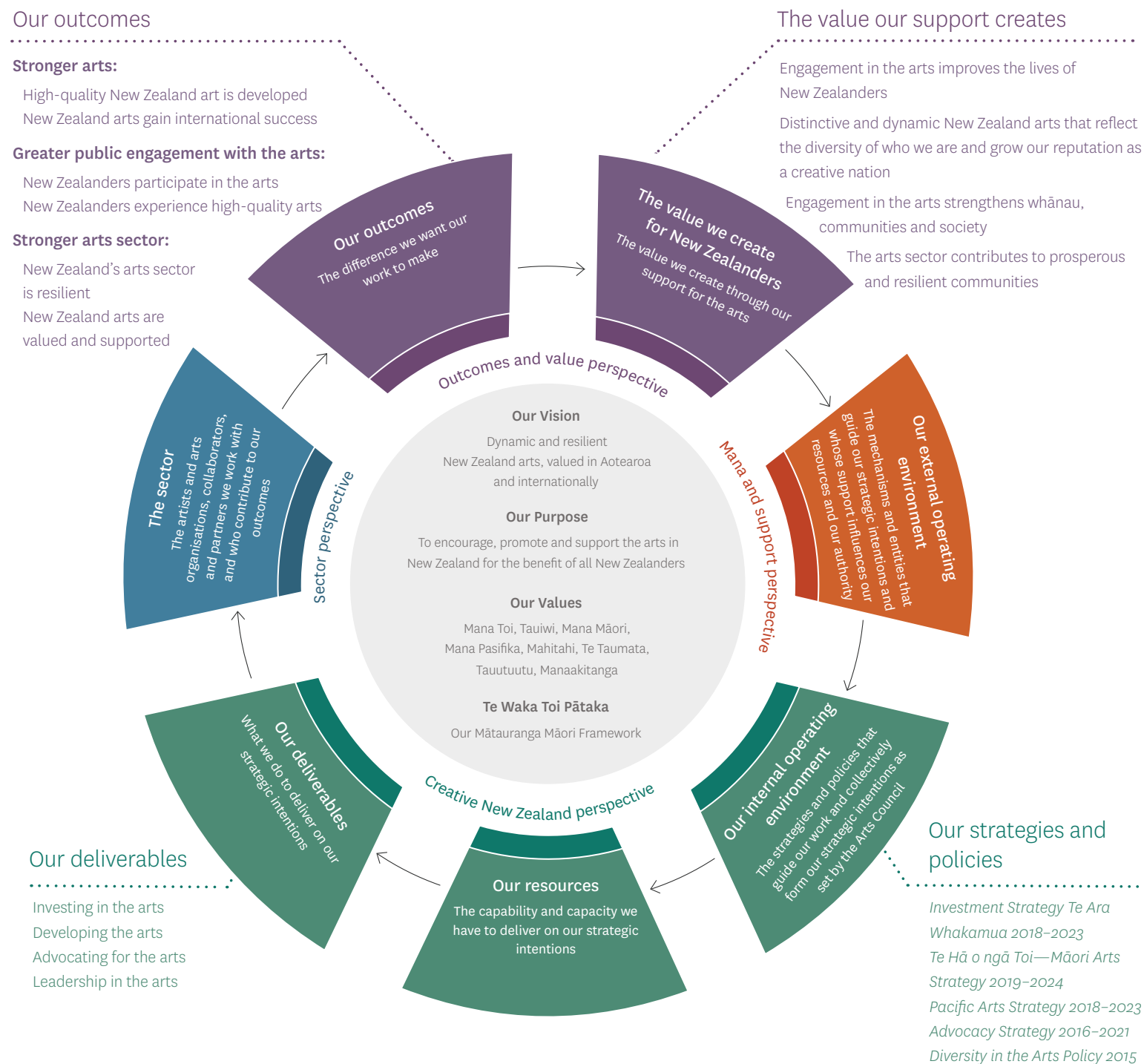
Ministers' priorities for Arts, Culture and Heritage

Valuing who we are as a country

New Zealanders share a distinct and inclusive identity and value our history and traditions

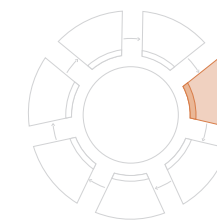
All New Zealanders can access and participate in cultural experiences

The cultural sector is supported and growing sustainably



OUR YEAR AT A GLANCE TE TITIRO KI TĒNEI TĀU

Mana and support
perspective



Our external operating environment

The mechanisms and entities that guide our strategic intentions and whose support influences our resources and our authority.

Mana and support perspective

Goal by 2029: We grow the confidence of others in us, and attract greater resources for the arts, recognising their contribution to the wellbeing of New Zealanders.

Highlights in 2020/21 included:

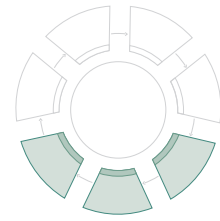
We **engaged with Manatū Taonga Ministry for Culture and Heritage** to provide input into the development of initiatives arising from the **Government's wider Arts and Culture COVID Recovery Programme** for the cultural sector. Creative New Zealand has provided advice as required on the development of the three funds that sit under the Cultural Sector Regeneration Fund (the Cultural Sector Capability Fund, Creative Arts Recovery and Employment (CARE) Fund, and Innovation Fund) plus the Mātauranga Māori Te Awe Kōtuku Initiative.

We proactively championed the arts across central government (as well as to local government and other partners) through **our leadership and advocacy roles**, including:

- forming connections with relevant central government agencies and key sector leaders and advocacy groups in the health and education spaces, including a **Mental Health Awareness Week campaign**
- **submissions to local councils on their Long Term Plans** and guidance for the arts sector on how to advocate for arts and culture in Long Term Plans.

We continued **relationship building with mana whenua** in Tāmaki Makaurau and Te Whanganui-a-Tara.





Our deliverables	Our resources	Our internal operating environment
What we do to deliver on our strategic intentions	The capability and capacity we have to deliver on our strategic intentions	The strategies and policies that guide our work and collectively form our strategic intentions as set by the Arts Council

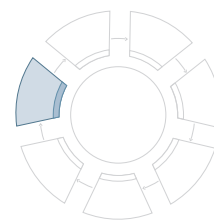
Creative New Zealand perspective

Goal by 2029: We have the strategies, services, and operational capacity to drive development of the arts in New Zealand, for the benefit of all New Zealanders.

Highlights in 2020/21 included:

Our deliverables	
Investing in the arts	<p>We invested over \$80 million in the arts sector as part of our Phase 2 COVID-19 Response Plan, representing Creative New Zealand's largest investment in a single year to date. This included:</p> <ul style="list-style-type: none">▪ an additional \$25 million in one-off funding to programmes and initiatives that support the sector to respond to the effects of the COVID-19 pandemic▪ delivery of a further three multi-year initiatives (Mātauranga Māori Te Awe Kōtuku Initiative, Pasifika Festivals Initiative and Cultural Capability Funding) through additional government funding to Creative New Zealand as part of the COVID-19 Recovery Programme.
Developing the arts	<p>We adapted our existing Capability Building Programme – Poutama – to support the short-to-medium term needs of the sector by tailoring the specific organisational capability building to respond to the effects of the COVID-19 pandemic.</p> <p>We adapted the International Programme to build sector capability and networks to operate in the new environment.</p>
Advocating for the arts	<p>We provided an innovative, dynamic arts advocacy response to the COVID-19 pandemic that promoted the value of the arts to New Zealanders and helped support the arts community. This included advocating for ongoing support for the arts by other funders and collaborators, particularly those with a social wellbeing kaupapa.</p>
Leadership in the arts	<p>We delivered Nui te Kōrero, our main annual leadership conference. The event was attended by 258 digital attendees representing arts organisations and supporters across New Zealand. This year's conference focused on 'Leadership for Transformation/Toi Huarewa', and 85 percent of evaluation survey respondents were satisfied or very satisfied with the event.</p>

Our Resources	
Public Money	We maintained our operating costs well below our policy target of between 15 percent and 16 percent of total expenditure. As a result of the increased investment into the sector in 2020/21 and 2019/20, the operating costs were at 12.0 percent and 12.5 percent respectively. This positive result shows that we can distribute additional funding to the sector without incurring comparatively higher operating costs.
Our people and expertise	We continued to develop our organisational culture programme, <i>Te Kaupapa o Toi Aotearoa/The Creative New Zealand Way</i> , to build staff capability and confidence working in te ao Māori (the Māori world) including knowledge of te reo me tikanga Māori (Māori language and practices), values and mātauranga (knowledge). In 2020/21 we strengthened our organisational relationships with mana whenua in the areas where our offices are based and developed a formal Te Kaupapa o Toi Aotearoa programme that we started implementing in July 2021.
Our operational capacity	We responded to feedback in the Creative New Zealand Client Satisfaction survey 2020 and made improvements to the way we provide information to applicants. This included increased communication to applicants as their application moves through the application process, improved reporting on funding round results and insights. Work on improving accessibility will continue in 2021/22 as improvements are made to the Creative New Zealand website and portal.
Our internal operating environment	
We reviewed <i>Te Hā o ngā Toi—Māori Arts Strategy 2019–2024 and Pacific Arts Strategy 2018–2023</i> implementation plans for 2020/21 and prioritised actions so we could provide practical initiatives to sustain the arts sector through these challenging times.	



The sector

The artists and arts organisations, collaborators, and partners we work with and who contribute to our outcomes

Sector perspective

Goal by 2029: We work collaboratively with others, developing a dynamic and resilient arts sector, and building support for New Zealand arts in Aotearoa, Te Moana-nui-a-Kiwa and the world.

Highlights in 2020/21 included:

We re-established **our external advocacy advisory group, Te Rōpū Mana Toi**, in December 2020. The purpose of the group is to support Creative New Zealand to become a powerful advocate for the arts, by advising and informing its advocacy work, and to help to prioritise and advance collective advocacy on matters of national significance to the Aotearoa arts community.



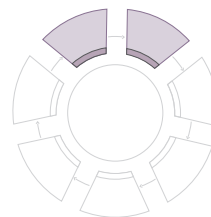
Te Rōpū Mana Toi Image L to R: Elise Sterback, Jeremy Mayall, Kim Morton, Gretchen La Roche, Tānemahuta Gray, Megan Peacock-Coyle, Karl Chitham, Pati Umaga, Dolina Wehipeihana and Rosabel Tan.

We facilitated a **Māori Arts Culture and Heritage—Sector Engagement hui** with 16 government arts, culture and heritage agencies and arts organisations to share direction, support, and build stronger relationships to advance ngā toi Māori aspirations. Representatives from agencies were able to share developments and opportunities related to ngā toi Māori within their work programmes and touch on developing opportunities. Over the next year, Creative New Zealand plans to convene further hui with arts sector leaders and practitioners across the country to encourage closer working relationships for the benefit of the arts.

We established **regular assessment forums** with local funders and international colleagues in Canada, Australia, and Finland. These forums were established to provide an opportunity to discuss collective problems and opportunities with peer assessment in a changed environment. Topics included adapted processes to manage demand, a shift to internal assessment for operational funding, and an emphasis on how technology can support assessment best practice.

We joined **SoundCheck Aotearoa**—an action group formed in 2020 to address concerns that have arisen within Aotearoa's music industry including sexual harm, inequitable representation, and systemic discrimination.

We provided expert support to the **Creatives in Schools programme** in 2020/21. The programme, led by Te Tāhuhu o Te Mātauranga Ministry for Education and Manatū Taonga Ministry for Culture and Heritage, received an additional \$4 million through Budget 2020. Creative New Zealand provided support to establish application and assessment processes for the funding allocation and will continue to work closely with the programme as part of a working group and governance group.



Our outcomes

The difference we want to our work to make

The value we create for New Zealanders

The value we create through our support for the arts

Outcomes and value perspective

Goal by 2029: We can clearly articulate how our work and engagement in the arts deliver value for all New Zealanders.

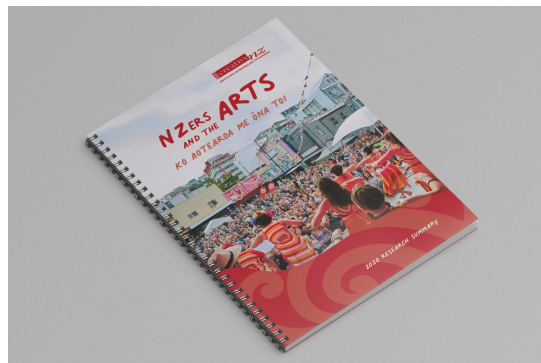
Highlights in 2020/21 included:

Our investment supported **increased participation, attendance, and the development of new works** in 2020/21. Our critical outcome measures (pages 43–47) show our achievements for the 2020/21 year, including the following.

- We funded 7382 new New Zealand artworks, a great body of work across all the artforms we fund, including ngā toi Māori and Pacific arts.
- We saw growth in the overall number of participants in the arts, with 259 773 participations recorded in 2020/21, up on 164 813 in 2019/20 and the same as pre-COVID-19 levels.
- Attendances at arts performances reached record levels, with 8.3 million attendances. This much higher than forecast number reflects a wider reach through online activity because of COVID-19 restrictions.

Our major triennial research piece, **New Zealanders and the Arts—Ko Aotearoa me ōna Toi** was released in May 2021. The 2020 report is the sixth edition of the research and provides much for us to acknowledge, reflect on, and celebrate. The research provides a rich picture of the powerful impact the arts have on our lives, for both adults and young people alike. It shows that, as a country, we're more positive than ever about the value the arts add to our lives, that the arts are making a powerful contribution to New Zealanders' wellbeing and are helping us get through the COVID-19 pandemic. For the first time, we have dedicated reports exploring Māori, Pasifika, and Asian New Zealanders' relationship with the arts. A report on New Zealanders with lived experience of disability and their relationship with the arts was also released. Key results are included on pages xx–xx and all reports are available on our website (www.creativenz.govt.nz/nzersandthearts).

We partnered with The Arts Foundation Te Tumu Toi to deliver a regional engagement tour, **All in for Arts—He waka toi e eke noa nei tātou**, in late 2020. The tour covered 10 locations across the country over four weeks, with more than 60 local speakers sharing powerful stories about the value of the arts to them and their communities.



Adapting to support the arts sector

As the effects of the COVID-19 pandemic continued throughout 2020, Creative New Zealand kept adapting, launching a 12-month programme designed to help the sector survive, recover, and thrive in what would turn out to be a volatile year.

The 2020/21 programme was flexible in design, while offering support and funding across the arts community to help it build resilience and adapt to new, riskier circumstances. This was complemented by our wider work, which included implementing our main strategies, working with partners, and advocating for the value of the arts.

Consistent with our Investment, ngā toi Māori and Pacific arts strategies, we invested in critical core arts sector infrastructure and new and revised or re-purposed opportunities.

The 2020/21 programme included an adapted contestable Arts Grants programme for short-term arts projects, to best manage demand while improving the experience for applicants. This meant we could continue to support more sustainable careers, encourage innovation and the development of arts practice, and provide opportunities for diverse communities to access the arts.

Adaptations included spreading the opportunity across more funding rounds, continuing with the shorter decision-making process introduced in our initial COVID-19 response, and requiring applicants to provide COVID-19 contingency planning in their applications.

Annual Arts Grants became a new offering within the contestable Arts Grants programme. Aligned with the features of our Investment Strategy, these grants provided flexible options for arts organisations and individual artists seeking more certainty of support for their projects over a longer timeframe.

Another new opportunity offered in 2020/21 was the Ngā Toi ā Rohe—Arts in the Regions Fund. This had been introduced but suspended in early 2020 while we focused on our initial COVID-19 response and has since been suspended again. Its purpose was to incentivise

local and regional stakeholder investment in the development and presentation of local arts activity outside the main centres of Auckland, Wellington, and Christchurch.

Organisations in the Toi Uru Kahikatea or Toi Tōtara Haemata Investment programmes were also offered additional funding opportunities. The Adaptation Fund supported transformation or significant development to an organisation's business model, its artistic practice or both. The Capability Fund supported organisations to address their development priorities in 2021, to increase the sustainability of their business in response to the COVID-19 pandemic.

Along with our annual programme investment, we devolved the \$25 million one-off core funding received from the Government through the Arts and Culture COVID Recovery Programme.

Alongside this, delivery continued of the \$12 million three-year Pasifika Festivals Initiative introduced in early 2020, as part of the Government's Arts and Culture COVID Recovery Programme. The first portion of funding—Tasi Wave—provided urgent support to cover immediate COVID-19-related losses.

In December 2020, Creative New Zealand was allocated \$2.828 million from the \$20 million Mātauranga Māori Te Awe Kōtuku Initiative administered by Manatū Taonga Ministry for Culture and Heritage. The fund is designed to safeguard mātauranga Māori, and Creative New Zealand will work with tohunga, arts practitioners, whānau, hapū, and iwi to deliver strategic initiatives across the country over the next two years.

While we won't have as much money to invest in the upcoming financial year as 2020/21, we will invest significantly more than in 2018/19, before the COVID-19 pandemic. The organisation is also offering various opportunities to the sector through its contestable funding programmes.

OUR PRIORITIES IN 2020/21

NGĀ WHAKAAROTAU 2020/21

Priority 1: Delivering our COVID-19 Phase 2 response to support the sector to survive the effects of the COVID-19 pandemic.

Creative New Zealand invested over **\$80 million in the arts sector** as part of the Phase 2 COVID-19 Response Plan in 2020/21, representing Creative New Zealand's largest investment in a single year to date.

This investment includes the additional \$31.1 million (Refer to the Statement of Financial Performance, page 60, for further details on Arts and Culture COVID Recovery Programme revenue.) received from the Government through the Arts and Culture COVID Recovery Programme and contributed to our strategic outcomes in 2020/21 (refer to 'Our outcomes' on page 58).

To achieve its strategic outcomes for the arts in 2020/21, Creative New Zealand spread investment across four core deliverables: **Investing in the arts, Developing the arts, Advocating for the arts, and Leadership in the arts** (figure 1). Within the four ways we provide support to the sector are eight main investment categories that align with our *Investment Strategy Te Ara Whakamua 2018–2023* (figure 2). Investment has doubled over five years, in line with increased revenue, our focus on improving programmes, and to meet the increased demand from the sector due to the COVID-19 pandemic.

FIGURE 1: CREATIVE NEW ZEALAND EXPENDITURE ACROSS DELIVERABLES, 2017/18 TO 2020/21 (EXCLUDING OPERATING COSTS)

Deliverables	2017/18		2018/19		2019/20		2020/21	
Investing in the arts	\$39,350,860	93%	\$43,882,030	91%	\$67,125,654	96%	\$65,984,752	82%
Developing the arts	\$2,202,131	5%	\$3,439,507	7%	\$2,372,652	3%	\$13,708,672	17%
Advocating for the arts	\$863,382	2%	\$541,605	1%	\$648,129	<1%	\$609,331	<1%
Leadership in the arts	\$50,000	<1%	109,941	<1%	\$92,147	<1%	\$54,778	<1%
Total	\$42,466,373		\$47,973,083		\$70,238,581		\$80,357,533	

FIGURE 2: CREATIVE NEW ZEALAND EXPENDITURE ACROSS INVESTMENT CATEGORIES, 2017/18 TO 2020/21 (EXCLUDING OPERATING COSTS)

Investment categories	2017/18		2018/19		2019/20		2020/21	
Tōtara programme	\$16,503,400	39%	16,758,177	35%	16,461,999	23%	19,241,906	24%
Kahikatea programme	\$9,057,024	21%	10,583,713	22%	17,145,413	24%	19,782,559	25%
Grants and special opportunities	\$7,272,809	17%	10,121,466	21%	17,704,415	25%	24,672,154	31%
Creative Communities Scheme	\$3,425,264	8%	3,391,940	7%	3,944,668	6%	5,706,561	7%
International programme	\$2,189,620	5%	2,394,075	5%	1,851,405	3%	495,048	1%
Initiatives and Pilots	\$2,217,140	5%	3,068,949	6%	11,778,149	17%	6,188,643	8%
Capability building	\$937,733	2%	1,053,218	2%	688,196	1%	3,661,332	5%
Advocacy	\$863,382	2%	601,546	1%	664,336	1%	609,331	1%
Total invested	\$42,466,373		\$47,973,083		\$70,238,581		\$80,357,533	

Investing in the arts

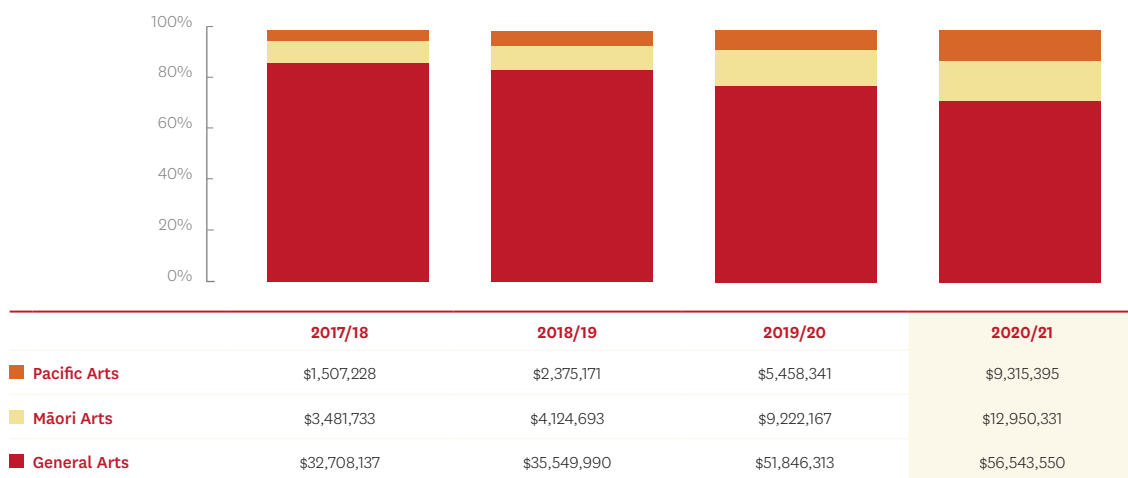
Guided by our *Investment Strategy Te Ara Whakamua 2018–2023*, we achieved most of our work by distributing funding through the following investment categories: Toi Tōtara Haemata Investment Programme, Toi Uru Kahikatea Investment Programme, Grants and special opportunities, Creative Communities Scheme, International Programme, and Initiatives and Pilots (figure 3). Our support has mainly grown through the ‘Investment programmes’ and ‘Grants and special opportunities’ funding types, with a focus on increased COVID-19 support through Grants and special opportunities in 2020/21.

Across the Tōtara, Kahikatea, and Grants programmes we monitor the level of investment through three funding application streams (Pacific arts, Māori arts, and General arts (figure 4).¹ The increased support for Māori and Pacific arts reflects the work carried out in implementing *Te Hā o ngā Toi—Māori Arts Strategy 2019–2024* and the *Pacific Arts Strategy 2018–2023*. This includes increased investment for Māori and Pacific works through the General Arts funding stream (figure 5).

FIGURE 3: COMPARISON OF FUNDING DISTRIBUTION BY FUNDING PROGRAMME WITHIN THE INVESTING IN THE ARTS DELIVERABLE, 2017/18 TO 2020/21

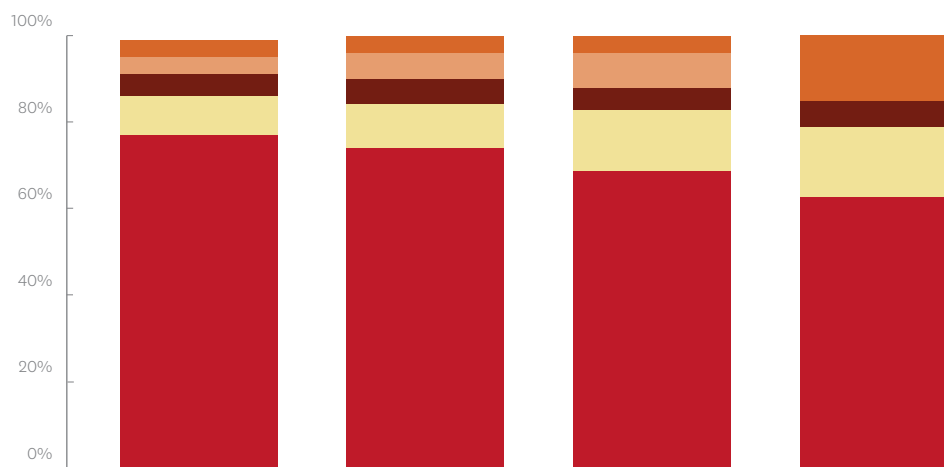
Types of funding	2017/18		2018/19		2019/20		2020/21	
Investment programmes (Tōtara and Kahikatea)	25,560,424	65%	27,341,890	62%	33,607,412	50%	33,055,551	50%
Grants and special opportunities	7,222,809	18%	10,071,466	23%	17,629,415	26%	24,672,154	37%
Creative Communities Scheme	3,425,264	9%	3,391,940	8%	3,944,668	6%	5,706,561	9%
International Programme	2,189,620	6%	2,394,075	5%	1,851,405	3%	182,187	0%
Initiatives and Pilots	952,742	2%	682,659	2%	10,092,753	15%	2,368,299	4%
Total invested	39,350,860		43,882,030		67,125,654	100%	65,984,752	

FIGURE 4: INVESTMENT INTO THE SECTOR BY FUNDING STREAM ACROSS ALL DELIVERABLES (PACIFIC ARTS, MĀORI ARTS, AND GENERAL ARTS), 2017/18 TO 2020/21



¹ Investment by funding stream is not yet monitored through the International, Capability building, and Advocacy programmes.

FIGURE 5: BREAKDOWN OF INVESTMENT FOR MĀORI AND PACIFIC WORKS THROUGH THE GENERAL ARTS (GA) FUNDING STREAM ACROSS ALL DELIVERABLES 2017/18 TO 2020/21²



	2017/18	2018/19	2019/20	2020/21
■ Pacific work funded from GA	\$1,412,746	\$1,681,907	\$2,449,639	\$2,397,413
■ Pacific Arts Pool	\$1,507,228	\$2,375,171	\$5,458,341	\$9,315,395
■ Māori works funded from GA	\$1,811,108	\$2,414,430	\$3,165,026	\$4,448,659
■ Māori Arts	\$3,481,733	\$4,124,693	\$9,222,167	\$12,950,331
■ General Arts	\$29,484,282	\$31,453,654	\$46,231,649	\$49,697,477
Total	\$37,697,098	\$42,049,855	\$66,526,821	\$78,809,276

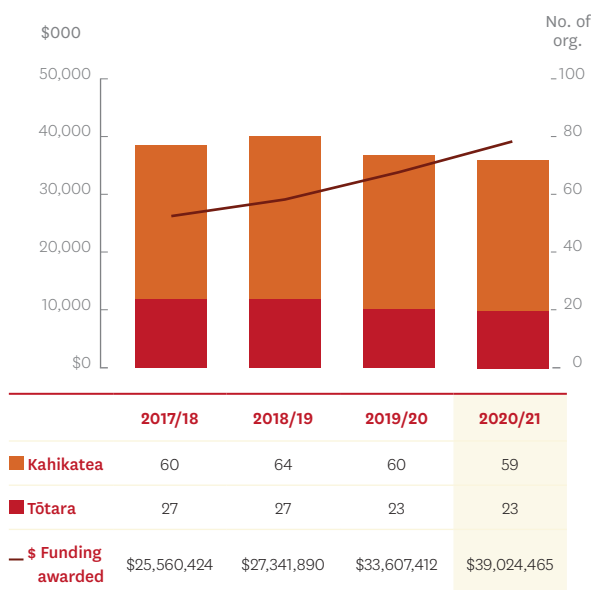
² Investment by funding stream is not yet monitored through the International, Capability building, and Advocacy programmes.

Investment programmes

Creative New Zealand's two investment programmes—Toi Tōtara Haemata and Toi Uru Kahikatea—support the development of arts organisations and provide a sustainable infrastructure in the arts sector by funding significant arts organisations for a fixed term. With such support, organisations can confidently plan their programmes of activity. These organisations are also key employers of artists and arts practitioners. Investment in our Tōtara and Kahikatea investment programmes has increased significantly in the decade since 2010/11 (figure 6). In 2020/21, \$39,024,465 was awarded to 81 Tōtara and Kahikatea organisations, 51 percent of our total funding allocation and up \$5.4 million on 2019/20 due to the increased funding for Adaptation and Resilience funds.

The membership of the Tōtara and Kahikatea investment programmes changes over time as organisations develop and the needs of the arts sector change. The programme is guided by the *Investment Strategy Te Ara Whakamua 2018–2023* principles and key features of diversity and reach, dynamic arts, and resilient arts sector. We regularly support and monitor the performance of the investment organisations throughout the year and work with them to improve their performance. Despite the challenging circumstances over the past 18 months, organisations have managed well and delivered their revised programmes as intended (table 4, measure G3.1, page 38).

FIGURE 6: NUMBER OF ORGANISATIONS AND TOTAL FUNDING TO TŌTARA AND KAHIKATEA ORGANISATIONS, 2017/18/19 TO 2020/21

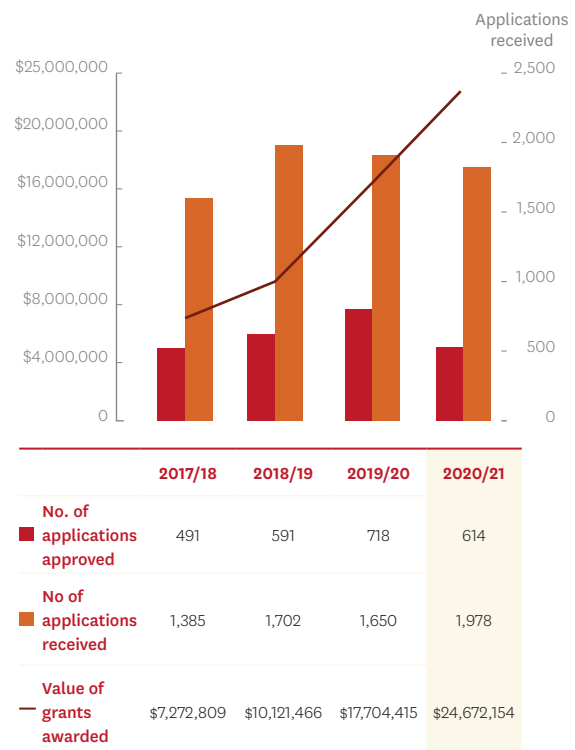


Grants: Arts Grants and special opportunities

The sector received \$24,672,154 through the Grants and special opportunities investment category in 2020/21, 32 percent of our total allocated funding and \$6.96 million up on 2019/20 (figure 7) due the additional COVID-19 Recovery Programme funding. During the year, 1978 applications were submitted with 614 successfully approved. As expected, a decrease occurred in applications this year from the record number received for Emergency Response funding in 2019/20. However, the average grant amount funded across all projects supported in this category was \$40,183, compared with \$24,658 in 2019/20. One factor that has contributed to the increase in average grant size is the implementation of fair remuneration guidance in 2019/20.

Ninety-eight percent of artists' projects met or exceeded expectations in 2020/21, consistent with previous year's results and despite the uncertain environment. The successful projects contribute to our outcomes (refer to 'Our outcomes' on page 44).

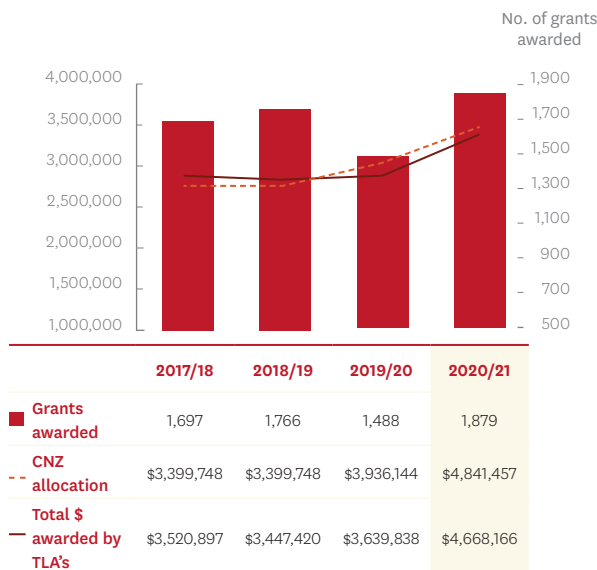
FIGURE 7: NUMBER AND VALUE OF GRANTS THROUGH GRANTS: ARTS GRANTS AND SPECIAL OPPORTUNITIES INVESTMENT CATEGORY, 2017/18 TO 2020/21



Creative Communities Scheme

Each year, we provide funding to city and district councils to support local arts projects. The Creative Communities Scheme is strongly aligned with Creative New Zealand's Investment Strategy, delivering to access, participation, diversity, and reach. A record \$4.7 million was distributed through the Creative Communities Scheme by 67 territorial authorities in 2020/21 (figure 8), due to additional funding received through the Arts and Culture COVID Recovery Programme (nearly 8 percent of Creative New Zealand's funding allocation). This supported 1879 projects, and the 1013 projects completed in the period resulted in 116 917 reported participants (2020: 674 projects completed resulted in 153 895 reported participants).

FIGURE 8: NUMBER AND VALUE OF GRANTS THROUGH CREATIVE COMMUNITIES SCHEME, 2017/18 TO 2020/21



Initiatives and pilots

Initiatives and pilots are developed to enable Creative New Zealand to drive and support change and development, to test new ideas and experiment. In 2020/21, this flexibility allowed us to respond to the needs of the sector because of the COVID-19 pandemic.

We invested \$6,188,634 in initiatives in 2020/21, 8 percent of our total funding allocated to the arts in 2020/21. We prioritised support through *Te Hā o ngā Toi—Māori Arts Strategy 2019–2024* (\$1.413 million) and the *Pacific Arts Strategy 2018–2023* (\$0.66 million) implementation, and through the Pasifika Festivals Initiative (\$2.39 million) and Ngā Toi ā Rohe Arts in the Regions initiative (\$1,087 million). Further detail on our support through these initiatives in 2020/21 is available on pages 24–26.

International Programme

Through our International Programme, Creative New Zealand supports individual artists, arts practitioners, and arts organisations (including groups and collectives) to tour, exhibit or perform internationally. The programme connects high-quality artists with global markets and audiences and contributes directly to our strategic outcome 'New Zealand arts gain international success'.

We invested \$495,048 through our revised International Programme, *Karangarua—Two Voices*, in 2020/21. Our priority was to respond to COVID-19 challenges and support new ways of working internationally as artists sought to foster strong global relationships with collaborators, presenters, and curators, despite the disruptions of the pandemic. Our investment was a decrease on previous years due to the impact of COVID-19, but overall funding has remained steady since 2015/16. Projects including internationally focused work are also supported through the Grants investment category (page 19).

The results of our work are available on our website.

Distribution of funding by region

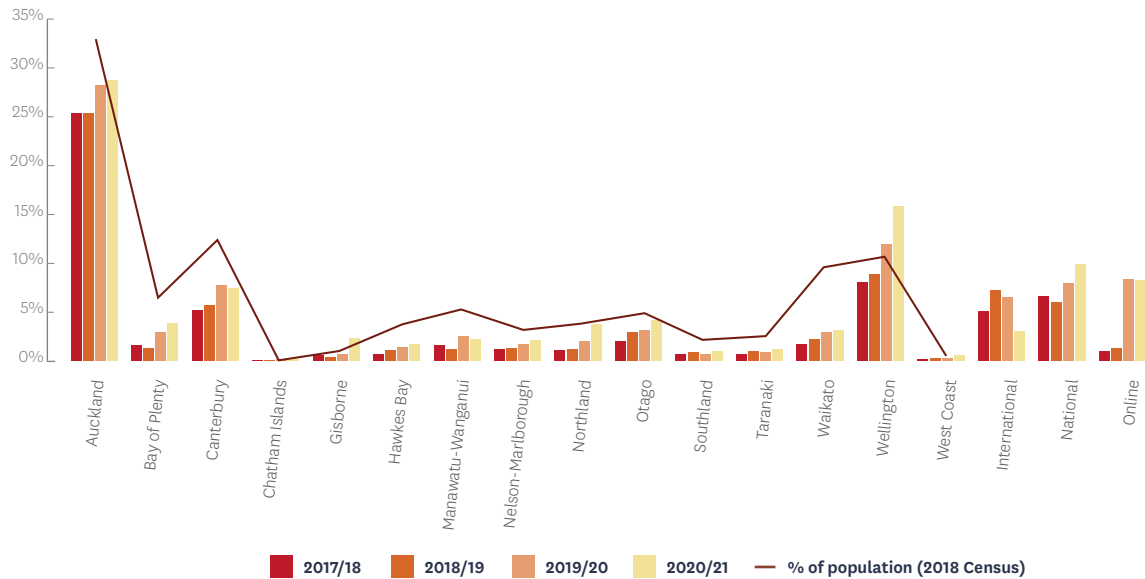
To monitor reach and understand New Zealand's arts landscape, we track the geographical spread of our funding (figure 9). With a few exceptions (for example, the Creative Communities Scheme), we have traditionally allocated funding based on the quality of applications and location of the art delivery rather than the home location of the applicant. Figure 10 compares the distribution of our funding with that of the population from the 2018 Census and shows how funding continues to match significant population bases.

FIGURE 9: DISTRIBUTION OF FUNDING BY REGION, 2017/18 TO 2020/21

	2017/18		2018/19		2019/20		2020/21	
Auckland	\$11,501,410	27%	\$12,990,293	27%	\$19,812,328	28%	\$22,818,994	28%
Bay of Plenty	\$1,309,000	3%	\$1,076,638	2%	\$2,411,188	3%	\$3,129,518	4%
Canterbury	\$4,236,350	10%	\$4,665,717	10%	\$6,357,028	9%	\$6,100,173	8%
Chatham Islands	\$12,840	<1%	\$52,920	<1%	\$93,396	<1%	\$112,364	<1%
Gisborne	\$472,074	1%	\$331,133	1%	\$573,751	1%	\$1,900,745	2%
Hawke's Bay	\$585,279	1%	\$867,549	2%	\$1,154,040	2%	\$1,406,684	2%
Manawatū–Wanganui	\$1,332,956	3%	\$965,769	2%	\$2,047,645	3%	\$1,831,623	2%
Nelson–Marlborough	\$978,226	2%	\$1,076,674	2%	\$1,387,898	2%	\$1,716,125	2%
Northland	\$851,923	2%	\$944,499	2%	\$1,663,055	2%	\$3,059,258	4%
Ōtago	\$1,661,489	4%	\$2,405,043	5%	\$2,532,543	4%	\$3,358,707	4%
Southland	\$556,286	1%	\$686,924	1%	\$547,700	1%	\$799,514	1%
Taranaki	\$544,386	1%	\$810,995	2%	\$748,149	1%	\$921,113	1%
Waikato	\$1,412,807	3%	\$1,764,628	4%	\$2,351,464	3%	\$2,541,447	3%
Wellington	\$6,546,206	15%	\$7,273,047	15%	\$9,740,735	14%	\$12,943,372	16%
West Coast	\$114,900	0%	\$190,833	0%	\$181,777	0%	\$452,287	1%
International	\$4,104,461	10%	\$5,913,581	12%	\$5,304,838	8%	\$2,452,042	3%
National ³	\$5,431,631	13%	\$4,902,912	10%	\$6,501,016	9%	\$8,084,200	10%
Online	\$814,148	2%	\$1,053,929	2%	\$6,830,031	10%	\$6,729,366	8%
	\$42,466,373	100%	\$47,973,083	100%	\$70,238,581	100%	\$80,357,533	100%

³ Organisations funded to tour work are recorded as 'national', and grants to individuals and organisations to work internationally are recorded as 'international'.

FIGURE 10: DISTRIBUTION OF FUNDING BY REGION AGAINST POPULATION, 2017/18 TO 2020/21



Distribution of funding by artform

We are the only arts development agency in New Zealand to fund nationally across all artforms (excluding film). Figure 11 presents Creative New Zealand's distribution of funding across four financial years. While an increase has occurred in investment across all artforms since 2017/18, variances in the funding distribution across artforms are because of several factors, including:

- the variable costs of delivery across artforms (for example, orchestral music and opera have high fixed costs)
- the extent to which other funders are involved (for example, territorial authorities play a significant role in funding visual arts infrastructure through the network of regional art galleries).

FIGURE 11: DISTRIBUTION OF FUNDING BY ARTFORM, 2017/18 TO 2020/21

	2017/18		2018/19		2019/20		2020/21	
Music	\$11,212,007	26%	\$11,542,490	24%	\$15,502,696	22%	\$14,889,713	19%
Theatre	\$9,765,762	23%	\$10,691,212	22%	\$14,345,900	20%	\$15,146,764	19%
Multi-disciplinary	\$5,139,804	12%	\$7,189,641	15%	\$8,735,614	12%	\$13,671,737	17%
Dance	\$4,422,918	10%	\$4,687,909	10%	\$5,373,108	8%	\$6,253,747	8%
Visual arts	\$4,405,546	10%	\$5,657,272	12%	\$8,374,174	12%	\$6,564,295	8%
Literature	\$2,760,217	6%	\$3,396,166	7%	\$4,397,139	6%	\$5,766,581	7%
Craft/Object art	\$1,256,581	3%	\$1,684,459	4%	\$2,535,937	4%	\$2,308,895	3%
Interarts	\$568,852	1%	\$674,292	1%	\$1,171,716	2%	\$1,659,736	2%
Customary Māori arts	\$783,714	2%	\$1,162,520	2%	\$2,692,836	4%	\$3,929,900	5%
Pacific heritage arts	\$245,640	1%	\$724,426	2%	\$809,044	1%	\$1,635,164	2%
Community arts	–	0%	–	0%	\$5,560,141	8%	\$7,866,892	10%
Unallocated ⁴	\$1,905,331	4%	\$562,696	1%	\$740,276	1%	\$664,108	1%
	\$42,466,373		\$47,973,083		\$70,238,581		\$80,357,533	

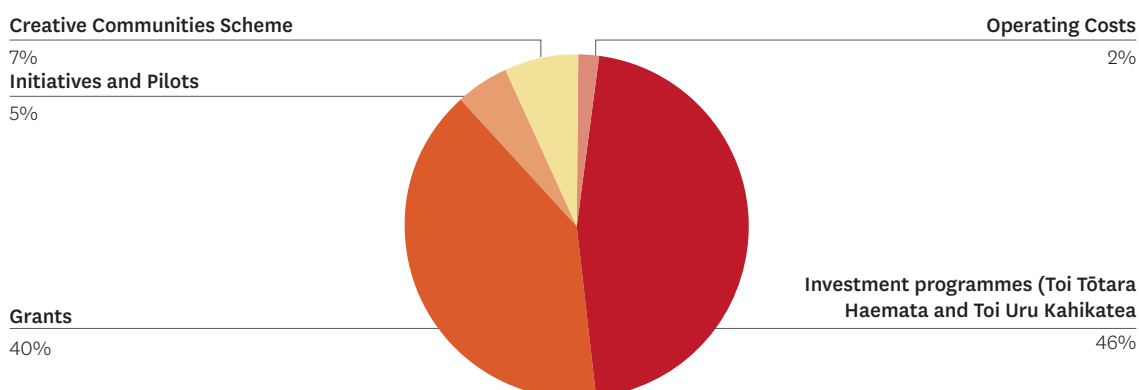
⁴ Unallocated includes investment in deliverables without direct link to specific artform, that is, advocating, leadership, and some capability building initiatives.

Highlights of Creative New Zealand's investment across three further core deliverables (Developing the Arts, Advocating for the arts, and Leadership in the arts) are available in section one.

Summary of the allocation of additional one-off funding received in Budget 2020

The \$80 million Creative New Zealand invested in the sector in 2020/21 included the allocation of an additional \$25 million one-off Crown investment as part of the Arts and Culture COVID Recovery Programme. Figure 12 shows the allocation of the \$25 million across Creative New Zealand's investment categories.

FIGURE 12: ALLOCATION OF ADDITIONAL \$25 MILLION ACROSS CREATIVE NEW ZEALAND'S INVESTMENT CATEGORIES, 2020/21



Delivery has focused on the following outcomes sought through the Government's investment, as set out by the Minister in the post-Budget Letter of Expectations:

- critical art infrastructure (including arts organisations and staff) was retained
- arts organisations were well positioned to resume arts activity and adapt to the COVID-19 context
- community wellbeing was improved through the delivery of arts projects at a local, regional, and national level.

TABLE 1: SUMMARY OF WHAT THE ADDITIONAL \$25 MILLION RECEIVED IN BUDGET 2020 DELIVERED IN 2020/21

Funding enabled:	Resulting in:
Additional investment of nearly \$11.5 million through Creative New Zealand's Investment programmes (Toi Tōtara Haemata and Toi Uru Kahikatea)	<ul style="list-style-type: none"> ■ 16 Resilience Fund grants, totalling over \$1 million ■ 35 Adaptation Fund grants, totalling over \$6.7 million ■ 29 Capability Fund grants, totalling around \$650,000 ■ 31 Revenue Generation grants, totalling nearly \$3 million
Additional investment of over \$10 million into project Grants and Toi Ake ⁵	<ul style="list-style-type: none"> ■ nearly 240 additional Arts Grants, totalling just under \$10 million ■ 4 additional Toi Ake – Mātauranga Māori Te Awe Kōtuku grants totalling \$270,000
Additional investment of nearly \$2 million to support local arts activities including through the Creative Communities Scheme	<ul style="list-style-type: none"> ■ \$900,000 distributed to 67 territorial authorities, expected to support an additional 450 local arts projects ■ 26 grants under the Local Government Arts Fund, totalling over \$850,000
Additional investment to support regional delivery totalling over \$1 million	<ul style="list-style-type: none"> ■ 9 grants under the Ngā Toi a Rohe—Arts in the Regions Fund, totalling over \$1 million ■ nearly \$100,000 in additional support towards the touring of work outside the main centres.

Further detail is available on page 51. The results of this funding will be reported in 2021/22 and 2022/23.

⁵ Toi Ake – Mātauranga Māori Te Awe Kōtuku Fund is an initiative that supports marae, iwi, hapū, whakapapa-based rūpū, and mātāwaka to protect, cultivate, and retain mātauranga Māori related to heritage ngā toi Māori (Māori arts) and foster their distinctive arts and cultural practices. The fund builds on the original Toi Ake fund with additional investment from the Mātauranga Māori Te Awe Kōtuku Initiative in 2020/21 and 2021/22.

Contemporary and traditional Māori artforms supported

Our investment this year included support for contemporary Māori artforms and the revitalisation of critically endangered artforms as we worked to implement *Te Hā o ngā Toi Māori—Māori Arts Strategy 2019–2024*.

The strategy outlines how we work and partner with others to advance ngā toi Māori and the aspirations of ngā toi Māori artists and practitioners. It is underpinned by our mātauranga Māori framework, Te Waka Toi Pataka. It is one of the Arts Council's main strategies, as reflected in the *Statement of Intent 2019–2029* and is a priority under the *Statement of Performance Expectations 2020/21*.

Achievements in this second year of implementation are noted below.

Building capability and visibility of the contemporary Māori theatre and dance sector

Our investment in Ngā Hua Toi (previously known as the Grateful Eight) supported a capability building programme for independent Māori practitioners working in the contemporary Māori theatre and dance sector and heavily affected by the COVID-19 pandemic. Ngā Hua Toi successfully delivered the programme of online wānanga, zui, and a series of online tutorials with leading Māori practitioners Te Kōpa Iti ā Toi to build production, marketing, digital, and other skills across the sector.

Revitalising critically endangered Māori artforms

Our partnership with Te Kiato Limited, a collective of tārai waka (traditional Māori canoe building) practitioners in the Far North, aims to increase the number of active practitioners, and to support the retention and transfer of mātauranga (associated knowledge systems) and the growth and protection of resources and access to rākau (timber). One of three main programmes, Tangata Tai, engages a broader range of participation, including whānau and tamariki, in learning through active participation.

In our first year partnering with the taonga pūoro (traditional Māori musical instruments) collective Haumanu, the focus has been on developing their organisational structure, processes, and programme planning. Through our investment, Haumanu supports a core collective of six practitioners and engages up to four additional practitioners. To date, Haumanu has facilitated several wānanga and a public event.

Regional development Māori arts partnerships

The Tairāwhiti Arts Festival continues to advance ngā toi Māori practice development by ensuring ngā toi Māori is seen, heard, and felt throughout the festival's development and delivery, and is a significant component of its identity. The 2020 festival featured 30 shows and exhibitions and 70 performances, and attracted almost 20 000 attendees.

The main priorities for Toi Ngāpuhi are the protection and retention of Ngāpuhi mātauranga toi and increasing knowledge and appreciation of Ngāpuhi artforms. Programmes supported included Taiohi Taiohā—building connections between Ngāpuhi tohunga (experts), pūkenga (specialists), and emerging practitioners and taiohi (youth). This culminated in the inaugural Taiohi Taiohā Exhibition, involving 17 ringatoi (artists) and up to 200 participants, showcasing the work of the young creatives.

Arts, culture, and heritage agency partnerships

In March, we partnered with APRA AMCOS NZ and Te Taura Whiri i te Reo Māori—Māori Language Commission to support the development and delivery of the Pokapū pilot programme led by Hinewehi Mohi. This initiative builds on the foundations of the Waiata/Anthems album of hit songs translated into te reo Māori, increasing the reach and celebration of the nation's heritage language. We see this support as a step towards the music industry developing a bilingual music industry strategy.



Image: Tairāwhiti Arts Festival 2021.

Positive progress on Pacific Arts Strategy

By being responsive and open to new opportunities, we continue to make positive progress towards achieving the five-year strategic vision and direction for Pacific arts in 2023.

Our *Pacific Arts Strategy 2018–2023* sets out the five-year strategic direction for Pacific arts, including priorities for action. It's one of the Arts Council's main strategies as reflected in the *Statement of Intent 2019–2029* and is a priority under the *Statement of Performance Expectations 2020/21*.

At the heart of the strategy is kaupapa Pasifika and our Teu Le Va engagement concept - working together with communities so they're 'empowered to lead their own growth'. An increase in Pasifika staff roles at Creative New Zealand increases our capacity to provide advice and tautua public service for Pacific arts communities.

The four strategic focus areas of Tagata, Vaka, Va, and Moana continue to guide us, although what we deliver and implement has been changed so we can respond to new opportunities that stimulate innovative ways of working with others. Achievements in this third year of implementation:

Tagata—growing leadership opportunities for Pasifika artists and practitioners

A new partnership with Playmarket supports a three-month opportunity for a Pasifika script advisor to be mentored by experienced theatre director Murray Lynch and playwright Stuart Hoar. This supports Pasifika writers to create powerful scripts, developing Pasifika stories for theatre, film, and television. Award-winning mid-career Tongan actor and playwright Suli Moa was selected for this inaugural initiative, opening new career pathways, and extending the sector's skill base.

Together with the New Zealand Film Commission, we funded the first Pacific Intimacy Officer to be trained to work in theatre, television, and drama. In this role, Fiona Collins, Toi Whakaari New Zealand Drama School graduate and a writer/director, opens new career pathways and fills a sector skill gap.

Tagata—supporting diversity in the Pacific arts community, including those living with disabilities

Pati Umaga, recipient of the inaugural Pacific Toa Award in 2019, presented a new collaborative work, *Taua o*

le Pepeve'a, during the Kia Mau Festival 2021, funded under the Tasi Wave of the Pasifika Festivals Initiative. The festival team mentored Pati towards his vision of creating a future arts festival for artists with the lived experience of disability. In July 2021, Pati opened the way for Pacific survivors to use art to tell their story before the Royal Commission of Inquiry into Abuse in Care. Pati's vision is for survivors to tell their experience through art and benefit from the power of healing through the creative process.

Lusi Faiva, co-recipient of the Pacific Toa Award in 2020, received the Artistic Achievement Award 2021 at the annual Arts Access Awards.

Emerging artist Sevia Saviour Nua, a transwoman creative from Porirua, was selected for the inaugural 2021 Creative New Zealand Pacific Aniva Artist Residency to support LGBTQIA+ artists (a new partnership with Pātaka Art + Museum).

Vaka—Pasifika-led arts groups, collectives, and organisations are supported

A new partnership with the Govett-Brewster Art Gallery/Len Lye Centre supports Pacific arts communities in the regions. A Pacific arts co-ordinator based at the gallery focuses on reaching rural and regional Pacific arts communities outside the main centres and strengthening the Va and relationships with a major art venue in Taranaki. Supported by the New Plymouth City Council.

Following a successful 2020 pilot, we again partnered with the Arts Foundation to run a Boosted X Moana campaign with an investment of \$100,000.

Va—Create new opportunities to establish partnerships and strengthen the Pacific arts community to lead this growth and development

Working with the VII Foundation, we piloted the VII Academy Photojournalism and Documentary Photography project, to develop Pasifika art leaders and deepen digital storytelling. The VII Foundation is an international organisation founded by world-class photojournalists wanting to make a difference in how people tell stories.

The fourth year of the *Pacific Arts Strategy 2018–2023* implementation continues in 2021/22.



Image: Recipients of the Creative New Zealand Arts Pasifika Awards 2020

Priority 2: Contributing to the Government’s wider support package for the arts and cultural sector

Since April 2021, Creative New Zealand has continued to implement and provide input into the development of initiatives arising from the Government’s wider Arts and Culture COVID Recovery Programme for the cultural sector. Table 2 summarises the three multi-year initiatives that have resulted in additional government funding being allocated to Creative New Zealand as part of the COVID Recovery Programme, over and above the one-off \$25 million to core programmes. Further detail on this funding is provided on page 51.

TABLE 2: MULTI-YEAR INITIATIVES UNDER THE GOVERNMENT’S ARTS AND CULTURE COVID RECOVERY PROGRAMME DEVOLVED TO CREATIVE NEW ZEALAND

Budget 2020	How much/period
Cultural Capability Funding	\$2 million 2020/21; 2021/22
Pasifika Festivals Initiative	\$12 million 2020/21; 2021/22; 2022/23
Mātauranga Māori Te Awe Kōtuku Initiative	\$2.828 million 2020/21; 2021/22

Priority 3: People and expertise

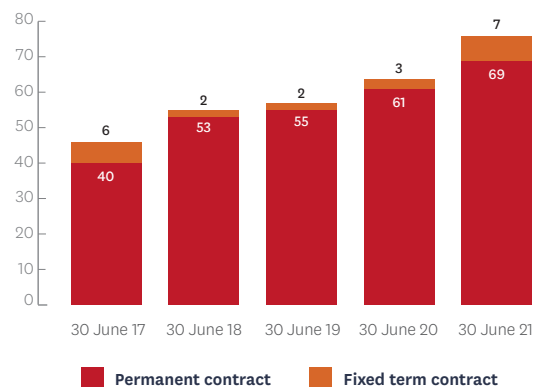
Our third priority for 2020/21 was making sure we had the capacity (people and systems) for the year ahead. This involved balancing people needs with what we could deliver and with the resources we could access, within the timeframes we were facing.

We know we can add the most value for the sector and our organisation when our team includes people who reflect the communities we serve.

Staff profile

As of 30 June 2021, we had 76 staff (73.8 full-time equivalent staff) based in Auckland, Wellington, and Dunedin, and working across five groups: Arts Development Services; Business Services; Māori Strategy and Partnerships; Pacific Arts, and Strategy and Engagement. Five positions were also vacant (figure 13). Creative New Zealand’s Auckland office has almost doubled in the past two years (by 80 percent), while the Wellington office has had slower growth (by 14 percent). Two staff are in Dunedin (one new and one relocation). Creative New Zealand staff have experience across a range of artforms, international market development and cultural exchange, audience development, project management, policy and research, and corporate and business services.

FIGURE 13: TOTAL STAFF NUMBERS AND EMPLOYMENT TYPE, 2016/17 TO 2012/21



Workplace diversity

Creative New Zealand's Equal Employment Opportunities (EEO) policy is an integral part of our organisation's approach and supports us to build a workforce that helps serve the sector well. This policy refers to our commitment to be a 'good employer' and achieve successful EEO outcomes.

Our aim is to have a workforce that reflects the communities we serve and, while we know we still have a way to go, a priority for 2020/21 was to identify the areas of capability critical to Creative New Zealand's success.

In line with our values, we made a commitment to focus on diversity and inclusion through the shape and kaupapa of our people (page 30). We also worked to strengthen the diversity of our workforce while expanding our teams⁶ (figure 14, figure 15, and figure 16).

We established 14 new roles in 2020/21, to add value for the sector and our organisation and reflect the communities we serve. Growth in staff numbers over 2019/20 and 2020/21 also sought to meet the demands of additional investment provided to Creative New Zealand in response to the COVID-19 pandemic. Of the total Creative New Zealand workforce, 80 percent are women (47 percent in the overall New Zealand labour force as at 30 June 2021) (figure 16).

FIGURE 14: WORKPLACE DIVERSITY (AGE), 2018/19 TO 2020/21

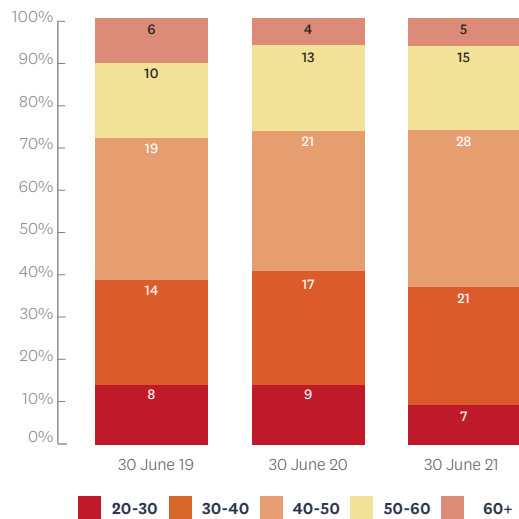


FIGURE 15: WORKPLACE DIVERSITY (ETHNICITY), 2018/19 TO 2020/21

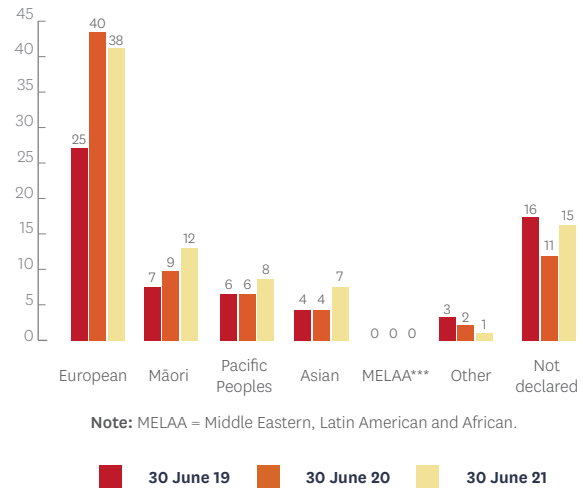
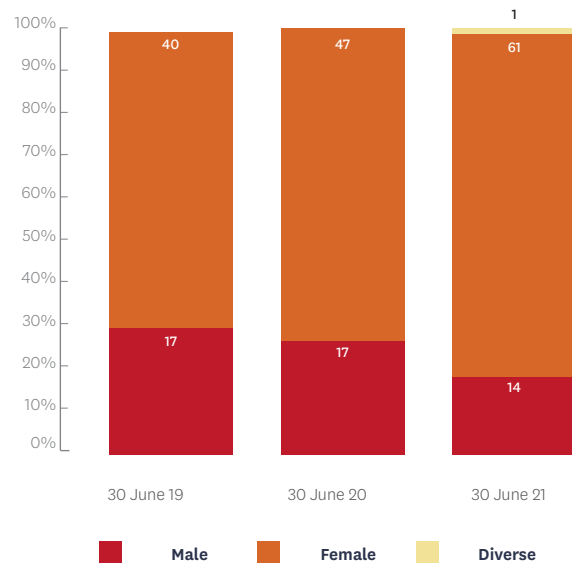


FIGURE 16: WORKPLACE DIVERSITY (ETHNICITY), 2018/19 TO 2020/21



⁶ We respect that disclosing demographic information, such as ethnicity, is a personal choice. To encourage a clear picture of workplace diversity data, staff are invited to disclose demographic information, such as ethnicity, on a voluntary basis when they join our organisation. The information is held securely in personnel files and our payroll system. Staff can update their personal details at any time.

Te Kaupapa o Toi Aotearoa/The Creative New Zealand Way

E hara taku toa i te toa takitahi, he toa takitini
My strength is not as an individual, but as a collective

We further developed Te Kaupapa o Toi Aotearoa/The Creative New Zealand Way during 2020/21. This was introduced in 2019 to strengthen our local ties and formalise our capability building programme.

At its heart, Te Kaupapa o Toi Aotearoa aims to build our individual and collective confidence and competencies in working in te ao Māori (the Māori world), to better serve all New Zealanders and as part of our responsibilities as a Crown entity under Te Tiriti o Waitangi (the Treaty of Waitangi).

Te Kaupapa o Toi Aotearoa aims to develop Creative New Zealand staff capability. This includes building knowledge and understanding of Māori values, te reo me tikanga (language, procedures, and protocol), and mātauranga Māori (Māori knowledge, understanding).

Te Kaupapa also supports the way we operate as an organisation, with all new Creative New Zealand team members welcomed with a pōwhiri (welcome ceremony) or mihi whakatau (speech of greeting), and te reo and tikanga Māori incorporated into the way we work. These latter aspects of te ao Māori supported

staff wellbeing during this year's COVID-19 Alert Level 4 and Level 3 lockdowns because all staff participated in morning karakia and learning about the maramataka (almanac, Māori lunar calendar) to maintain connections across the organisation, uplift staff wairua (spirit), and boost morale.

In 2020/21, we strengthened our organisational relationships with mana whenua in the regions where our offices are based. We also developed a formal organisational capability building programme that we started implementing in July 2021. This programme supports staff to develop a stronger understanding of themes such as whakapapa, mana whenua, karakia, Te Tiriti, and cultural leadership, and wayfinding models such as those used in waka hourua (double hulled ocean voyaging canoes).

In the coming year, we will extend our skills and knowledge as we build our organisational baseline capacity to consider multiple perspectives and approaches to our work. We will also continue to embed these ways of working into our main governance and management policies and behaviour.

Image: Toi Huarewa (L-R) Te Otinga Hohaia, Mikki-Tae Tapara, Merania Roa, Amanda Hereaka, Janelle Salisbury, Haniko Te Kurapa, Rena Silipa, Tomairangi Mareikura, Brandi Hudson (Facilitator), Stephen Wainwright, Joy Aroha Vercoe, Kereama Te Ua, Dee Lambie, Tere Harrison, Aroha Rangī and Paula Carr



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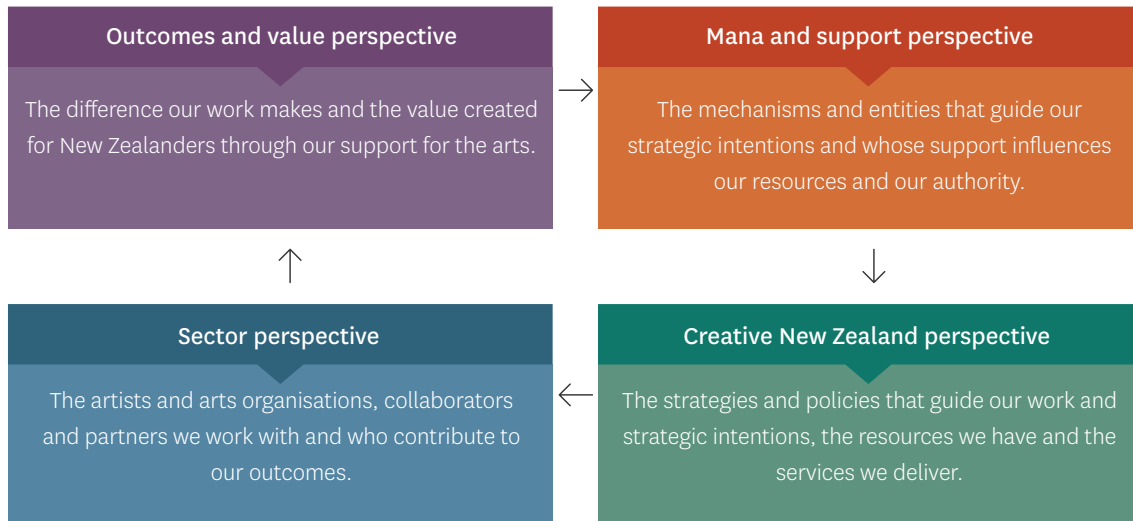
S2

STATEMENT OF PERFORMANCE TE TAU KI WHAKATUTUKI I NGĀ MAHI

OUR PLANNING AND PERFORMANCE CONTEXT

TE WHAKARITE ME TE WHAKATUTUKI I NGĀ MAHI

FIGURE 17: PLANNING AND PERFORMANCE CONTEXT IN 2020/21



The *Creating value for New Zealanders* public value model describes, through the four perspectives and seven segments, the environment we operate in, the relationships between the parts of the system, and how they work together to deliver value.

The model should be read as a ‘virtuous circle’, where strengthening one segment will lead to strengthening of the next and so on. Over time, our aim is to strengthen and grow each segment of the circle, to increase the value the arts can deliver for all New Zealanders. The model can be explained simply through figure 17. The full model is represented in on page 9.

As part of our 10-year strategy (set out in our *Statement of Intent 2019–2029*), we established four goals that will enable us, by working with the sector and our partners, to achieve our outcomes:

Mana and support goal: We grow the confidence of others in us, and attract greater resources for the arts, recognising their contribution to the wellbeing of New Zealanders

Creative New Zealand perspective goal: We have the strategies, services and operational capacity to drive development of the arts in New Zealand

Sector perspective goal: We work collaboratively with others developing a dynamic and resilient arts sector, and building support for New Zealand arts in Aotearoa, Te Moana-nui-a-Kiwa, and the world

Outcomes and perspective goal: We can clearly articulate how our work and engagement in the arts deliver value for all New Zealanders

This section reports on how we have delivered against our output class and the four goals of the *Creating value for New Zealanders* public value model. Our full performance framework for 2020/21 is shown on pages 34–36.

Creative New Zealand faced several challenges in 2020/21 so our targets for ourselves and the sector were conservative in the period. While we have performed well against the targets, we recognise at times the results do not fully reflect the challenges the sector has faced in 2020/21.

By strengthening the **Mana and support perspective** of the public value model (that is, growing the confidence of others in us), we can secure the maximum resources we need to sustain the sector,

individually and collectively. While we know we can always improve, it is heartening to receive positive results through the Creative New Zealand Customer Satisfaction Survey and Colmar Brunton Public Sector Reputation Index in 2020/21. Feedback on how we can improve our performance lets us make the case for increased public money for the arts in New Zealand. With increased financial stability, we can adapt our policies and strategies to guide how we deploy those resources to best support the arts.

Through our **Creative New Zealand perspective work**, we've needed to swiftly adapt our existing strategies and policies and our programmes to meet the needs of the sector in 2020/21. We focused on three main priorities to guide our work this year (pages 16–30) and, within these priorities, we've worked to be as flexible and responsive to the arts sector as we can.

We have managed to report against our existing measures and targets except for our core deliverable, Developing the arts. We have, however, sought feedback on the capability building activities we did deliver in 2020/21 through our annual Customer Satisfaction Survey.

Investment in the Tōtara and Kahikatea Investment programmes and Grants programme increased in 2020/21 because of the additional government investment directly related to the COVID-19 pandemic. This let us better meet the demand for funding from the sector and make sure high-quality applications, with contingency plans for changing alert levels, could be supported. Despite the uncertainty and often having to adjusting to new circumstances, most artists and arts organisations have met the expectations in their funding agreements.

While investment increased, it is pleasing to see we maintained our operating costs and our capacity to administer additional funds on time, and with fair and robust decision-making.

Under our **Sector perspective** goal, we recognise how important our relationship with the arts community is. While we recognise the success of these indicators is often out of Creative New Zealand's control, we monitor them and identify where our time and resources are most valuable to the sector. The effects of the COVID-19 pandemic on the financial health, revenue generation, and engagement are reflected in results.

Our **Outcomes and value perspective** targets were conservative in 2020/21 due to uncertainty created by the COVID-19 pandemic. However, new works, participation, and attendance results exceeded targets as artists and arts organisations found new and innovative ways to make and share art, with attendance results reflecting increased online activity. Despite this, the long tail of COVID-19 continues to be felt and has affected international activity. The arts sector cannot operate viably above Alert Level 1, and border closures continue to affect those previously reliant on international touring and an international labour force.

Along with the results of our outcomes, we monitor indicators for the long-term public value we believe we can create for New Zealanders. We are only one player in the arts ecosystem and, therefore, often don't control whether these broad wellbeing outcomes are achieved. We are still interested, however, in monitoring the extent to which these benefits are realised through engagement with the arts.

As the *New Zealanders and the arts* indicators on page 48 show, the arts are making a powerful contribution to New Zealanders' wellbeing and are helping us get through the pandemic. More people are also appreciating the powerful role the arts play in connecting whānau and communities, but we know access can be improved. The arts are helping more of us explore and build our own sense of identity, too, as well as increasing our connections with other New Zealanders.

Further detail on our achievements for the year for the arts in New Zealand is included in Section Two.

OUR PERFORMANCE FRAMEWORK FOR 2020/21

TE TŪTUKI I A MĀTAU MAHI



Our Vision: Dynamic and resilient New Zealand arts, valued in Aotearoa and internationally	What we want to achieve by 2029 – Our goals	How will we achieve our goals?	How will we know we're successful?
	Goal: Mana and support perspective – We grow the confidence of others in us and attract greater resources for the arts, recognising their contribution to the wellbeing of New Zealanders	Mana and support perspective	Indicators of confidence in Creative New Zealand's performance
		Our external operating environment: The mechanisms and entities that guide our strategic intentions and whose support influences our resources and authority	Maintain or improve audit management ratings for management control, financial systems, and service performance information Percentage of clients who are satisfied with the overall customer service received from Creative New Zealand Rating on the Colmar Brunton Corporate Public Sector Reputation Index

Our Vision: Dynamic and resilient New Zealand arts, valued in Aotearoa and internationally	What we want to achieve by 2029 – Our goals	How will we achieve our goals?	How will we know we're successful?	
	Goal: Creative New Zealand perspective – We have the strategies, services and operational capacity to drive the development of the arts in New Zealand for the benefit of all New Zealanders	CREATIVE NEW ZEALAND PERSPECTIVE		
		Core activity measures		Annual priorities
		Our deliverables – What we do to deliver on our strategic intentions		
		Investing in the arts – Investing in artists, art practitioners and arts organisations and their projects in a fair, transparent and strategic way	Percentage of Tōtara and Kahikatea organisations that meet or exceed performance expectations set out in funding agreements Percentage of completed projects that meet or exceed expectations in funding agreements	Delivering our 12-month investment programme to support the sector to survive the COVID-19 crisis and adapt to the dynamic environment Understanding how we can contribute to the Government's wider support package for the arts and culture sector
		Developing the arts – Developing the arts sector's capacity to succeed and undertaking initiatives to develop the arts	Percentage of clients who agree capability building programmes align with their needs and priorities Percentage of clients who rank capability building initiatives as extremely or very effective, relevant and helpful Percentage of completed projects for targeted initiatives to develop the arts delivered to the sector that have met or exceeded our expectations	Ensuring we have the capacity (people and systems) for the year ahead, balancing people needs with what we can deliver, with what resources we can access, and with the timeframes we face



Our Vision: Dynamic and resilient New Zealand arts, valued in Aotearoa and internationally

What we want to achieve by 2029 – Our goals	How will we achieve our goals?	How will we know we're successful?
<p>Goal: Creative New Zealand perspective – We have the strategies, services and operational capacity to drive the development of the arts in New Zealand for the benefit of all New Zealanders</p>	CREATIVE NEW ZEALAND PERSPECTIVE	
	<div>Core activity measures</div> <div>Annual priorities</div>	
	Our deliverables – What we do to deliver on our strategic intentions	
	Advocating for the arts – Promoting the value of the arts and empowering the arts sector to make the case for the arts	Percentage of advocacy actions described in the annual advocacy action plan (or equivalent) that have met or exceeded our expectations Delivering our 12-month investment programme to support the sector to survive the COVID-19 crisis and adapt to the dynamic environment
	Leadership in the arts – Providing leadership to ensure the arts sector is well positioned collectively to respond to change	Percentage of participants in key meetings, hui, fono held by Creative New Zealand who rate them overall as mostly or very useful/relevant Understanding how we can contribute to the Government's wider support package for the arts and culture sector Ensuring we have the capacity (people and systems) for the year ahead, balancing people needs with what we can deliver, with what resources we can access, and with the timeframes we face
	Our resources – The capability and capacity we have to deliver on our strategic intentions	
	Public money	Total level of investment by Creative New Zealand in the arts Maintain operating costs in line with policy set by the Arts Council (being between 15% and 16% of total expenditure)
	Our people and expertise	Improve on Best Workplaces survey – overall performance index Advancing our Te Kaupapa o Toi Aotearoa programme , which aims to build organisational culture, competencies, and practices that will let us meet our aspirations under Te Tiriti o Waitangi (the Treaty of Waitangi) and deliver public value for all New Zealanders
	Our operational capacity	Percentage of funding decisions made within specified timeframes Percentage of applications externally assessed
	Our internal operating environment – The strategies and policies that guide our work and collectively form our strategic intentions as set by the Arts Council	
	The strategies and policies that guide our work and collectively form our strategic intentions	In 2020/21, we will continue to: <ul style="list-style-type: none"> • implement Te Hā o ngā Toi—Māori Arts Strategy 2019–2024 • implement Pacific Arts Strategy 2018–2023 • demonstrate Creative New Zealand's support for a diverse range of arts



Our Vision: Dynamic and resilient New Zealand arts, valued in Aotearoa and internationally	What we want to achieve by 2029 – Our goals	How will we achieve our goals?	How will we know we're successful?
	Goal: Sector perspective – We work collaboratively with others developing a dynamic and resilient arts sector, and building support for New Zealand arts in Aotearoa, Te Moana-nui-a-Kiwa and the world.	Sector perspective	Indicators of sector health and performance
		The sector: The artists and arts organisations, collaborators and partners we work with and who contribute to our outcomes	Artistic health Percentage of investment organisations that meet or exceed expectations for quality of artistic programme measures Financial health Percentage of investment organisations that meet or exceed expectations for financial health Funding Average private support (sponsorship, philanthropy and trust funding) per investment organisation Our relationships Number of active relationships (including co-investment, regular meetings, shared projects) Creative New Zealand maintains with organisations or collectives that have shared interests, including government, local government, trusts, and other partners



Our Vision: Dynamic and resilient New Zealand arts, valued in Aotearoa and internationally	What we want to achieve by 2029 – Our goals	How will we achieve our goals?	How will we know we're successful?
	Goal: Outcomes and value perspective – We can clearly articulate how our work and engagement in the arts deliver value for all New Zealanders	OUTCOMES AND VALUE PERSPECTIVE	
		Our outcomes – The difference we want our work to make	Outcome measures
		Stronger arts	High-quality New Zealand art is developed Number of new New Zealand works developed New Zealand arts gain international success Number of individuals and organisations funded by Creative New Zealand to engage internationally Number of international arts activities and events funded by Creative NZ
		Greater public engagement with the arts	New Zealanders participate in the arts Number of participants in arts activities funded by Creative New Zealand New Zealanders experience high-quality arts Number of attendances at arts activities and events funded by Creative NZ
		Stronger arts sector	New Zealand's arts sector is resilient Percentage of Tōtara and Kahikatea organisations that meet or exceed expectations set in their funding agreements across three dimensions: quality of programme; financial health; organisational health. New Zealand arts are valued and supported Maintain or increase average 'other' (non-Creative New Zealand) investment per organisation Index rating for how New Zealanders perceive the value of the arts to New Zealand (<i>New Zealanders and the Arts</i> survey data)

Mana and support perspective

Goal: We grow the confidence of others in us, and attract greater resources for the arts, recognising their contribution to the wellbeing of New Zealanders.

Table 3 presents the critical measures that demonstrate our performance against mana and support perspective measures and indicators for 2020/21.

TABLE 3: PERFORMANCE AGAINST MANA AND SUPPORT PERSPECTIVE MEASURES AND INDICATORS, 2019/20

Ref. (Goal)	Measure/indicator	Data source	2018/19 actual	2019/20 actual	2020/21 target	2020/21 result	Variance	Notes
G2.1	Audit management ratings for management control financial systems and service performance information	Audit Management Report – annual	Very good Very good Good	Good Very Good Good	Very good Very good Very good	Very good Very good Good	NA	This demonstrates the confidence held in us by those we are externally accountable to.
G2.2	Overall satisfaction with Creative New Zealand service	Creative New Zealand Satisfaction Survey – annual	Survey not completed	68.4%	≥65%	65%	0%	Met target. This demonstrates our reputation with our clients, customers, and the sector. Client satisfaction is also monitored through engagement with clients through face-to-face meetings and email feedback. In 2020/21, 243 clients out of the 1408 contacted completed the survey (17.3 percent response rate).
G2.3	Rating on the Colmar Brunton Public Sector Reputation Index (PSRI)	Colmar Brunton PSRI – annual	103	104	≥103	106	2.9%	Exceeded target. This demonstrates our reputation with the New Zealand public. The survey is conducted annually in April and May, with results being published in July. With an improved reputation score of 106, Creative New Zealand ranks 11 out of the 58 agencies on the Index this year.

Creative New Zealand perspective

Goal: We have the strategies, services and operational capacity to drive development of the arts in New Zealand, for the benefit of all New Zealanders.

Core activity measures

Our core activities are 'business as usual' activities, such as delivering funding programmes and capability building initiatives and carrying out advocacy and leadership activities. Table 4 presents the critical measures that demonstrate our core activity achievements for 2020/21.

TABLE 4: PERFORMANCE AGAINST CORE ACTIVITY MEASURES, 2020/21

Ref.	Name	2018/19 result	2019/20 result	2020/21 target	2020/21 result	Variance	Notes
Deliverables							
Investing in the arts							
G3.1	Tōtara and Kahikatea organisations meet or exceed expectations against performance expectations set in individual funding agreements (overall performance of Tōtara and Kahikatea investment organisations)	93%	96%	80%	91.5%	11.5%	Exceeded target. This measures Investment clients' delivery against the key performance indicators in individual funding agreements. The 2020/21 target was lowered due to the expected significant impact of the COVID-19 pandemic on investment organisations. However, expectations were adjusted to new circumstances and most clients delivered against their key performance indicators. Further detail on Tōtara and Kahikatea organisations' work in 2020/21 is provided in the Outcomes section on pages 43–47.
G3.2	Completed projects meet or exceed expectations set in funding agreements	99%	98%	99%	98.2%	–0.8%	Did not meet target. This measures the results of completed projects for project-based funding: Grants and special opportunities grants; International programme grants and project-funded Kahikatea grants. Creative New Zealand staff review the results to ensure projects have been carried out as funding was intended and to capture key outcome metrics: new works created and participation and attendance figures. Outcome results are explained in further detail on pages 43–47. Of the 899 projects evaluated in the reporting period, 883 met or exceeded expectations, similar to previous years. Sixteen projects did not meet expectations due to the effect of COVID-19 on delivery.
Developing the arts							
G3.3	Clients agree the capability building programme aligns with their needs and priorities	91%	91%	90%	91%	–	No change. The survey was not carried out in 2020/21 because the existing Capability Building programme was not offered due to the impact of the COVID-19 pandemic. However, Investment programme recipients of three COVID-19 Recovery Programme initiatives (the Capability, Adaptation and Revenue Generation funds) were surveyed within the annual Client Satisfaction Survey. In total, 73.7 percent of recipients agreed the COVID-19 response funds meet their needs (38 clients out of the 81 contacted completed the survey).
G3.4	Clients rank capability building initiatives as extremely or very effective, relevant, and helpful	79%	79%	≥75%	79%	–	

Ref.	Name	2018/19 result	2019/20 result	2020/21 target	2020/21 result	Variance	Notes
Deliverables							
Developing the arts							
G3.5	Capability building initiatives delivered to the sector that met or exceeded our expectations	96%	98%	≥92%	89.4%	-2.8%	Did not meet target. This measures Creative New Zealand's assessment of the immediate results of individual capability building initiatives against the relevant objectives set for each initiative. Of the 85 capability building projects evaluated in the reporting period, 76 met or exceeded expectations.
Advocating for the arts							
G3.6	Annual advocacy actions that met or exceed our expectations	64%	50%	≥75%	83%	8%	<p>Exceeded target. This measures Creative New Zealand's assessment of the immediate results of individual advocacy actions, as set out in the relevant annual advocacy plan (and/or relevant COVID-19 Advocacy response plan(s)).</p> <p>Advocacy work for 2020/21 is discussed in the COVID-19 Advocacy Response Phase 2 Plan and is based on six high-level actions (pou) designed to be responsive to the evolving needs of the operating environment. Five out of six pou met expectations. We had expected to deliver more public facing campaign work, but due to lockdowns and the continually evolving context, we focused on delivery of one major campaign, which exceeded our expectations. Work under some pou progressed at a faster pace than others, and much of the work is the beginning of longer-term engagement and advocacy.</p>
Leadership in the arts							
G3.7	Overall participant satisfaction with Creative New Zealand-led events	New in 2019/20	73%	≥73%	85%	12%	Exceeded target. This result is based on participant feedback from Nui Te Kōrero 2021. Due to Wellington being in Level 2 at the time, the event was held online with 258 digital attendees. Sixty-four attendees responded to the survey.
Our resources							
Public money							
G3.8	Total level of investment by Creative New Zealand in the arts	\$47,974,000	\$70,238,000	\$75,529,000	\$80,358,000	\$4,829,000	Exceeded target. The target of \$75.5 million was based on the budget approved by the Arts Council on 24 June 2020. This budget was updated to \$85.3 million in the updated Statement of Performance Expectations published in February 2021. Explanations of major variances against budget are provided in note 2 of the Financial Statements on page 58.

Ref.	Name	2018/19 result	2019/20 result	2020/21 target	2020/21 result	Variance	Notes
Our resources							
Public money							
G3.9	Maintain operating costs in line with policy set by the Arts Council	15.7%	12.5%	≤16%	12.0%	4%	Exceeded target. Creative New Zealand policy sets the operating costs between 15 percent and 16 percent of total expenditure. As a result of the increased investment into the sector in 2020/21 and 2019/20, the operating costs were well below this range, at 12.0 percent and 12.5 percent respectively. This positive result shows that we can distribute additional funding to the sector without incurring comparatively more operating costs.
Our people and expertise							
G3.10	Improve on 'Best Workplaces' survey—overall performance index	75.7%	74.8%	≥74%	74.8%	–	Met target. Since 2008, we have carried out an annual engagement survey that provides the opportunity to gather staff feedback on their employee experience. Typically, we use the results to celebrate progress and to identify ways we can improve. Sixty-six staff members (83% of all staff) responded to the 2021 engagement survey. We measure an average of the survey's section scores, covering areas like quality and performance focus, communication, and co-operation, and learning and development.
Our operational capacity							
G3.11	Funding decisions made within specified timeframes	100%	100%	100%	100%	–	Met target. This indicates the fairness and timeliness within our funding decision-making processes and reflects the service standards we uphold for our applicants. All funding decisions were made within timeframes.
G3.12	Percentage of applications externally assessed	New in 2019/20	100%	100%	100%	–	Met target. External peer assessors provide assessment for funding applications across the full range of Creative New Zealand's funding programmes and initiatives. They are people with an in-depth understanding of the arts sector and current artform practice, including international trends and markets, or specialist knowledge of an area of arts development. Their expert input is an indicator of robust, high-quality decision-making processes for applicants.

Sector perspective

Goal: We work collaboratively with others, developing a dynamic and resilient arts sector, and building support for New Zealand arts in Aotearoa, Te Moana-nui-a-Kiwa and the world.

Table 5 presents the critical measures that demonstrate our performance against sector perspective measures and indicators for 2020/21.

TABLE 5: PERFORMANCE AGAINST SECTOR PERSPECTIVE MEASURES AND INDICATORS, 2020/21

Ref.	Indicator	Data source and frequency	Result as at 30 June 2020	Result as at 30 June 2021	Desired trend	Variance	Notes
Artistic health							
I13	Percentage of investment organisations that met or exceeded expectations for quality of artistic programme measures	Creative New Zealand management reports—annual	100%	100%	Maintain	0%	No change. The quality of our investment organisations' artistic programmes is a proxy measure of the artistic health in New Zealand. Maintaining excellence in this area has a material impact on the health of the sector. All 81 investment organisations met or exceeded expectations for quality of artistic programme measures.
Financial health							
I14	Percentage of investment organisations that met or exceeded expectations for financial health measures	Creative New Zealand management reports—annual	98%	96%	↑	-2%	Decreased. Investment organisations received around 53 percent of Creative New Zealand's investment in the arts in 2020/21. Their financial health is a proxy measure of the financial health of the arts sector. Of 81 organisations, 78 met or exceeded expectations for financial health measures. Organisations in general managed themselves very well during the difficulties of the COVID-19 period and therefore received higher scores in 'organisational health' and 'financial health'.
Employment							
I15	Median chief executive salary in a small (arts) organisation compared with the not-for-profit median	Arts organisation remuneration survey 2019—biennial	86%	86%	↑	0%	No change. This indicator demonstrates pay rates within surveyed arts organisations versus the not-for-profit sector. While Creative New Zealand does not have a direct impact on salaries, its work in arts policy and advocacy, often in collaboration, aims to contribute to growth in the sector in these areas. While the survey was carried out in the period, results will not be available until late 2021.
I16	Median total income for creative professionals versus median total income for New Zealanders earning a salary or wage	<i>Profile of Creative Professionals</i> survey 2019—biennial	\$35,800	\$35,800	↑	0%	No change. The survey was not carried out in the period. The next <i>Profile of Creative Professionals</i> survey will be run in 2022/23. In 2019, the median total income for New Zealanders earning a salary or wage was \$51,800. While Creative New Zealand does not have a direct impact on salaries, its work in arts policy and advocacy, often in collaboration, aims to contribute to growth in the sector in these areas.

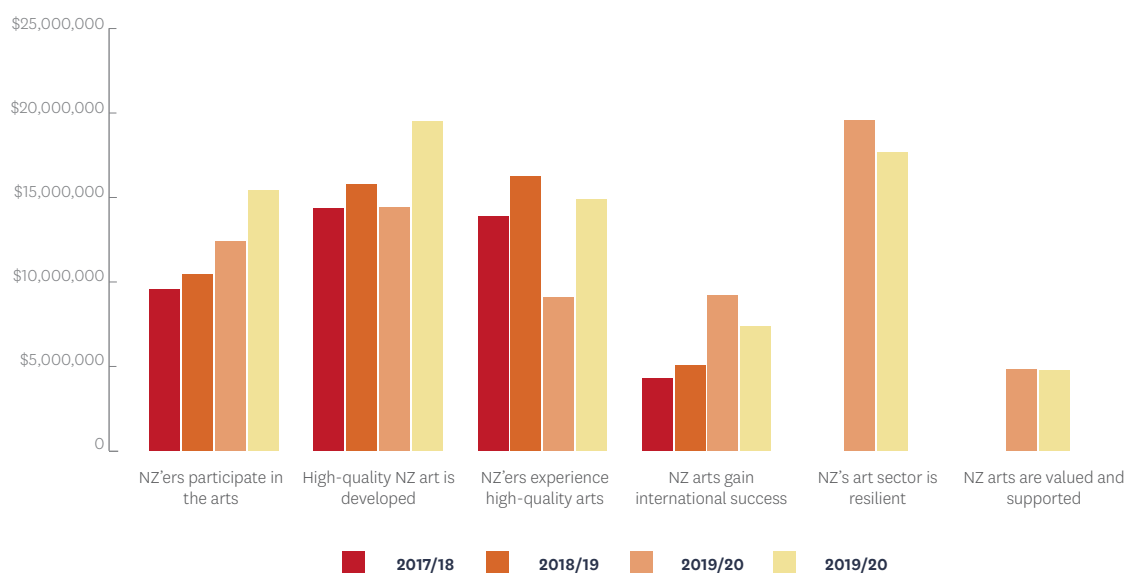
Ref.	Indicator	Data source and frequency	Result as at 30 June 2020	Result as at 30 June 2021	Desired trend	Variance	Notes
Funding							
I17	Average private support (sponsorship, philanthropy, and trust funding) per investment organisation	Creative New Zealand management reports—annual	72.9%	62.1%	↑	-10.8%	<p>Decreased. Using our investment clients as a proxy for the arts sector, we can demonstrate the support for the sector by measuring the level of revenue organisations generate from sources other than Creative New Zealand. Private investment has been affected by the COVID-19 pandemic. Further detail is available under G1.7 on page 47.</p> <p>Together, indicators I17 to I19 provide a picture of funding to the arts through three main revenue streams: private investment and local and central government. We want to see increasing support because this indicates a valued and supported sector. We monitor these trends and work through our advocacy and leadership roles to encourage further support.</p>
I18	Annual level of local authority investment in 'culture'	Stats NZ local authority statistics—annual	\$384,111 million	\$481,011 million	↑	25%	<p>Increased. The positive result for the period is mainly due to increases across the larger councils (Auckland, Christchurch, Hamilton).</p>
I19	Average annual government per person expenditure on arts	Creative New Zealand desk research—annual	\$141	\$166	↑	15%	<p>Increased. The positive result for the period is driven by an increase in Vote: Arts Culture and Heritage (+\$64 million) and New Zealand Screen Production Grant—International (+\$65 million).</p>
The market							
I20	Percentage of New Zealanders in the market for culture	<i>Audience Atlas survey 2020—triennial</i>	97%	96%	↑	-1%	<p>Decreased. This measure tracks the New Zealand public's appetite for arts in New Zealand and likely reflects the physical COVID-19 restrictions.</p>
I21	Percentage of New Zealanders engaged in the arts	<i>New Zealanders and the Arts survey 2020—triennial</i>	80%	75%	↑	-5%	<p>Decreased. Overall, 75 percent of New Zealanders surveyed in 2020 had engaged with (attended or participated) in the arts in the previous 12 months. The result reflects a decline in attendance in 2020, most likely due to COVID-19 restrictions. However, participation remained steady, with more than half of all adult New Zealanders (age 15 and over) surveyed in 2020 having participated in the arts in the previous 12 months (52 percent; no change on 2017).</p>
Our relationships							
I22	Number of active relationships (including co-investment, regular meetings, shared projects) Creative New Zealand maintains with organisations that have shared interests, including government, local government, trusts, and other partners	Creative New Zealand management reports—annual	175	159	↑	-9%	<p>Decreased. Along with our relationships with our 81 investment organisations and 67 territorial authorities, we share knowledge and resources with other key partners to achieve our goal to develop a dynamic and resilient arts sector. This includes central government (for example, Manatū Taonga Ministry for Culture and Heritage), other Crown entities (for example, Museum of New Zealand Te Papa Tongarewa), and foundations and trusts (for example, the Arts Foundation). While many initiatives have been put on hold in 2020/21 as we focus on the direct needs of the sector in response to COVID-19, we have continued to connect, work together, and share our resources to build support for the sector.</p>

Outcomes and value perspective

Goal: We can clearly articulate how our work and engagement in the arts deliver value for all New Zealanders.

Despite the COVID-19-related challenges of 2020/21, we're proud of what the sector has achieved for the arts this year. Our outcomes describe the difference we want our work to make. They guide all our work, including how we assess applications to our funding programmes and the delivery of our development and advocacy initiatives. Investment across outcomes shifts from year to year, in line with priorities (figure 18).

FIGURE 18: INVESTMENT BY STRATEGIC OUTCOME, 2017/18 TO 2020/21



Our work through our outcomes for the arts is reported on the following pages, and information on our investment to support these outcomes is presented on pages 16-22.

Outcome: Stronger arts as shown by High-quality New Zealand art is developed

G1.1 Performance measure: Number of new New Zealand works developed—Exceeded Target

A record number of 7382 new New Zealand works were developed in 2020/21 against a full-year target of 2500 (2020: 2078) (figure 19).

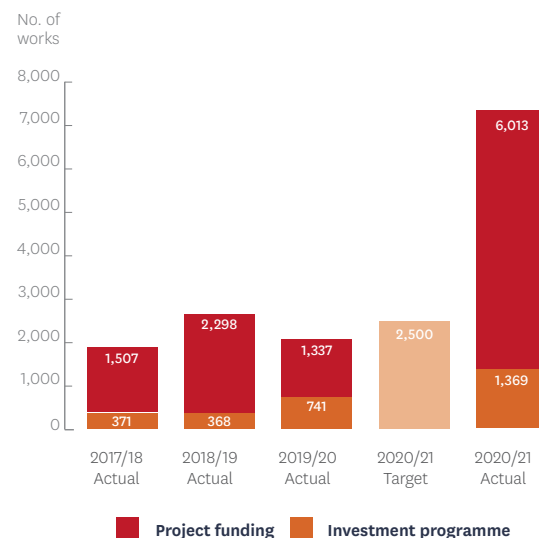
Both Investment programme and Project funded clients contributed to this increase on the same period last year (628 or 85 percent increase and 4676 or 350 percent increase, respectively).

Investment clients developed 1369 new New Zealand works (2020: 741 works developed). An increase is attributable mainly to literature projects including entries to literature competitions and awards events.

Project funded clients developed 6013 new New Zealand works from 984 completed and evaluated projects (2020: 591 projects completed and evaluated resulted in 1337 new New Zealand works created). The increase is directly attributable to the Covid-19 Emergency Response funding. The results can be broken down as:

- projects funded through COVID-19 Emergency Response Phase 1 (Arts Continuity Grants)—627 projects resulting in 3834 new works created
- projects funded through COVID-19 Recovery Response Phase 2, 32 projects resulting in 259 new works created
- regular project funding—325 projects resulting in 1920 new works created.

FIGURE 19: NUMBER OF NEW NEW ZEALAND WORKS DEVELOPED BY PROGRAMME, 2017/18 TO 2020/21

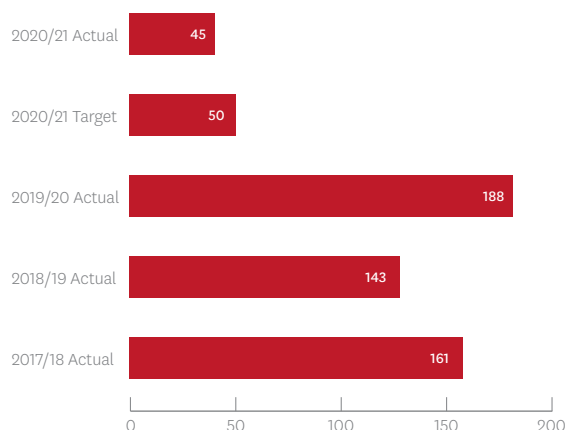


Outcome: Stronger arts as shown by New Zealand arts gain international success

G1.2 Performance measure: Number of individuals and organisations funded by Creative New Zealand to engage internationally—Did Not Meet Target

The number of individuals and organisations provided with an opportunity to engage internationally is significantly lower due to the effect of the COVID-19 pandemic and restrictions on travel (figure 20).

FIGURE 20: NUMBER OF INDIVIDUALS AND ORGANISATIONS FUNDED BY CREATIVE NEW ZEALAND TO ENGAGE INTERNATIONALLY, 2017/18 TO 2020/21

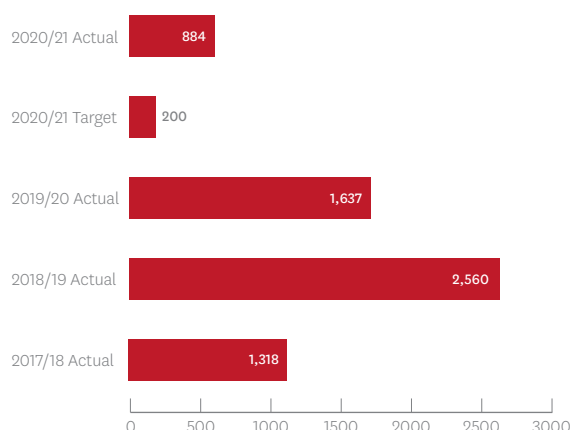


Outcome: Stronger arts as shown by **New Zealand arts gain international success**

G1.3 Performance measure: Number of international arts activities and events funded—Exceeded Target

Although international activity has reduced significantly since 2019/20 due to the COVID-19 pandemic, as has our target, 884 international arts activities and events were supported in the period (figure 21). This is significantly more than the full-year target of 200. The better-than-expected result is attributable to Dane Mitchell's Post Hoc Stealth Towers project, resulting in 690 arts 'events' or opportunities for audiences to engage with the work. The exhibition opened on 1 August 2020 and will be open to the public for two years (690 exhibition days). The funded activity has been completed; so the result is counted in the reporting period.

FIGURE 21: NUMBER OF INTERNATIONAL ARTS ACTIVITIES AND EVENTS FUNDED, 2017/18 TO 2020/21



Outcome: Greater public engagement with the arts as shown by **New Zealanders participate in the arts**

G1.4 Performance measure: Number of participants in arts activities funded by Creative New Zealand—Exceeded Target

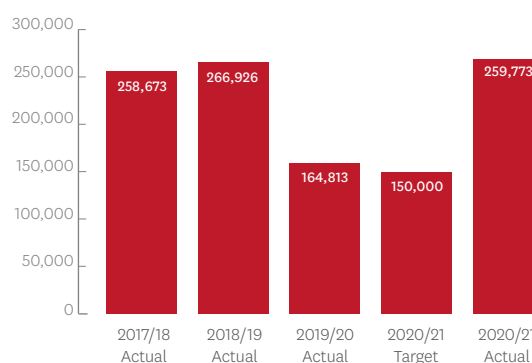
Participation reported across all Creative New Zealand programmes is at 259 773, 73 percent above the target of 150 000 and 58 percent above the 2019/20 result of 164 813 (figure 22).

Investment clients reported 61 131 participants, an increase of 17 850 participants, or 41 percent, on 2019/20. This increase can be attributed to Music, Theatre, and Pacific Heritage Arts artform activities, mostly in Auckland, Wellington, and online.

Project clients reported 81 725 participants from 984 completed and evaluated projects (2020: 591 projects; 18 789 participants). The increase is directly attributable to the COVID-19 Emergency (627 Arts Grants projects; 23 363 participants) and Recovery Response funding (32 Arts Grants projects; 31 934 participants). An increase has also occurred in participation captured through 'Community Arts' project funding (2021: 42 950; 2020: nil participants).

Territorial authorities reported lower participation through the Creative Communities Scheme in 2020/21. The 1013 projects completed resulted in 116 917 reported participants (2020: 674 projects completed resulted in 153 895 reported participants). The significant negative effect of the COVID-19 pandemic is evident in the first half of the year (July to December 2020) on arts activities, with 447 projects completed and 38 723 reported participants (31 December 2019: 666 projects completed resulted in 82 138 reported participants). The number of completed projects and participation increased in the second half of the year, almost to the pre-COVID-19 level (78 194 participants were reported from 566 completed projects).

FIGURE 22: NUMBER OF PARTICIPANTS IN ARTS ACTIVITIES FUNDED BY CREATIVE NEW ZEALAND, 2017/18 TO 2020/21



Outcome: Greater public engagement with the arts as shown by New Zealanders experience high-quality arts

G1.5 Performance measure: Number of attendances at arts activities events funded by Creative New Zealand—Exceeded Target

This measure refers to audience numbers, including paid audiences, readers, viewers, and attendances at free events. A record number 8.3 million attendances have been reported in 2020/21 against the target of 1.5 million, an increase of 2.9 million, or 55 percent, compared with the previous year (figure 23).

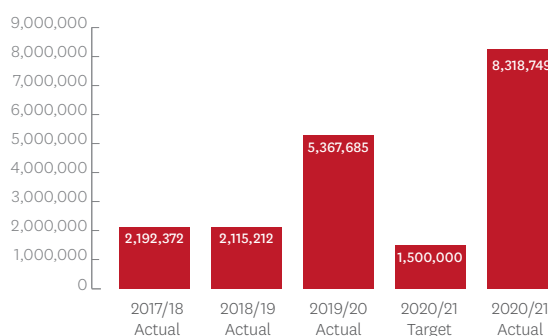
Investment clients reported 2.7 million attendances in 2020/21, a decrease of \$2.2 million compared with 2019/20. However, attendances were higher than in 2018/19, the pre-COVID year, by 1.5 million. These movements are attributable to wider reach through online activity (2021: 1 433 033; 2020: 3 724 853; 2019: 101 213) attributable to COVID-19 lockdowns. If online activities are taken out of the equation, investment clients reported attendance numbers for live events consistent with earlier years (2021: 1 277 547; 2020: 1 213 611; 2019: 1 072 871), exceeding our expectations.

Project funded clients reported 5.6 million attendances in 2020/21 from 916 projects completed and evaluated

in the reporting period (2020: 407 projects; 429 221 attendances). This increase is directly attributable to the COVID-19 Emergency (627 projects; 4 463 652 attendances) and Recovery Response funding (32 projects; 234 311 attendances). Results from the core funding have increased as well (325 projects; 910 206 attendances) as explained below. The main contributors to the increase in attendances are:

- the increase in the number of projects completed
- an Arts Grant project presenting new photographic work on three digital billboards at three locations in the Auckland central business district, which resulted in 4 137 448 views (funded through COVID-19 Emergency Response)
- a platform funded for Māori and indigenous voices online, which resulted in 571 267 views (core funding).

FIGURE 23: NUMBER OF ATTENDANCES AT ARTS ACTIVITIES AND EVENTS FUNDED BY CREATIVE NEW ZEALAND, 2017/18 TO 2020/21



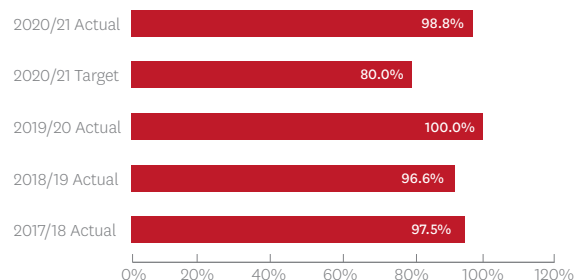
Outcome: Stronger arts as shown by New Zealand's arts sector is resilient

G1.6 Performance measure: Percentage of investment organisations that meet or exceed expectations set in their funding agreements across the three dimensions: quality of artistic programme; financial health; organisational health—Exceeded Target

Eighty out of 81 Investment programme organisations met expectations during the January to June 2021 period (figure 24). The target was lowered due to the expected significant effect of the COVID-19 pandemic on investment organisations, however, expectations were adjusted to follow new circumstances if required.

If a client was unable to do the contracted activity due to the COVID-19 alert level status at the time, they were not penalised for this. In addition, organisations in general managed themselves well during the difficulties of this period and so received higher scores in 'organisational health' and 'financial health'.

FIGURE 24: PERCENTAGE OF INVESTMENT ORGANISATIONS THAT MEET OR EXCEED EXPECTATIONS SET IN THEIR FUNDING, 2017/18 TO 2020/21



Outcome: Stronger arts sector as shown by New Zealand arts are valued and supported

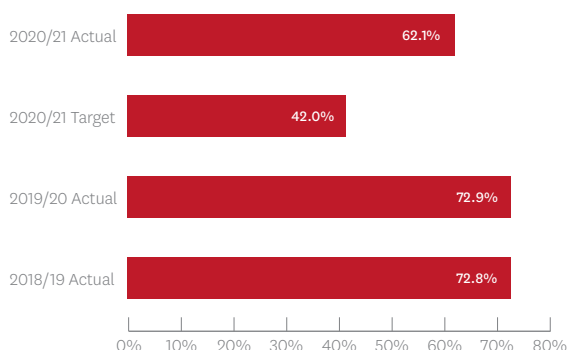
G1.7 Performance measure: Maintain or increase average 'other' (non-Creative New Zealand) investment per organisation—Exceeded Target

Average 'other' (non-Creative New Zealand) investment in our investment clients is at 62.1 percent (2019: 72.7 percent), exceeding the target set for the year of 42 percent (figure 25).

The target for the year was set low due to the expected significant effect of the COVID-19 pandemic and limitations on gatherings. Even though the target was exceeded, the 'other' (non-Creative New Zealand) investment decreased significantly. The total revenue of investment organisations dropped by 15 percent, which

is mainly attributable to the loss of revenue from sales by 52 percent, philanthropic and community grants by 32 percent, and corporate sponsorships by 34 percent. These losses in revenue were only partly offset by the increase in Creative New Zealand grants of 18 percent.

FIGURE 25: AVERAGE 'OTHER' (NON-CREATIVE NEW ZEALAND) INVESTMENT PER ORGANISATION, 2017/18 TO 2020/21

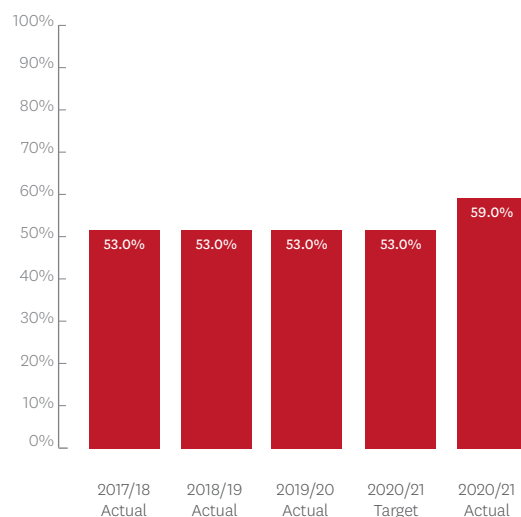


Outcome: Stronger arts sector as shown by New Zealand arts are valued and supported

G1.8 Index rating for how New Zealanders perceive the value of the arts to New Zealand (New Zealanders and the Arts 2020 survey)—Exceeded Target

The index rating for how New Zealanders perceive the value of the arts to New Zealand (New Zealanders and the Arts 2020 survey), which shows New Zealand arts are being valued and supported, increased to 59 percent (2017 survey: 53 percent), exceeding the target of 53 percent (figure 26).

FIGURE 26: NUMBER OF ATTENDANCES AT ARTS ACTIVITIES AND EVENTS FUNDED BY CREATIVE NEW ZEALAND, 2017/18 TO 2020/21



Public value statements and indicators

Internationally, the body of evidence is growing that shows the contribution the arts make to a broad range of wellbeing outcomes. We're gradually building an evidence base to support these outcomes within a New Zealand context. This work will let us demonstrate the sector's contribution to the different dimensions of wellbeing and the Four Capitals identified in the Treasury's *Living Standards Framework*.

In 2019/20, we introduced indicators for the long-term public value we believe we can create for New Zealanders. We are only one player in the arts ecosystem and so we often don't control whether these broad wellbeing outcomes are achieved. We are, however, interested in monitoring the extent to which these benefits are realised through engagement with the arts.

Our most recent *New Zealanders and the arts—Ko Aotearoa me ōna Toi 2020* research helps us understand how people intend to re-engage with the arts. This significant longitudinal research, conducted over 15 years, lets us compare New Zealanders' attitudes to and engagement with the arts over a significant period: where growth is, where changes are, what attitudes were, and what attitudes are currently. Knowing this, strengthens our arts community and helps inform our strategic direction, built on a better understanding of what New Zealanders seek from the arts.

As the indicators included below show, the arts are making a powerful contribution to New Zealanders' wellbeing and are helping us get through the COVID-19 pandemic. More people are also appreciating the powerful role the arts play in connecting whānau and communities, but we know that access can be improved. The arts are also helping more of us explore and build our own sense of identity, as well as increasing our connections with other New Zealanders. The full *New Zealanders and the arts* report is available on our website (www.creativenz.govt.nz/nzersandthearts).

Outside of these indicators, we also track trends and developments across the sector itself, identifying and responding to issues where we can. This is shown in the 'Sector perspective' section on pages 41–42. Table 6 presents results of sector performance against public value statements and indicators.

TABLE 6: PERFORMANCE AGAINST PUBLIC VALUE STATEMENTS AND INDICATORS, 2020/21

Ref.	Indicator	Data source and frequency	Result as at 30 June 2020	Result as at 30 June 2021	Variance	Notes
Public Value Statement: Engagement in the arts improves the lives of New Zealanders as shown by: The arts contribute to personal wellbeing. The arts contribute to healthier people. The arts contribute to education and skills development. The arts create a more highly skilled workforce. The arts develop creative people who provide new approaches to solving problems.						
I1	Life satisfaction correlated to engagement in cultural activity	Stats NZ <i>General Social Survey</i> – biennial	83%	83%	0%	No change. The cultural module of the General Social Survey has not been carried out by Stats NZ since 2016/17.
I2	Rating for the arts improve how I feel about life in general	<i>New Zealanders and the Arts 2020</i> – triennial	41%	41%	0%	No change. The question for 'the arts improve how I feel about life in general' was replaced in the 2020 survey with: 'How important is the arts to your personal wellbeing?'. Forty percent of respondents said the arts were important to their personal wellbeing. This question will be monitored in future surveys.

Ref.	Indicator	Data source and frequency	Result as at 30 June 2020	Result as at 30 June 2021	Variance	Notes
Public Value Statement: Distinctive and dynamic New Zealand arts that reflect the diversity of who we are and grow our reputation as a creative nation as shown by: The arts contribute to our diverse identities and shared sense of national identity.						
13	Index rating for how New Zealanders perceive the quality of our arts	<i>New Zealanders and the Arts 2020</i> - triennial	59%	61%	2%	Increase. Indicators I3–I5 show that New Zealanders believe the arts contribute to our diverse identities and shared sense of national identity. The increase for I3 is likely to have been influenced by the overall increase in New Zealanders' positive attitudes to the arts in response to COVID-19 restrictions.
14	Rating for the arts help define who we are as New Zealanders	<i>New Zealanders and the Arts 2020</i> - triennial	54%	64%	10%	Increase. As above, the significant increase for I4 is likely to have been influenced by the overall increase in New Zealanders' positive attitudes to the arts in response to COVID-19 restrictions. For the first time, the New Zealanders and the Arts research includes dedicated reports exploring Māori, Pasifika and Asian New Zealanders' relationship with the arts. Communities hold positive views on the arts being accessible and inclusive, but we know key areas for improvement remain.
15	Rating of importance of art and artistic achievements in defining New Zealand	Stats NZ General Social Survey 2017 – biennial	69%	69%	0%	No change. The cultural module of the General Social Survey has not been carried out by Stats NZ since 2016/17.
Public Value Statement: Engagement in the arts strengthens whānau, communities and society as shown by: The arts contribute to social inclusion and cohesion by connecting people and communities. The arts contribute to our identity as individuals, whānau, community(ies) and to our identity as a nation. The arts support a strong democracy.						
16	Index rating for correlation of belonging to a group, club or organisation (arts or culture) to a sense of life satisfaction and feeling that life is worthwhile	Stats NZ <i>General Social Survey 2017</i> – biennial	88%	88%	0%	No change. The cultural module of the General Social Survey has not been carried out by Stats NZ since 2016/17.
17	Index rating for how engagement in the arts strengthens communities, society and our identity	<i>New Zealanders and the Arts 2017</i> – triennial	56%	62%	6%	Increase. All individual measures have shown a significant increase between 2017 and 2020. As with other New Zealanders and the arts measures monitored, the increase in rating reflects a more positive overall attitude to the arts, following the COVID-19 pandemic.

Ref.	Indicator	Data source and frequency	Result as at 30 June 2020	Result as at 30 June 2021	Variance	Notes
Public Value Statement: The arts sector contributes to prosperous and resilient communities as shown by: The arts sector provides jobs and careers for artists and practitioners. The arts play a role in rejuvenating and making cities and communities great places to live. The arts contribute to New Zealand's economy.						
I18	Percentage of total employment (arts-related industries)	Stats NZ <i>Census</i> 2018–five-yearly	0.70%	0.70%	0%	No change. No one indicator can stand alone in this section, however, together indicators I18–I12 give a picture of how the arts add to New Zealand's economy. Creative New Zealand's work in arts policy and advocacy, often in working with others, aims to add to the growth in the sector in these areas. The next census is expected to be held in March 2023.
I19	Percentage of Territorial Authorities with an arts and culture policy	Creative New Zealand survey data—annual	51%	33%	–18%	Decrease. Sixty-seven territorial authorities are provided with the opportunity to respond to an annual Creative Communities Scheme evaluation survey. Of the 57 respondents to this survey question in 2020/21, 19 (33 percent) confirmed they have an arts and culture strategy. A further 13 (24 percent) did not know. This may be an indication of a high number of new administrators throughout the scheme in 2020/21.
I10	Rating for the arts contribute positively to the economy	<i>New Zealanders and the Arts 2020</i> —triennial	59%	64%	5%	Increase. This result is the highest level to date from three surveys, with significant change from 2017 to 2020.
I11	Household spending on the arts	Stats NZ Household Economic Survey 2019—triennial	Not measured in 2019/20	\$600 million	0%	No change. The Stats NZ Household Economic Survey 2019 was not carried out in the period.
I12	Arts-related industries' contribution to gross domestic product	Stats NZ <i>An economic profile of the arts in New Zealand 2015</i> —biennial	0.24%	0.24%	0%	No change. Since inclusion of the original source, the scope of the underlying data has changed. Industries previously included in the survey are no longer included in the data currently collected. In 2020, Manatū Taonga Ministry for Culture and Heritage's Arts and Creative Sector Profile 2020 identified that the 'arts and creative' sectors contributed \$10.981 million (in 2020 prices) to gross domestic product in New Zealand. This equates to 3.4 percent of total New Zealand gross domestic product. We will replace the current source with the Ministry's sector report in our updated Statement of Intent 2022/23.

Progress report on the delivery of the Arts and Culture COVID Recovery Programme Recovery funding 2020/21

The \$80 million Creative New Zealand invested in the sector in 2020/21 included the allocation of an additional \$25 million one-off Crown investment as part of the Arts and Culture COVID Recovery Programme. This investment is summarised on the following pages. While the full effects of the allocated funding will not be reported until 2022/23, table 6 reports on progress for each funding programme and the outcomes sought. Revised budgets reflect the need to respond to the immediate needs of the sector.

Tables 7, 8 and 9 on page 51-56 summarise three further multi-year initiatives Creative New Zealand was allocated additional funding for as part of the Government's wider Arts and Culture COVID Recovery Programme for the cultural sector. This funding was in addition to the one-off \$25 million allocated through core Creative New Zealand programmes in 2020/21. While the funds below were delivered in the 2020/21 year, the results of most projects funded will not be reported and evaluated until the 2021/22 financial year.

The result of all funding is available on our website (www.creativenz.govt.nz/results-of-our-work).

TABLE 7: REPORTING ON RETAIN CORE ARTS INFRASTRUCTURE FUNDING \$25 MILLION

Funding component	Budget 2020/21 ⁷	Revised budget 2020/21 ⁸	Committed as at 30 June 2021	Outcomes sought	Performance measure and target as per SPE 2020/21	2020/21 results
Retaining core arts infrastructure and delivering arts projects in communities	\$25,000,000	\$25,000,000	\$25,000,000	<ul style="list-style-type: none"> Critical art infrastructure (including arts organisations and staff) is retained. Arts organisations are positioned to resume arts activity. Community wellbeing is improved through the delivery of arts projects through identified workstreams. 	In the absence of baseline data for the new funding programmes and initiatives below, historical data from similar funding programmes has been used.	
1. Funding through Investment programmes	\$16,000,000	\$12,556,278	\$11,415,494	Recovery support to 81 Tōtara and Kahikatea arts organisations that receive multi-year funding through Creative New Zealand's Investment programmes.		
1a. Adaptation Fund	\$6,000,000	\$6,781,580	\$6,781,580	<ul style="list-style-type: none"> Supports transformation or significant development of the business model and/or artistic practice of organisations. Encourages new ways of working within changed environments and supports new and adapted organisational models in response to the opportunities presented by COVID-19. 	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	Not measured in the period. Thirty-five Adaptation Fund grants were awarded. All projects will be completed and evaluated within the 2021/22 financial year.

⁷ Budget 2020/21 figures are derived from the updated Statement of Performance Expectations 2020-21, published in February 2021.

⁸ Revised budget 2020/21 figures equal the budget approved at the April 2021 Arts Council meeting, reflecting need to respond to the immediate needs of the sector.

Funding component	Budget 2020/21	Revised budget 2020/21	Committed as at 30 June 2021	Outcomes sought	Performance measure and target as per SPE 2020/21	2020/21 results
1b. Capability Fund	\$1,500,00	\$642,314	\$635,929	<ul style="list-style-type: none"> Supports organisations to address immediate organisational needs and to help stabilise and increase the sustainability of their businesses in response to the effects of the COVID-19 environment. 	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	Not measured in the period. Twenty-nine Capability Fund grants were awarded. All projects will be completed and evaluated within the 2021/22 financial year.
1c. Resilience Fund	\$6,000,000	\$350,000	\$1,027,360	<ul style="list-style-type: none"> Provides two rounds of emergency support for Tōtara and Kahikatea organisations that have been materially negatively affected by COVID-19. Helps organisations maintain their key people and to honour contracts with other creative practitioners until 31 December 2020 for Round 1 and to 30 June 2021 for Round 2. 	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	Not measured in the period. Sixteen Resilience Fund grants awarded. All projects will be completed and evaluated within the 2021/22 financial year.
1d. Revenue Generation Fund	–	\$3,000,000	\$2,970,625	<ul style="list-style-type: none"> Designed to build arts organisations' ability to diversify and increase their income streams, to help grow their sustainability in response to the COVID-19 pandemic. The fund is open to organisations in the Toi Tōtara Haemata and Toi Uru Kahikatea Investment programme as well as arts organisations that submitted an expression of interest to take part in our developmental programme Te Puāwaitanga in March 2020. 	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	Not measured in the period. Thirty-one Revenue Generation Fund grants awarded. All projects will be completed and evaluated within the 2021/22 financial year.
1e. Unallocated	\$2,500,000	\$1,782,384	–	<ul style="list-style-type: none"> Contingency to respond to immediate Covid-19 related needs of the sector 		
2. Funding through Grants programmes	\$5,800,000	\$8,800,000	\$10,126,714	Support for artists and arts organisations through existing Grants programmes (with some repurposing for the COVID-19 environment).		
Arts Grants	\$5,800,000	\$8,800,000	\$9,855,992	<ul style="list-style-type: none"> Arts Grants 2020/21 (\$5,000–\$75,000) offer short-term project funding for New Zealand artists, arts practitioners, and arts organisations (including groups and collectives). This funding enables more sustainable careers, encourages innovation and the development of arts practice, and provides opportunities for diverse communities to access the arts. Annual Arts Grants (up to \$150,000) offer funding to enable artists, arts practitioners, and arts organisations to present a regular or continuous programme of activity over a 12-month period and/or produce or present a significant event or project. 	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	Not measured in the period. Funding awarded to 200 projects (General arts 153, Māori arts 22, Pacific arts 25). All projects will be completed and evaluated within the 2021/22 and 2022/23 financial years.

Funding component	Budget 2020/21	Revised budget 2020/21	Committed as at 30 June 2021	Outcomes sought	Performance measure and target as per SPE 2020/21	2020/21 results
Toi Ake	–	–	\$270,722	• Toi Ake is a funding initiative tailored to iwi, hapū, whakapapa-based roopu, and maata waka to cultivate and retain heritage Ngā Toi Māori.	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	Not measured in the period. Four additional Toi Ake – Mātauranga Māori te Awe Kōtuku grants were awarded. All projects will be completed and evaluated within the 2021/22 and 2022/23 financial years.
3. Creative Communities Scheme	\$1,800,000	\$1,800,000	\$1,764,070	Additional support for community arts in the COVID-19 environment.		
Creative Communities Scheme top up	\$900,000	\$900,000	\$900,000	• Top-up funding for territorial authorities at a rate proportional to the current formula of \$0.60 per person to be allocated through existing scheme settings—to support local arts activities through projects focused on participation, diversity, and young people (\$0.9 million).	Number of grants awarded by territorial authorities (expected to support an additional 450 local arts projects)	Although the number of projects supported by the additional \$900,000 was not tagged for monitoring and reporting purposes, territorial authorities supported 879 projects through the Creative Communities Scheme in 2020/21 to a value of \$4,668 million, nearly 400 more than in 2019/20.
Local Government Arts Fund	\$900,000	\$900,000	\$864,070	• Establish an application process based on criteria that will focus on retaining critical arts infrastructure at the local level—the aim is to address COVID-related gaps, and current cost exclusions will be reviewed (\$0.9 million).	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	Not measured in the period. Twenty-six Local Government Arts Fund grants awarded. All projects will be completed and evaluated within the 2021/22 financial year.
4. Ngā Toi ā Rohe—Arts in the Regions initiative	\$900,000	\$1,343,722	\$1,193,722	Open to organisations, including Tōtara and Kahikatea organisations outside Auckland, Wellington, and Christchurch, for grants up to \$150,000. The fund aims to incentivise local and regional investment in the development and presentation of new local arts activity outside the main centres of Auckland, Wellington, and Christchurch.		
Ngā Toi ā Rohe Fund	\$750,000	\$1,236,989	\$1,086,989	• Open to organisations, including Tōtara and Kahikatea organisations outside Auckland, Wellington, and Christchurch, for grants up to \$150,000. The initiatives aim to incentivise local and regional investment in the development and presentation of new local arts activity outside the main centres of Auckland, Wellington, and Christchurch.	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	Not measured in the period. Nine Ngā Toi ā Rohe Fund grants were awarded in the period. A further \$106,733 was awarded to the Performing Arts Network of New Zealand towards the touring of work outside the main centres. All projects will be completed and evaluated within the 2021/22 financial year.
Arts in the Regions Touring Fund	\$150,000	\$106,733	\$106,733			

Funding component	Budget 2020/21	Revised budget 2020/21	Committed as at 30 June 2021	Outcomes sought	Performance measure and target as per SPE 2020/21	2020/21 results
5. Operating Costs	\$500,000	\$500,000	\$500,000	· \$0.5 million has been provisioned to go towards resources needed to help with the administration of this investment (operating costs). Includes: \$200k from Grants, \$100k from Ngā Toi ā Rohe—Arts in the Regions Fund and \$200k from Creative Communities Scheme.		

TABLE 8: REPORTING ON PASIFIKA FESTIVALS INITIATIVE (\$12 MILLION OVER THREE YEARS)

Funding component	Budget 2020/21	Committed 2020/21	Outcomes sought	Performance measure and target 2020/21	Results 2020/21
Pasifika Festivals Initiative	\$4,000,000 ⁹	\$2,595,103	<ul style="list-style-type: none"> Pasifika festivals experiencing financial hardships due to the direct effect of the COVID-19 pandemic remain viable. Pasifika festivals have the technical ability and management capability to operate in a COVID-19 environment. Key stakeholders that form part of the Pasifika festival ecosystem are considered in any funding considerations. 	Along with the existing <i>Statement of Performance Expectations 2020/21</i> performance measures, a post-completion survey will be designed in collaboration with partners.	
Tasi Wave 2020	Budget was not allocated for this demand-driven initiative	\$498,425	The first stage of the Pasifika Festivals Initiative—the Tasi Wave 2020—provides financial support to stabilise eligible Pasifika festivals in the short term through to 31 December 2020. Tasi Wave addressed the effects of the COVID-19 pandemic so Pasifika festivals can build capability where relevant and deliver activity from 1 January 2021 as part of the future Lua, Tolu, and Fa Waves.	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	Achieved. Four festivals were supported through Tasi 2020 and remained stable through to 31 December 2020. All four festivals met expectations.
Tasi Wave 2021	Budget was not allocated for this demand-driven initiative	\$1,840,781	The Tasi 21 Wave of the Pasifika Festivals Fund is a contestable fund for eligible Pasifika festivals to present a festival in the 2021 calendar year. Tasi 21 addresses the effects of the COVID-19 pandemic so eligible Pasifika festivals unable to secure sufficient funding to stage a festival in 2021 can receive a funding contribution.	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	Not measured in the period. Sixteen festivals were supported through Tasi 2021. All festivals will be completed and evaluated within the 2021/22 and 2022/23 financial years.
Lua Wave	Budget was not allocated for this demand-driven initiative	\$255,897	This fund provides support for existing Pasifika-led festivals with a track record of success that have a long-term strategic focus. Funding can be used for building the capability needs of an organisation in the areas of governance, leadership, digital capacity, and festival staffing.	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	Not measured in the period. Nine festivals were supported through Lua Wave. All 'projects' will be completed and evaluated within the 2021/22 and 2022/23 financial years.

⁹ Includes \$200,000 operating expenditure.

TABLE 9: MĀTAURANGA MĀORI TE AUE KŌTUKU INITIATIVE (\$2.8 MILLION OVER TWO YEARS)

Funding component	Budget 2020/21	Committed 2020/21	Outcomes sought	Performance measure and target 2020/21	Results 2020/21
Mātauranga Māori Te Awe Kōtuku Initiative	\$1,072,500	\$1,072,500	<ul style="list-style-type: none"> Support whānau, hapū, iwi, and Māori communities to protect mātauranga related to arts, culture, and heritage from the effect and ongoing threat of the COVID-19 pandemic. Excellence in mātauranga Māori achieved through all the initiatives. Greater engagement with mātauranga Māori and its arts, culture, and heritage expressions. Strengthened taonga tuku iho, toi Māori infrastructure (people and places), skills, and capacity to retain, protect, and revitalise mātauranga Māori. 	Along with the existing Statement of Performance Expectations 2020/21 performance measures, post-completion analysis will be carried out in collaboration with partners.	
Retaining critically endangered Tārai Waka	\$225,000	\$225,000	To support the retention and revitalisation of critically endangered Tārai Waka mātauranga (waka building knowledge), working in partnership with tohunga and emerging practitioners.	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	Met target. All projects met or exceeded expectations.
Retaining endangered Taonga Pūoro	\$70,000	\$70,000	To support the retention and revitalisation of critically endangered Taonga Pūoro mātauranga, working in partnership with tohunga and emerging practitioners.	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	Met target. All projects met or exceeded expectations.
Contestable Funds—Toi Ake Fund	\$515,000 ¹⁰	\$470,000	To boost the existing Toi Ake contestable fund to support the retention of mātauranga toi and heritage ngā toi Māori artforms from iwi, hapū, and marae to foster their distinctive arts and cultural practices. Funding will enable pūkenga, artists, practitioners, and iwi and hapū to retain their artform mātauranga.	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	<p>Not measured in the period. In 2020/21 Creative New Zealand invested \$934,422 to support 15 initiatives—13 projects that met the specific purpose of the Toi Ake – Mātauranga Māori Te Awe Kōtuku Fund to protect, cultivate and retain mātauranga toi.</p> <p>Te Awe Kōtuku investment of \$470,000 boosted the total Creative New Zealand Toi Ake Fund investment.</p> <p>All projects will be completed and evaluated within the 2021/22 and 2022/23 financial years.</p>
Regional Partnerships—Te Tairāwhiti Arts Festival	\$150,000	\$150,000	<p>Creative New Zealand will work with established regional partners to address the pressures on traditional knowledge holders and Māori arts practitioners because of the COVID-19 pandemic to:</p> <ul style="list-style-type: none"> protect Te Tairāwhiti mātauranga toi and toi Māori practices with a specific focus on working with pūkenga in raranga, uku, and whakairo 	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	Met target. All projects met or exceeded expectations.
Regional Partnerships—Toi Ngāpuhi	\$112,500	\$112,500	<ul style="list-style-type: none"> retain at-risk Te Taitokerau artform mātauranga within Ngāpuhi working with tohunga and pūkenga to build the number of knowledge holders within the iwi and hapū and engaging local taiohi in mahi toi. 	Ninety-nine percent of completed projects meet or exceed expectations as set out in funding agreements.	Met target. All projects met or exceeded expectations.

10 Includes \$45,000 operating expenditure.

S3

FINANCIAL PLANNING AND PERFORMANCE
WHAKAMAHERE PŪTEA MAHI



Financial Planning and Performance

The following section details the 2020/21 financial performance and financial planning context for 2021/22.

Financial performance 2010/21

In 2020/21 Creative New Zealand invested a record \$80.3 million in the arts, \$10.1 million above the overall investment in 2019/20. This increased investment includes the significant new Crown investment in Creative New Zealand of \$31.1 million in 2020/21 through Budget 2020 (of which \$3.4 million was deferred to 2021/22). For 2020/21:

- \$24.2 million was invested in **retaining core arts infrastructure, delivering arts projects in communities, and supporting the delivery of key strategies**, including *Te Hā o ngā Toi—Māori Arts Strategy 2019–2024* and the *Pacific Arts Strategy 2018–2023* (\$0.8 million deferred to 2021/22)
- \$2.5 million was invested in the new **Pasifika Culture and Heritage Fund** (\$1.5 million deferred to 2021/22) to support Pasifika festivals throughout New Zealand facing financial hardship brought about by the COVID-19 crisis, as well as to develop their capability so they can operate in a COVID-19 environment.
- \$1.0 million was invested in delivering 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
- we set up 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, will continue into 2021/22 (\$1 million deferred to 2021/22).

Creative New Zealand ended the year 2020/21 with a net surplus of \$10.0 million, \$13.3 million over the budgeted net deficit published the *Statement of Performance Expectations 2020/21*. This better-than-expected result is mostly driven by the significantly higher revenue from Lotto New Zealand, through the New Zealand Lottery Grants Board (NZLGB), by \$10.6 million.

Creative New Zealand's accumulated funds increased to \$22.2 million from the budgeted \$8.9 million due to the welcome windfall from Lotteries' profits. In the previous financial year, Creative New Zealand used a significant portion of its equity reserves to respond to the COVID-19 crisis and reduced accumulated funds to \$12.2 million, as shown in figure 27.

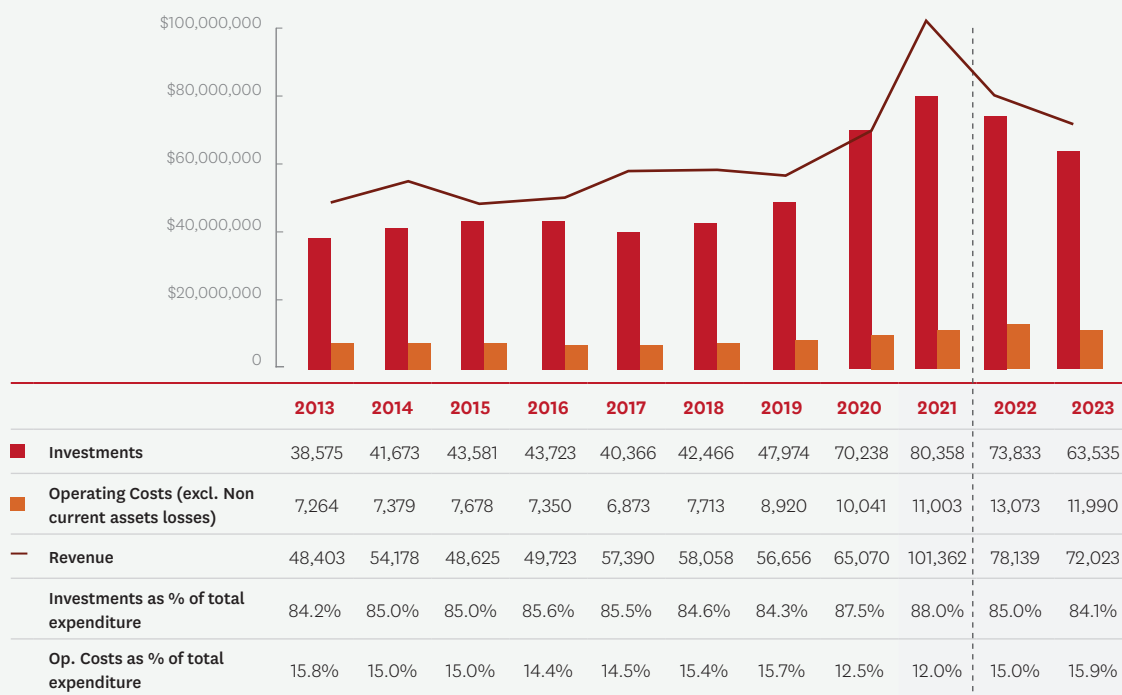
Figure 28 shows our longer-term revenue and expenditure trends. These show a gradual increase in our investment in the arts sector and a significant increase in 2019/20 and 2020/21, as well as the increase in our revenue.

Our operating costs, having remained at the same level for 11 years from 2007/08 to 2017/18, have increased as we have developed more specialist skills within the organisation. Because of the increased investment in the sector in 2019/20 and 2020/21, we had to bring in additional resources to deliver the COVID-19 Phase 2 Response Plan, a mix of fixed-term and permanent roles that are programme, capability, and capacity related. However, our operating costs are at 12 percent of the total expenses, well below the minimum range of our operating cost policy range of 15–16 percent.

FIGURE 27: SURPLUS/DEFICIT VERSUS MINIMUM EQUITY VERSUS ACCUMULATED FUNDS 2012/13 TO 2022/23



FIGURE 28: REVENUE AND EXPENSE TRENDS 2012/13 TO 2022/23



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

2022, 2023 =
current budget
for 2021/22 and
2022/23

Financial planning context for 2021/22

Creative New Zealand has planned and budgeted in a dynamic way for 2020/21 and will continue to do so for 2021/22, in response to changes in the external operating environment. The budget for 2021/22 is prepared while the organisation continues to respond to the COVID-19 pandemic and plans for Phase 3 of its response. In the year ahead, we are focusing on economic recovery, a vibrant, innovative arts sector, and better access and participation.

The Phase 3 COVID-19 Response Plan is a fit-for-purpose and affordable 12-month investment programme to support the arts sector to continue to survive, recover, and thrive in a COVID-19 world. The plan and budgets for 2021/22 and 2022/23 were developed considering the following:

- no additional revenue through Vote: Arts, Culture and Heritage above what has already been committed for specific initiatives under the Manatū Taonga Ministry for Culture and Heritage-led Arts and Culture COVID Recovery Programme
- specific tagged initiatives under the Government's Arts and Culture COVID Recovery Programme (that is, the Pasifika Festivals Initiative, Cultural Sector Capability Funding, and Mātauranga Māori Te Awe Kōtuku Initiative)
- increased revenue from the NZLGB for 2020/21 of \$55.6 million (an increase by \$10.6 million compared with budget) and an expected revenue of \$51.0 million for 2021/22, allowing continued increased investment into the arts sector
- the minimum equity level at \$6 million at the end of the second year of any budgeting cycle (Equity Policy agreed by the Arts Council in February 2021). The equity policy is designed to help reduce the organisation's exposure to adverse financial circumstances, shield the arts sector from the possible drop in revenue, and provide the arts sector with funding certainty.

As a result, the 2021/22 budgeted expenses are under the overall investment Creative New Zealand made into the arts sector in 2020/21, \$73.8 million compared with \$80.3 million, but are still significantly higher than in 2018/19 being the last pre-COVID year, as shown in figure 27.

Our operating costs are budgeted to increase in 2021/22 and then decrease in 2022/23 but will remain within the operating costs policy range, as shown in figure 27. We provisioned \$1 million in 2021/22 to develop a new public facing digital customer experience (CX) platform that will integrate the current website, portal and online knowledge bases and enable Creative New Zealand to develop and deliver best practice digital services. We will also be operating at full staffing capacity, after spending half of the 2020/21 financial year recruiting and implementing the resource plan noted above (part of the increase is attributable to the temporary roles being extended to 30 June 2022, as we work on gaining efficiencies through the digital strategy work).

The 2021/22 budget focuses on the following priorities for Creative New Zealand:

- continuing to deliver our key kaupapa-based strategies, *Te Hā o ngā Toi—Māori Arts Strategy 2019–2024* and the *Pacific Arts Strategy 2018–2023*, and the *Investment Strategy Te Ara Whakamua 2018–2023*
- working to improve the sustainability of the arts sector, including:
 - the sustainability of arts sector careers
 - contributing to the wider government Arts and Culture COVID Recovery Programme and aligning our resources to ensure the best outcomes for the arts sector
- advancing our Te Kaupapa o Toi Aotearoa (The Creative New Zealand Way) programme aimed at ensuring we have the organisational culture, competencies, and practices that will enable us to meet our aspirations under Te Tiriti o Waitangi (the Treaty of Waitangi) and deliver public value for all New Zealanders
- addressing potential significant demand for resources in the Arts Grants programme
- improving our digital delivery so more efficient processes are administered internally across a unified platform. External users will experience improved system performance and differentiated journeys, depending on their profile.

For further information, see our *Statement of Performance Expectations 2021/22* on our website.

Statement of financial performance

For the year ended 30 June 2021

	NOTE	ACTUAL 2021 \$000	BUDGET revised 2021 \$000	BUDGET original 2021 \$000	ACTUAL 2020 \$000
Revenue					
Revenue from the Crown	3	44,402	47,762	42,689	16,689
Revenue from the New Zealand Lottery Grants Board	4	55,625	45,000	45,000	47,008
Interest revenue		234	300	120	861
Other revenue	5	1,101	214	214	512
TOTAL REVENUE		101,362	93,276	88,023	65,070
Expenditure					
Investing in the arts	9	65,985	71,299	68,995	67,126
Developing the arts	9	13,709	12,494	4,979	2,373
Advocating for the arts	9	609	1,405	1,405	647
Leadership in the arts	9	55	150	150	92
		80,358	85,348	75,529	70,238
Operating Costs					
Personnel expenses	6	7,923	8,020	7,230	6,801
Depreciation and amortisation	7	410	384	384	386
Other expenses	8	2,670	2,852	2,682	2,854
		11,003	11,256	10,296	10,041
TOTAL EXPENDITURE		91,361	96,604	85,825	80,279
SURPLUS / (DEFICIT)		10,001	(3,328)	2,198	(15,209)

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

Budget original is derived from the *Statement of Performance Expectations 2020/21* published in June 2020.

Budget revised is derived from the updated *Statement of Performance Expectations 2020/21* published in February 2021.

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

Statement of comprehensive revenue and expense

for the year ended 30 June 2021

	NOTE	ACTUAL 2021 \$000	BUDGET revised 2021 \$000	BUDGET original 2021 \$000	ACTUAL 2020 \$000
Surplus/(deficit) for the year		10,001	(3,328)	2,198	(15,209)
Other comprehensive revenue and expense					
Gain/(Loss) on revaluation of works of art	15	746	–	–	(13)
Total other comprehensive revenue and expense		746	–	–	(13)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		10,747	(3,328)	2,198	(15,222)

Statement of changes in equity

for the year ended 30 June 2021

	NOTE	ACTUAL 2021 \$000	BUDGET revised 2021 \$000	BUDGET original 2021 \$000	ACTUAL 2020 \$000
Total equity as at 1 July		14,074	14,074	5,635	29,296
Net operating surplus/(deficit) for the year		10,001	(3,328)	2,198	(15,209)
Other comprehensive revenue and expense		746	–	–	(13)
Total comprehensive revenue and expense		10,747	(3,328)	2,198	(15,222)
TOTAL EQUITY AS AT 30 JUNE	19	24,821	10,746	7,833	14,074

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

Budget original is derived from the *Statement of Performance Expectations 2020/21* published in June 2020.

Budget revised is derived from the updated *Statement of Performance Expectations 2020/21* published in February 2021.

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

Statement of financial position

for the year ended 30 June 2021

	NOTE	ACTUAL 2021 \$000	BUDGET revised 2021 \$000	BUDGET original 2021 \$000	ACTUAL 2020 \$000
ASSETS					
Current assets					
Cash and cash equivalents	11	9,210	12,657	11,715	4,693
Investments in term deposits	12	22,000	10,000	10,000	10,000
Receivables	13	20,209	13,800	13,800	16,440
Prepayments		157	200	200	174
Total current assets		51,576	36,657	35,715	31,307
Non-current assets					
Property, plant and equipment	14	514	580	580	557
Works of art	15	1,773	1,027	1,040	1,027
Intangible assets	16	967	1,240	1,240	1,226
Total non-current assets		3,254	2,847	2,860	2,810
TOTAL ASSETS		54,830	39,504	38,575	34,117
LIABILITIES					
Current liabilities					
Grants payable	9	24,983	27,592	29,592	19,054
Payables and deferred revenue	17	4,334	550	560	326
Employee entitlements	18	553	528	528	565
Total current liabilities		29,870	28,670	30,680	19,945
Non-current liabilities					
Lease incentive	20.2	57	26	–	30
Employee entitlements	18	82	62	62	68
Total non-current liabilities		139	88	62	98
TOTAL LIABILITIES		30,009	28,758	30,742	20,043
NET ASSETS		24,821	10,746	7,833	14,074
EQUITY					
Accumulated funds	19	22,237	8,856	5,985	12,184
Revaluation reserves	19	1,773	1,027	1,040	1,027
Restricted reserves (special purpose funds)	19	811	863	808	863
TOTAL EQUITY		24,821	10,746	7,833	14,074

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

Budget original is derived from the *Statement of Performance Expectations 2020/21* published in June 2020.

Budget revised is derived from the updated *Statement of Performance Expectations 2020/21* published in February 2021.

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

Statement of cash flows

for the year ended 30 June 2021

	ACTUAL 2021 \$000	BUDGET revised 2021 \$000	BUDGET original 2021 \$000	ACTUAL 2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Revenue from the Crown	47,762	47,762	42,689	16,689
Revenue from the New Zealand Lottery Grants Board	51,509	47,008	45,000	40,518
Interest received	324	406	226	1,086
Grant retirements and gains	517	100	100	123
Other revenue	439	14	14	461
Net goods and services tax	888	572	500	–
Cash was applied to:				
Payments of grants	(74,411)	(76,876)	(70,297)	(66,885)
Payments to employees	(7,921)	(8,063)	(7,202)	(6,539)
Payments of operating expenses	(2,482)	(2,538)	(2,900)	(3,120)
Net goods and services tax	–	–	–	(447)
NET CASH FLOWS FROM OPERATING ACTIVITIES	16,625	8,385	8,130	(18,114)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Term deposits maturing (with maturities over 3 months)	10,000	10,000	10,000	32,500
Cash was applied to:				
Purchase of property, plant, equipment and intangible assets	(108)	(421)	(402)	(261)
Investment in term deposits (with maturities over 3 months)	(22,000)	(10,000)	(10,000)	(10,000)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(12,108)	(421)	(402)	22,239
NET INCREASE (DECREASE) IN CASH HELD	4,517	7,964	7,728	4,125
Cash and cash equivalents at the beginning of the year	4,693	4,693	3,987	568
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	9,210	12,657	11,715	4,693

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

Budget original is derived from the *Statement of Performance Expectations 2020/21* published in June 2020.

Budget revised is derived from the updated *Statement of Performance Expectations 2020/21* published in February 2021.

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

Statement of cash flows (continued)

for the year ended 30 June 2021

RECONCILIATION OF SURPLUS/(DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITIES	ACTUAL 2021 \$000	ACTUAL 2020 \$000
Net surplus/(deficit) from operations	10,001	(15,209)
Add/(less) non-cash items:		
Depreciation and amortisation	410	386
Retirement of grants	(435)	(218)
Total non-cash items	(25)	168
Add/(less) movements in working capital items:		
Decrease (increase) in receivables	(4,243)	(6,071)
Decrease (increase) in prepayments	17	125
Decrease (increase) in interest receivable	90	225
Decrease (increase) in net GST receivable	888	(447)
Increase (decrease) in payables and deferred revenue	3,504	(321)
Increase (decrease) in employee entitlements	2	262
Increase (decrease) in lease make-good provision	-	(100)
Increase (decrease) in lease incentive	27	30
Increase (decrease) in grants payable	6,364	3,224
Net movements in working capital items	6,649	(3,073)
NET CASH FLOW FROM OPERATING ACTIVITIES	16,625	(18,114)

Notes to the financial statements

1. Statement of accounting policies

For the year ended 30 June 2021.

1.1. Reporting entity

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

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

Its purpose, as defined under the current governing legislation, the Arts Council of New Zealand Toi Aotearoa Act 2014, is to encourage, promote, and support the arts in New Zealand for the benefit of all New Zealanders. Creative New Zealand does not operate to make a financial return.

Accordingly, Creative New Zealand has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of Creative New Zealand are for the year ended 30 June 2021 and were approved for issue by the Board (the Arts Council) on 15 December 2021.

1.2. Basis of preparation

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

1.2.1. Statement of compliance

The financial statements have been prepared in accordance with the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards and comply with PBE accounting standards.

1.2.2. Presentation currency and rounding

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

1.2.3 Standards issued and not yet effective and not early adopted

Standards and amendments, issued but not yet effective, which have not been early adopted are as follows.

Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. Creative New Zealand does not intend to early adopt the amendment.

PBE IPSAS 41 Financial Instruments

The External Reporting Board issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although Creative New Zealand has not assessed the effect of the new standard, it does not expect any significant changes because the requirements are similar to PBE IFRS 9.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. Creative New Zealand has not yet determined how the application of PBE FRS 48 will affect its statement of performance.

1.3. Significant accounting policies

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

1.3.1. Foreign currency transactions

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

1.3.2. Goods and services tax

All items in the financial statements are exclusive of goods and services tax (GST), with the exception of receivables and creditors and other payables, which are stated inclusive of GST. GST not recoverable as input tax is recognised as part of the related asset or expense.

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

1.3.3. Income tax

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

1.3.4. Budget figures

The budget figures are derived from the Statement of Performance Expectations as approved by the Arts Council at the beginning of the financial year. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Arts Council in preparing these financial statements. Explanations of major variances against budget are provided in note 2.

1.3.5. Comparatives

Certain comparative information has been reclassified, where required, to conform to the current year's presentation.

1.4. Use of judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates, and assumptions that affect the reported amounts in the financial statements. Creative New Zealand continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue, and expenses.

Creative New Zealand bases its judgements and estimates on historical experience, advice from independent experts and on other various factors it believes to be reasonable under the circumstances. The result of these judgements and estimates forms the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

No judgements, estimates or assumptions materially affect these financial statements.

2. Significant budget variances

Creative New Zealand published two iterations of the budget.

- 'budget original' figures are derived from the Statement of Performance Expectations 2020/21 published in June 2020, based on the budget approved by the Arts Council at its June 2020 meeting
- 'budget revised' figures are derived from the updated Statement of Performance Expenditure 2020/21 published in February 2021, based on the budget approved by the Arts Council on 25 August 2020 with the addition of changes agreed by the Arts Council on 21 October 2020.

The budget figures have been prepared in accordance with NZ GAAP, using accounting policies consistent with those adopted by the Arts Council in preparing these financial statements.

The revised budget was prepared following the iterations of the Government's support package for arts and culture and reflects the actual results for the previous financial year. To follow are the changes from the original budget.

	BUDGET revised 2021 \$000	BUDGET original 2020 \$000	Variance	Explanation of variances
Statement of Financial Performance				
Revenue from the Crown	47,762	42,689	5,073	Reflects iterations of the Government's support package for arts and culture, namely the new Pasifika Culture and Heritage Fund (\$4 million) and the Mātauranga Māori Te Awe Kōtuku Initiative (\$1.073 million).
EXPENSES				
Investing in the arts	71,299	68,995	2,304	The changes within these deliverables reflect:
Developing the arts	12,494	4,979	7,515	<ul style="list-style-type: none"> the addition of the new Pasifika Culture and Heritage Fund (\$4 million) and the Mātauranga Māori Te Awe Kōtuku Initiative (\$1.073 million) the timing difference of some of the COVID-19 Emergency Response (Phase 1) expenses, being approved in July 2020, totalling \$4.404 million. This was originally budgeted to be expensed in the previous financial year reclassification of some initiatives offered through the COVID-19 Recovery Response (Phase 2) Plan between these two deliverables, for example, Adaptation Fund and Capability Fund. The allocations were provisional and subject to change during the year, depending on the arts sector needs, as detailed in note 9.
Operating costs	11,256	10,296	960	Because of the increased investment in the sector in 2019/20 and 2020/21, we had to bring in additional resources to deliver the COVID-19 Recovery Response (Phase 2) Plan, a mix of fixed-term and permanent roles: programme, capability, and capacity related.
Statement of Financial Position				
Total assets	39,504	38,575	929	Reflects change in the timing of funding rounds and grant payments.
Total liabilities	28,758	30,742	(1,984)	Reflects change in the timing of funding rounds and grant payments.
Equity	10,746	7,833	2,913	Reflects: <ul style="list-style-type: none"> opening equity at \$12.184 million being \$8.397 million higher than originally budgeted due to the timing difference related to the Covid-19 Emergency Response (Phase 1) expenses and higher revenue from the NZLGB in the previous year (profit wash-up outlined in note 4) change in the surplus/(deficit) for the year by \$5.526 million.

Explanations of significant variances against revised budgeted figures in our Statement of Performance Expectations are given on the following pages.

STATEMENT OF FINANCIAL PERFORMANCE

An operating surplus of \$10.001 million for the year ended 30 June 2021 is reported against the net operating deficit budget of \$3.328 million, a variance of \$13.329 million. This is mainly caused by:

- significantly higher revenue from the NZLGB, by \$10.625 million. Budget was based on Lotto New Zealand's mid-range budgeted profit for 2020/21. For any financial year, the actual revenue from the NZLGB depends on the actual Lotto New Zealand's profit for that year
- deferred revenue from the Crown of \$3.360 million related to COVID-19 recovery response, as explained in note 10
- higher grant retirements due to the impact of COVID-19 on both our national and international programmes, \$0.752 million above the budget
- deferred spending of Crown revenue received for the COVID-19 recovery response through 'investing in the arts' and 'developing the arts' deliverables, as outlined in note 10. The budget allocation of the COVID-19 recovery response funding to these deliverables was provisional and was expected to change during the year, depending on the arts sector needs
- delayed advocacy initiative resulting in an underspend by \$ 0.796 million
- other smaller underspends across various initiatives and operating costs amounting to \$1.156 million.

STATEMENT OF FINANCIAL POSITION

The budget variances in the Statement of Financial Position are mainly caused by the variances in the operating result. Total current assets are higher than budgeted by \$14.919 million, reflecting:

- higher cash and term deposit balances by \$8.553 million, which are attributable to the increased third instalment received from the NZLGB in April 2021 (\$15.0 million compared with budgeted \$10.5) and lower cash outflow linked to the deferred revenue received from the Crown, as outlined in note 10
- higher receivables balance mostly attributable to the increased fourth instalment receivable from the NZLGB in July 2021 (\$17.25 million compared with budgeted \$13.5 million).

Total current liabilities are higher than budgeted, by \$1.2 million, caused by a combination of deferred revenue from the Crown and the timing of some funding rounds.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows reflects the movements in the Statement of Financial Performance and Statement of Financial Position. The budget variances are mainly driven by the variances outlined above. The cash and cash equivalents budget balance was based on a high cash balance on call and lower term deposits, due to uncertain cash requirements related to the COVID-19 response. Investing activity is dependent on timing and amount of funding received and the cash flow needs. Due to careful cash management, more funds were placed on longer term deposits at the year end.

3. Revenue from the Crown

Accounting policy

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 there are no conditions 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.

COVID-19 recovery response funding

Revenue from the Crown related to the COVID-19 recovery response is recorded as grants received in advance 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.

Breakdown of revenue from the New Zealand Lottery Grants Board

	ACTUAL 2021 \$000	BUDGET revised 2021 \$000	BUDGET original 2021 \$000	ACTUAL 2020 \$000
Vote: Arts Culture and Heritage—core funding	16,689	16,689	16,689	16,689
COVID-19 recovery response funding*				
Core Infrastructure and Arts Delivery	24,187	25,000	25,000	–
Cultural Sector Capability Fund	34	1,000	1,000	–
Pasifika Festivals Initiative	2,453	4,000	–	–
Mātauranga Māori Te Awe Kōtuku Initiative	1,039	1,073	–	–
	44,402	47,762	42,689	16,689

* Creative New Zealand received \$47.762 million of revenue from the Crown. Of the COVID-19 response funding, \$3.360 million was recognised in the Statement of Financial Position as deferred revenue, due to the attached conditions of the funding. A reconciliation of the COVID-19 response funding is included in note 10.

Apart from the general restrictions, no unfulfilled conditions or contingencies are attached to government funding (2020: \$nil).

4. Revenue from the New Zealand Lottery Grants Board (NZLGB)

Accounting policy

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

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

Breakdown of revenue from the New Zealand Lottery Grants Board

	2021 \$000	2020 \$000
Funding allocation for the year (based on budgeted profit)	45,000	45,000
Additional allocation for the year (based on forecast profit)	8,250	–
Additional profit allocation (wash-up from current year's profit)	2,374	2,008
Additional profit allocation (wash-up from previous year's profit)	1	–
	55,625	47,008

5. Other revenue

Accounting policy

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

Other grants

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If such an obligation exists, 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 and/or expert advice for assets of a similar type, condition and age at the time the asset is received.

Grant retirements

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

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

Breakdown of other revenue

	2021 \$000	2020 \$000
Retirement of grants	952	341
Revenue from project partners	79	82
Revenue from ticket sales	18	5
Donations	1	55
The Todd Trust	10	10
Other	41	19
	1,101	512

6. Personnel expenses

Accounting policy

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 and are recognised as an expense in the Statement of Financial Performance as incurred.

Breakdown of personnel expenses

	2021 \$000	2020 \$000
Salaries and wages	7,011	5,880
Other staff-related costs	753	546
Employer contributions to defined contribution plans	196	164
Increase/(decrease) in employee entitlements	(37)	211
	7,923	6,801

During the year ended 30 June 2021, one employee received \$40,000 relating to the cessation of their employment with Creative New Zealand (2020: \$nil).

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

	2021	2020
\$100,000 – \$109,999	10	8
\$110,000 – \$119,999	3	3
\$120,000 – \$129,999	7	4
\$130,000 – \$139,999	3	2
\$150,000 – \$159,999	1	Nil
\$160,000 – \$169,999	Nil	1
\$170,000 – \$179,999	1	1
\$200,000 – \$209,999	1	1
\$210,000 – \$219,999	1	1
\$300,000 – \$309,999	1	Nil
\$320,000 – \$329,999	Nil	1

The Chief Executive's remuneration and benefits in 2021 were in the \$300,000 to \$309,999 band (2020: \$310,000 to \$319,999). The Chief Executive agreed to voluntarily take a 20 percent reduction in salary from 4 May 2020 for six months.

The Chief Executive's regular remuneration and benefits are in the \$320,000 to \$329,999 band.

7. Depreciation and amortisation

	2021 \$000	2020 \$000
Depreciation		
Leasehold improvements	41	38
Computer equipment	50	40
Furniture, equipment and fittings	38	37
Amortisation		
Computer software	281	271
	410	386

8. Other expenses

	2021 \$000	2020 \$000
Fees to auditor – Audit New Zealand		
– for audit of financial statements	66	65
Board member remuneration (note 23)	174	173
Operating lease payments	370	376
Bad debt written off	–	86
Other expenses	2,060	2,154
	2,670	2,854

9. Expenses by investment category

Accounting policy

Grant expenses

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

When multi-year funding agreements are entered into, amounts granted under these agreements are recognised in the Statement of Financial Performance

to the extent that they relate to the current financial year. The agreed funding for the out years is conditional on the programme and budget being agreed within the timeframes and any special conditions for the drawdown of funding being met (disclosed in note 26).

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

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

Breakdown of expenses by investment category

	ACTUAL 2021 \$000	BUDGET revised 2021 \$000	BUDGET original 2021 \$000	ACTUAL 2020 \$000
INVESTING IN THE ARTS				
Toi Tōtara Haemata Investment programme	15,888	15,888	15,888	15,665
Toi Uru Kahikatea Investment programme	15,810	15,943	16,220	16,203
Grants and special opportunities	10,035	10,313	10,313	5,636
Creative Communities Scheme	3,943	3,991	3,991	3,945
International programme	182	390	390	1,852
Initiatives and pilots	–	–	493	150
COVID-19 emergency response				
Toi Tōtara Haemata short-term relief	166	166	–	797
Toi Uru Kahikatea short-term relief	164	164	–	942
Grants and special opportunities – Arts Continuity Grants	4,040	4,044	–	11,993
Initiatives and pilots – Emergency Relief Grants	30	30	–	9,943
COVID-19 emergency response				
Toi Tōtara Haemata—Resilience Fund	734	–	–	–
Toi Uru Kahikatea—Resilience Fund	293	–	–	–
Creative Communities Scheme	1,764	–	–	–
Grants and special opportunities—Arts Grants	10,127	–	–	–
Grants and special opportunities—Mātauranga Māori Te Awe Kōtuku (Toi Ake Fund)	470	–	–	–
Initiatives and pilots—Pasifika Festivals Fund	2,339	–	–	–
COVID-19 recovery response 2020/21*	–	20,370	21,700	–
	65,985	71,299	68,995	67,126

	ACTUAL 2021 \$000	BUDGET revised 2021 \$000	BUDGET original 2020 \$000	ACTUAL 2020 \$000
DEVELOPING THE ARTS				
Capability building—national programme	–	–	–	116
Capability building—international programme	313	505	505	572
Initiatives and pilots	2,069	2,131	1,674	1,685
COVID-19 recovery response 2020/21*				
Toi Tōtara Haemata—Adaptation Fund	2,453	–	–	–
Toi Uru Kahikatea—Adaptation Fund	3,516	–	–	–
Capability building—Capability Fund (Tōtara and Kahikatea)	636	–	–	–
Capability building—Revenue Generation Fund (Tōtara and Kahikatea)	2,970	–	–	–
Capability building—Cultural Sector Capability Fund	–	900	900	–
Initiatives and pilots—Ngā Toi a Rohe (Arts in the Regions) Fund	1,194	–	–	–
Initiatives and pilots—Mātauranga Māori Te Awe Kōtuku (Tārai Waka and Taonga Pūoro)	558	–	–	–
COVID-19 recovery response 2020/21*	–	8,958	1,900	–
	13,709	12,494	4,979	2,373
ADVOCATING FOR THE ARTS				
Advocacy	609	1,405	1,405	647
	609	1,405	1,405	647
LEADERSHIP IN THE ARTS				
Grants and special opportunities	–	–	–	75
Capability building—national programme	55	80	80	1
Advocacy	–	70	70	16
	55	150	150	92

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

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

Budget original is derived from the Statement of Performance Expectations 2020/21 published in June 2020.

Budget revised is derived from the updated Statement of Performance Expectations 2020/21 published in February 2021.

* COVID-19 response 2020/21 budget in the Statement of Performance Expectations 2020/21 was not allocated to investment categories, due to allocations being provisional and expected to change during the year. A reconciliation of the COVID-19 response funding is included in note 10.

Breakdown of grants payable

	2021 \$000	2020 \$000
Toi Tōtara Haemata Investment Programme	7,676	7,200
Toi Uru Kahikatea Investment Programme	7,810	7,718
Grants and other investment categories	9,497	4,136
	24,983	19,054

10. Reconciliation of COVID-19 response revenue and expenses

Creative New Zealand received significant new one-off investment from the Crown of \$31.073 million in 2020/21 through Budget 2020. This funding was restricted in its use towards achieving the following outcomes:

- retain core arts infrastructure, deliver arts projects in communities, and support the delivery of key strategies, including *Te Hā o ngā Toi—Māori Arts Strategy 2019–2024* and the *Pacific Arts Strategy 2018–2023* (\$25 million in 2020/21)
- set up 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 annum over two years)
- manage the new Pasifika Culture and Heritage Fund (\$4 million per year over three years) to support Pasifika festivals throughout New Zealand that are facing financial hardship brought about by the COVID-19 crisis, as well as to develop their capability so they can operate in a COVID-19 environment

- 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 (\$1.1 million in 2020/21 and \$1.8 million in 2021/22).

Because of the exceptional circumstances of this funding, it is expected any unspent funding from Budget 2020 relating to COVID-19 response initiatives is to be returned to the Crown at the end of the period it is appropriated for. Due to the attached conditions of the funding, Creative New Zealand has recognised deferred revenue in the Statement of Financial Position of \$3.360 million.

The reconciliation of COVID-19 response funding revenue and expenses is detailed below.

	NOTE	Financial Performance 2021 \$000	Financial Position (Note 17) 2021 \$000	TOTAL 2021 \$000
CORE INFRASTRUCTURE AND ARTS DELIVERY				
Revenue from the Crown	3	24,187	813	25,000
EXPENSES				
Toi Tōtara Haemata and Toi Uru Kahikatea				
Adaptation and Capability Funds	9	6,604	813	7,417
Resilience Fund	9	1,027	–	1,027
Revenue Generation Fund	9	2,971	–	2,971

	NOTE	Financial Performance 2021 \$000	Financial Position (Note 17) 2021 \$000	TOTAL 2021 \$000
Grants and special opportunities				
Arts Grants and Annual Arts Grants, including tagged funding for Māori and Pasifika artists, arts practitioners, and arts organisations	9	9,856	–	9,856
Toi Ake – Mātauranga Māori Te Awe Kōtuku Fund top up	9	271	–	271
Initiatives and pilots				
Ngā Toi ā Rohe (Arts in the Regions) Fund	9	1,194	–	1,194
Creative Communities Scheme			–	
Creative Communities Scheme top up	9	900	–	900
Local Government Arts Fund	9	864	–	864
Operating costs		500	–	500
Total expenses		24,187	813	25,000
CULTURAL SECTOR CAPABILITY FUND				
Revenue from the Crown	3	34	966	1,000
EXPENSES				
Capability building—Cultural Sector Capability Fund	9	–	900	900
Operating costs		34	66	100
Total Expenses		34	966	1,000
PASIFIKA FESTIVALS INITIATIVE				
Revenue from the Crown	3	2,453	1,547	4,000
EXPENSES				
Initiatives and pilots—Pasifika Festivals Fund	9	2,339	1,461	3,800
Operating costs		114	86	200
Total expenses		2,453	1,547	4,000
MĀTAURANGA MĀORI TE AWE KŌTUKU INITIATIVE				
Revenue from the Crown	3	1,039	34	1,073
EXPENSES				
Grants and special opportunities—Toi Ake Fund	9	470	–	470
Initiatives and pilots—Tārai Waka and Taonga Pūoro	9	558	–	558
Operating costs		11	34	45
Total expenses		1,039	34	1,073
TOTAL COVID-19 RESPONSE FUNDING		27,713	3,360	31,073

11. Cash and cash equivalents

Accounting policy

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

Breakdown of cash and cash equivalents

	2021 \$000	2020 \$000
Cash at bank and on hand	130	139
Term deposits with maturities less than three months	9,080	4,554
Total cash and cash equivalents	9,210	4,693

While cash and cash equivalents at 30 June are subject to the expected credit loss requirements of PBE IFRS 9, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

12. Investments in term deposits

Accounting policy

Investments in bank term deposits with original maturities of between three months and one year are initially measured at the amount invested. 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.

Breakdown of investments in term deposits

	2021 \$000	2020 \$000
Term deposits	22,000	10,000
Total investments in term deposits	22,000	10,000

Creative New Zealand considers there has not been a significant increase in credit risk for investments in term deposits because the issuer of the investment continues to have low credit risk at balance date. Term deposits are held with banks that have a long-term AA- investment grade credit rating, which indicates the bank has a very strong capacity to meet its financial commitments.

No loss allowance for expected credit losses has been recognised because the estimated 12-month expected loss allowance for credit losses is trivial.

The carrying amounts of term deposits with maturities of 12 months or less approximate their fair value.

13. Receivables

Accounting policy

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.

Breakdown of receivables

	2021 \$000	2020 \$000
Receivables from non-exchange transactions		
New Zealand Lottery Grants Board	19,624	15,508
Goods and services tax receivable	388	772
Sundry receivables	151	24
Receivables from exchange transactions		
Interest receivable	46	136
Total receivables	20,209	16,440

Creative New Zealand does not expect any credit losses at 30 June. Receivables are non-interest bearing and are normally settled on 30-day terms. The carrying value of receivables approximates to their fair value. The ageing profile of receivables at year end is detailed below.

	2021 \$000	2020 \$000
Not past due	20,104	16,439
Past due 1–30 days	–	1
Past due 31–60 days	54	–
Past due 61–90 days	51	–
Past due over 90 days	–	–
	20,209	16,440

14. Property, plant and equipment

Accounting policy

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, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives.

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

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.

Impairment of property, plant and equipment

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

Non-cash generating assets

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

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

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

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

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

	Work in progress* \$000	Leasehold improvements \$000	Furniture, equipment & fittings \$000	Computer equipment \$000	Total \$000
Cost					
Balance at 1 July 2020	–	369	426	494	1,289
Additions	15	–	13	58	86
Disposals	–	–	–	(59)	(59)
Reclassification	–	–	–	–	–
Balance at 30 June 2021	15	369	439	493	1,316
Accumulated depreciation					
Balance at 1 July 2020	–	100	236	396	732
Depreciation expense	–	41	38	50	129
Eliminated on disposal/ reclassification	–	–	–	(59)	(59)
Balance at 30 June 2021	–	141	274	387	802
Carrying amount at 30 June 2021	15	228	165	106	514
Cost					
Balance at 1 July 2019	215	315	375	445	1,350
Additions	73	–	51	49	173
Disposals	–	(234)	–	–	(234)
Reclassification	(288)	288	–	–	–
Balance at 30 June 2020	–	369	426	494	1,289
Accumulated depreciation					
Balance at 1 July 2019	–	296	199	356	851
Depreciation expense	–	38	37	40	115
Eliminated on disposal	–	(234)	–	–	(234)
Balance at 30 June 2020	–	100	236	396	732
Carrying amount at 30 June 2020	–	269	190	98	557

There are no restrictions over the title of Creative New Zealand's property, plant, and equipment assets, nor are any property, plant, and equipment assets pledged as security for liabilities.

* The work in progress balance at 30 June 2021 relates to the fit out of the office space in Auckland, 59 High Street.

The work in progress balance at 30 June 2020 related to the fit out of the new office in Wellington, 2-12 Allen Street.

15. Works of art

Accounting policy

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

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

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

The works of art are stated at fair value at 30 June 2021 as determined by Ben Plumbly, Director of Art at Art+Object auction house. It was noted in his valuation that a result of the COVID-19 pandemic has been a very strong market.

	2021 \$000	2020 \$000
Valuation		
Balance at 1 July	1,027	1,040
Revaluation increase/(decrease)	746	(13)
Carrying amount at 30 June	1,773	1,027

16. Intangible assets

Accounting policy

Software acquisition and development

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

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

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

Amortisation

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

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

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

Movements for computer software are as follows:

	2021 \$000	2020 \$000
Cost		
Balance at 1 July	3,685	3,597
Additions	22	88
Disposals	(1,483)	–
Balance at 30 June	2,224	3,685
Accumulated amortisation		
Balance at 1 July	2,459	2,188
Amortisation expense	281	271
Eliminated on disposal	(1,483)	–
Balance at 30 June	1,257	2,459
Carrying amount at 30 June	967	1,226

There are no restrictions over the title of Creative New Zealand's intangible assets, nor are any intangible assets pledged as security for liabilities.

17. Payables and deferred revenue

Accounting policy

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.

	2021 \$000	2020 \$000
Payables and deferred revenue under exchange transactions		
Trade payables	360	247
Revenue in advance (The Todd Trust)	10	10
Lease incentive – current portion (note 20.2)	16	4
Accrued expenses	84	65
	470	326
Payables and deferred revenue under exchange transactions		
Revenue in advance from the Crown (note 10)	3,360	–
Deferred GST payable	504	–
	3,864	–
Total payables and deferred revenue	4,334	326

Creative New Zealand has a bank credit card facility of up to \$200,000 (2020: \$200,000). At 30 June 2021, \$16,478 of the total facility was used (2020: \$4,003).

18. Employee entitlements

Accounting policy

Short-term employee entitlements

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

Long-term employee entitlements

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

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

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

	2021 \$000	2020 \$000
Current portion		
Accrued/(prepaid) salaries and wages	90	51
Annual leave	396	394
Long service leave	53	48
Time in lieu	14	72
Total current portion	553	565
Non-current portion		
Long service leave	82	68
Total non-current portion	82	68
Total employee entitlements	635	633

19. Equity

Accounting policy

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

- accumulated funds
- revaluation reserve
- restricted reserve.

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

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

Capital management

Creative New Zealand's capital is its equity, which comprises accumulated funds, revaluation reserves and restricted reserves. Equity is represented by net assets.

Creative New Zealand is independent in deciding how to best use its capital for achieving its goals. However, Creative New Zealand is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities and the use of derivatives. Creative New Zealand has complied with the financial management requirements of the Crown Entities Act 2004 during the year.

Creative New Zealand manages its equity (through the minimum equity policy) as a by-product of prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure its objectives and purpose are effectively achieved while remaining a going concern.

Breakdown of equity

	2021 \$000	2020 \$000
Accumulated funds		
Balance at 1 July	12,184	27,470
Surplus/(deficit) for the year	10,001	(15,209)
Transfer of special purpose funds from restricted reserves	52	(77)
Balance at 30 June	22,237	12,184
Revaluation reserves (works of art)		
Balance at 1 July	1,027	1,040
Revaluation of works of art (note 14)	746	(13)
Balance at 30 June	1,773	1,027
Restricted reserves (special purpose funds)		
Balance at 1 July	863	786
Transfer of special purpose funds to accumulated funds	(52)	77
Balance at 30 June	811	863
Total equity	24,821	14,074

Restricted reserves (special purpose funds)

2020	Opening balance \$000	Revenue \$000	Expenses \$000	Closing balance \$000
Edwin Carr Foundation	636	6	43	599
Tup Lang scholarship fund	75	1	–	76
Louis Johnson fund	56	1	3	54
Butland Music Foundation	41	1	–	42
Aotearoa Music Scholarship	55	1	16	40
Total restricted reserves (special purpose funds)	863			811

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

The Tup Lang scholarship fund is a bequest from Octavia Gwendolin Lang, set up in 1999 as a trust. The fund, as stipulated in the will, is used towards a grant for research and choreographic development of a new work.

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

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

The New Zealand/Aotearoa Music Scholarship comes from the estate of Brent Lewis. The deceased set aside \$160,000 from the estate to form a scholarship fund to be awarded over 10 years from 2010 at \$16,000 per annum. The scholarship enables up to two young musicians to undertake study or gain further musical

20. Capital commitments and operating leases

20.1. Capital commitments

	2021 \$000	2020 \$000
Capital commitments		
Property, plant and equipment	-	-
Total capital commitments	-	-

20.2. Operating leases

Accounting policy

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.

	2021 \$000	2020 \$000
Operating leases as lessee, payable:		
Not later than one year	438	391
Later than one year and not later than five years	1,263	984
Later than five years	480	710
Total non-cancellable operating leases payable	2,181	2,085

Creative New Zealand leases office premises in Wellington and Auckland, a shared office space in Dunedin, video conferencing equipment, and multi-function print devices. The non-cancellable leasing period for these leases ranges from one to nine years.

No contingent rents are payable and no sublease income is receivable on these operating leases.

In respect of the leased office in Wellington, 2-12 Allen Street, the landlord agreed to a two-month rent-free period from the lease start date of 1 August 2019. In respect of the leased office in Auckland, 59 High Street, the landlord agreed to a four-month rent-free period from 1 March 2021. The benefit of these lease incentives is recognised as a reduction of rental expense over the lease term of nine years and three years respectively.

Breakdown of lease incentive

	2021 \$000	2020 \$000
Current portion (note 17)	16	4
Non-current portion	57	30
Total non-cancellable operating leases payable	73	34

21. Contingencies

21.1. Contingent liabilities

	2021 \$000	2020 \$000
Bank of New Zealand Letter of Credit – Datacom Employer Services Limited	200	200

The Letter of Credit is issued by the Bank of New Zealand on behalf of Creative New Zealand to the ASB Bank, the banker for Datacom Employer Services Limited. The Letter of Credit guarantees to the ASB Bank that the Bank of New Zealand will accept MTS direct debits from Datacom Employer Services Limited for the fortnightly payroll costs of up to \$200,000. This arrangement has been in place since 2002.

21.2. Contingent assets

	2021 \$000	2020 \$000
Invoiced to grantees in a default position	46	86

Creative New Zealand invoices grantees who are in default of their grant terms and conditions. As a result of invoicing, the grantee could produce a satisfactory acquittal report or repay the grant. If a satisfactory acquittal report is provided, then the repayment of the grant will not be pursued. It is not possible to reliably estimate the amount recoverable on these invoices; therefore, amounts invoiced during the financial year and not paid as at 30 June have not been recognised in the Statement of Financial Position.

22. Related parties

Creative New Zealand is a wholly owned entity of the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client–recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect Creative

New Zealand would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Creative New Zealand maintains interest registers for the Arts Council, its committees and staff to record any interests they may have in an organisation or an individual that is funded by or is contracted to Creative New Zealand for services. Interests are declared and managed in line with Creative New Zealand's conflict of interest policy and the Crown Entities Act 2004.

All related party transactions have been entered into on an arm's length basis.

Key management personnel compensation

	2021 \$000	2020 \$000
Council members		
Remuneration (note 23)	\$174,037	\$172,954
Full-time equivalent members	1.51	1.38
Leadership team		
Remuneration	\$1,113,544	\$1,078,852
Full-time equivalent members	5.44	5.00

23. Board member remuneration

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

Member	Tenure	2021 \$000	2020 \$000
Michael Moynahan	Arts Council Chair from 1 May 2017 to 10 December 2020	12,437	31,900
Caren Rangi	Deputy Chair of the Arts Council from 1 May 2017; acting Chair of the Arts Council from 11 December 2020; Arts Council Chair from 22 March 2021	24,958	16,917
Michael Prentice	Arts Council member; Chair of Audit and Risk Committee from 1 February 2020	14,373	14,070
Roger King	Arts Council member, Audit and Risk Committee member	13,067	13,533
Garth Gallaway	Arts Council member, Audit and Risk Committee member	13,067	13,533
Dean Whiting*	Arts Council member; Chair of Māori Committee from 1 January 2019	–	–
Briar Grace-Smith	Arts Council member; Māori Committee member; appointed 1 May 2019	14,000	14,000
Riria Hotere-Barnes	Arts Council member; Māori Committee member; appointed 9 December 2019	13,067	7,399
Kura Moehau	Arts Council member; Māori Committee member; appointed 25 February 2020	14,000	4,828
Luamanuvao Dame Winnie Laban, QSO	Arts Council member	13,067	13,533
John Ong	Arts Council member; appointed 9 December 2019	13,067	7,399
Janine Morrell-Gunn	Arts Council member; appointed 9 December 2019	13,067	7,399
Robyn Hunt	Arts Council member; appointed 25 February 2020	13,067	4,361
Angela Abernethy	Audit and Risk Committee independent member from April 2020	2,800	1,867
Andrew Caisley	Arts Council member: term ended 24 February 2020	–	9,333
Wayne P Marriott JP	Arts Council member; Chair of Audit and Risk Committee from 1 September 2018; term ended 8 December 2019	–	6,748
Dame Jenny Gibbs, DNZM	Arts Council member: term ended 8 December 2019	–	6,134
		174,037	172,954

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

No Board members received compensation or other benefits in relation to cessation (2020: \$nil). Most Council members agreed to voluntarily take a 20 percent reduction in their remuneration from 4 May 2020 for six months.

24. Financial instruments

Accounting policy

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

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

Creative New Zealand does not use derivative financial instruments.

24.1. Financial instrument categories

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

	2021 \$000	2020 \$000
Financial assets measured at amortised cost:		
Cash and cash equivalents	9,210	4,693
Receivables	19,821	15,668
Investments in term deposits	22,000	10,000
Total financial assets	51,031	30,361
Financial liabilities measured at amortised cost:		
Grants payable	24,983	19,054
Payables	470	326
Total financial assets	29,317	19,380

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

24.2. Financial instrument risks

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

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate because of changes in market prices. Creative New Zealand does not invest in publicly traded financial instruments, so the price risk is considered to be minimal.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

Creative New Zealand is exposed to foreign currency risk on payments and liabilities that are denominated in a currency other than Creative New Zealand's functional and presentational currency, New Zealand dollars.

The level of payments in foreign currencies is small and the time between commitment and payment of the liability is generally less than one month, therefore, Creative New Zealand considers foreign exchange risk to be minimal. No forward contracts are entered into to hedge foreign currency risk exposure.

Fair value interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

Creative New Zealand's exposure to fair value interest rate risk is limited to its bank deposits, which are held at fixed rates of interest. The fair value interest rate risk is considered to be minimal.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate due to changes in market interest rates.

Creative New Zealand has no borrowings and has adopted a policy of holding short-term investments until maturity at a fixed rate. Therefore, the cash flow interest rate risk is considered to be minimal.

The interest rates for fixed-term deposits at 30 June 2021 were ranging from between 0.55 percent and 1.43 percent (2020: between 2.43 percent and 3.49 percent). Call deposits were invested at the official cash rate of 0.25 percent at 30 June 2021 (2020: 0.5 percent).

Credit risk

Credit risk is the risk that a third party will default on its obligations to Creative New Zealand, causing Creative New Zealand to incur a loss.

Financial instruments, which potentially subject Creative New Zealand to risk, consist principally of cash, bank deposits and trade debtors.

Creative New Zealand is only permitted to deposit funds with the registered banks that have a high credit rating, as defined by the Crown Entities Act 2004. For its other financial instruments, Creative New Zealand does not have significant concentrations of credit risk.

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

Impairment

Cash and cash equivalents (note 10), receivables (note 12), and term deposit investments (note 11) are subject to the expected credit loss model. The notes for these items provide relevant information on impairment.

Credit risk exposure by credit risk rating grades, excluding receivables

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings

	2021 \$000	2020 \$000
Counterparties with credit ratings*		
Cash and cash equivalents		
AA-	9,210	4,693
Investments in term deposits		
AA-	22,000	10,000
Total financial assets	31,210	14,693
Counterparties without credit ratings		
Debtors and other receivables		
Existing counterparty with no defaults in the past	20,209	16,440
Existing counterparty with defaults in the past	-	-
Total financial assets	20,209	16,440

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

Liquidity risk

Liquidity risk is the risk that Creative New Zealand will encounter difficulty raising liquid funds to meet commitments as they fall due. Creative New Zealand closely monitors its forecast cash requirements and maintains a target level of cash to meet liquidity requirements.

Contractual maturity analysis

The table below analyses the contractual cash flows for all financial liabilities that will be settled based on the remaining period at the balance sheet date to the contractual maturity date.

2021 (in \$000)	Carrying amount	Contractual cash flows	Less than 6 months	Between 6–12 months	Over 1 year
Payables and deferred revenue	4,334	4,334	4,334	–	–
Grants payable	24,983	24,983	24,983	–	–
2020 (in \$000)					
Payables and deferred revenue	326	326	326	–	–
Grants payable	19,054	19,054	19,054	–	–

25. Events subsequent to balance date

No events have occurred after 30 June 2021 that materially affect these financial statements.

26. Conditional funding approved for out-years (unaudited)

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

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

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

	2021 \$000	2020 \$000
Conditional funding, payable in out-years:		
Not later than one year	31,845	31,834
Later than one year and not later than two years	100	29,318
Total funding commitments as at 30 June	31,945	61,152

The variance in the amount between 2021 and 2020 is caused by the timing of the multi-year funding contracts and the timing of funding decisions.

In July 2019, the Arts Council approved \$92.864 million of funding over the three financial years (2019/20: \$31.712 million, 2020/21: \$31.834 million and 2021/22: \$29.318 million) for its Investment programmes (23 organisations in the Toi Tōtara Haemata programme and 57 organisations in the Toi Uru Kahikatea programme).

Independent Auditor's Report

To the readers of the Arts Council of New Zealand Toi Aotearoa's financial statements and Statement of Performance for the year ended 30 June 2021.

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

Opinion

We have audited:

- the financial statements of Creative New Zealand on pages 61 to 88, that comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the statement of performance of Creative New Zealand on pages 31 to 56

In our opinion:

- the financial statements of Creative New Zealand on pages 61 to 88:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2021; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards; and

- the statement of performance on pages 31 to 56 :
 - presents fairly, in all material respects, Creative New Zealand's performance for the year ended 30 June 2021, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 15 December 2021. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

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

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

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

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

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

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

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the statement of performance.

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Arts Council is responsible for the other information. The other information comprises the information included on pages 1 to 94 but does not include the financial statements and the statement of performance, and our auditor's report thereon.

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

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

Independence

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

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



Rehan Badar

Audit New Zealand

On behalf of the Auditor-General

Wellington, New Zealand

Statement of responsibility

For the year ended 30 June 2021

The Arts Council (the governing body of Creative New Zealand) accepts responsibility for the preparation of Creative New Zealand's financial statements and Statement of Performance, and the judgements made in them.

The Arts Council accepts responsibility for any end-of-year performance information provided by Creative New Zealand under section 19A of the Public Finance Act 1989.

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

In the opinion of the Arts Council, the financial statements and the Statement of Performance for the year ended 30 June 2021 fairly reflect the financial position and operations of Creative New Zealand.

Signed on behalf of the Arts Council



Caren Rangi ONZM | Manukura—Chair

Arts Council of New Zealand Toi Aotearoa

15 December 2021



Michael Prentice | Toihau Tuarua—Deputy Chair,

Arts Council of New Zealand Toi Aotearoa

15 December 2021



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