

2016

for the year ended 30 June

ANNUAL REPORT
PŪRONGO Ā TAU

PRESENTED TO THE HOUSE OF REPRESENTATIVES
PURSUANT TO THE CROWN ENTITIES ACT 2004

Contact us

Website: www.creativenz.govt.nz

Wellington Office

Level 10

Aorangi House

85 Molesworth Street

PO Box 3806

Wellington 6140

T: 04 473 0880

F: 04 471 2865

E: info@creativenz.govt.nz

Auckland Office

Level 1

Southern Cross Building

Cnr High and Victoria Streets

PO Box 1425

Auckland 1140

T: 09 373 3066

F: 09 377 6795

E: northern@creativenz.govt.nz

Christchurch contact

E: southern@creativenz.govt.nz

ISSN 2357-1659 (Print)

ISSN 2357-1667 (Online)

FRONT COVER: Daniel Belton, "Theatre of Light"

www.goodcompanyarts.com Good Company Arts.

Photography by Bradon McCaughey.

In accordance with section 150(3) of the Crown Entities Act 2004, the Annual Report for 2015/16 of the Arts Council of New Zealand Toi Aotearoa, trading as Creative New Zealand, is presented to the House of Representatives.

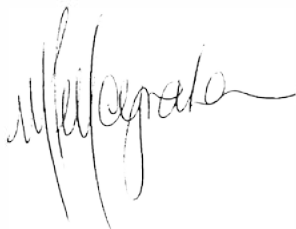
The report covers the period of the 2015/16 financial year – 1 July 2015 to 30 June 2016 – and reports against Creative New Zealand's one output class: Promotion and support of the arts.

A handwritten signature in black ink, appearing to read 'R Grant', with a horizontal line underneath the name.

Richard Grant

Chairman, Arts Council

31 August 2016

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

Michael Moynahan

Deputy Chairman, Arts Council

31 August 2016

Contents

Ngā ihirangi

SECTION ONE: OUR YEAR IN REVIEW

The year at a glance	1
Thoughts from our Chairman and Chief Executive	2
Transforming our services	2
New initiatives to provide greater access to the arts	2
International audiences for New Zealand art	2
Acknowledgements	3
About Creative New Zealand	4
About this report	4
Our year in stories	4

SECTION TWO: STATEMENT OF PERFORMANCE

Our planning and performance context	16
Our vision	17
Our outcomes	17
Our priorities	24
Our deliverables	29

SECTION THREE: TRENDS IN OUR FUNDING DELIVERY

Funding across outcomes	47
Funding across programmes	48
Funding across locations	51
Funding across artforms	52

SECTION FOUR: FINANCIAL PERFORMANCE

Summary of financial performance	55
Statement of financial performance	57
Statement of comprehensive revenue and expense	58
Statement of changes in equity	58

Statement of financial position	59
Statement of cash flows	60
Notes to the financial statements	61
Independent Auditor's Report	84
Statement of responsibility	86

SECTION FIVE: OUR ORGANISATION

What we do	88
Our relationships	88
The Arts Council	88
Policies and processes	90
Our staff	90
More information	90

OUR YEAR IN REVIEW

TE AROTAKE I TE TAU NEI

The year at a glance

↑74%

Attendances at arts performances



Participants for investment clients doubled



Grants awarded rose 2.6% to 2,333



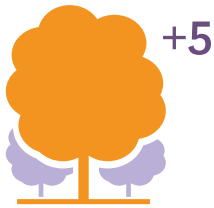
275 artists & organisations presenting internationally



New grants management system online



Increased touring of New Zealand



80 organisations in our investment programmes

95%

Investment organisations that met expectations



12 submissions on art matters



314 new New Zealand artworks



Operational costs 4.3% less than 2015



57 capability building initiatives

Thoughts from our Chairman and Chief Executive

The 2015/16 year saw strong growth in arts participation and attendance, demonstrating that New Zealanders are making the arts – in their many forms – part of their lives.

Participation in arts events run by our more than 80 investment clients almost doubled and biennial arts festivals in Wellington and Christchurch helped boost arts attendance to a record 1.25 million – a marked increase on 2014/15's almost 956,000.

The Arts Council was particularly pleased with these results because it means our purpose of encouraging, promoting and supporting the arts for the benefit of all New Zealanders is being fulfilled. Results from our 'health of the arts sector' report were also encouraging, especially the growth in support for major arts organisations from other funders and the public.

This year the Arts Council invested \$43.7 million in direct funding of the arts, capability building and advocacy programmes. A welcome rally in revenue forecasts from the New Zealand Lottery Grants Board, in the last quarter of the financial year, resulted in a much improved financial situation than anticipated in the third quarter.

This year's focus on the Arts Council's volatile revenue further heightened the need to increase our efficiency while keeping our costs to a minimum. Consequently we are pleased that our operational costs for this financial year were 4.3 percent less than in 2014/15.

Transforming our services

How we are delivering services to the sector has undergone major change with the start of online applications through

our new grants management system. Moving to digital from a paper-based system is saving our applicants, assessors and us both time and money while also supporting the Government's Better Public Services programme.

A priority is for us is to continue simplifying our processes while maintaining our need for thorough assessment of applications and reporting of results.

New initiatives to provide greater access to the arts

New initiatives to give New Zealanders more frequent access to arts events were launched this year. These were regional arts pilots in Waikato and Southland and a national touring agency and supporting fund for the performing arts.

The latter supported five tours of New Zealand work involving 10 regional venues and 23 performances including theatre pieces *The White Guitar* (see page 10) and *Daffodils*, which went on to achieve international success in Edinburgh.

Six arts projects have also been supported by our new Auckland Diversity Project Fund. Launched in September 2015 the fund supports high-quality work that engages with Māori, Pacific and Asian audiences and artists.

Up to \$400,000 annually has been made available by the Arts Council and fund partners Foundation North for three years. One of the projects, *Call of the Sparrows* by Proudly Asian Theatre, premiered at Auckland's Herald Theatre in October 2016 (see page 8).

International audiences for New Zealand art

New Zealand art continues to attract international audiences with the Arts Council supporting 275 artists and organisations to present work, more than ever before.

More than 100 Māori and Pasifika artists made for a significant delegation and strong presence at the four-yearly Festival of Pacific Arts, this year held in Guam (see page 13).

Our international work is made possible with the support of partners. These include the British Council New Zealand who work with us to enable our arts practitioners to participate in the Edinburgh festivals, and the Asia New Zealand Foundation who help us deliver programmes via the Focus on Asia initiative.

By working together we are able to achieve more with our combined resources.

Acknowledgements

We thank our primary investor the New Zealand Government via the New Zealand Lottery Grants Board and the Ministry for Culture and Heritage. We acknowledge the support of our Minister, Hon Maggie Barry and the presiding member of the New Zealand Lottery Grants Board, the Minister for Internal Affairs, Hon Peter Dunne.

Finally, we thank our staff, members of the Arts Council, peer advisers and the many artists, practitioners, partners, sponsors, patrons, volunteers and people in our community who support the arts in New Zealand.

Ngā mihi ki a koutou katoa.

A handwritten signature in black ink, appearing to read 'Richard Grant', with a horizontal line underneath the name.

Richard Grant
Chairman, Arts Council

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

Stephen Wainwright
Chief Executive

About Creative New Zealand

Creative New Zealand is Aotearoa's national arts development agency, responsible for delivering government support for the arts.

We fund arts activity by New Zealanders, within our country and overseas. This includes artists, practitioners and arts organisations practicing in a variety of artforms. We also support the professional development of artists and their practise and the management of organisations so they can grow their audiences and markets.

Our purpose and values are the foundation for all that we do. From these, we carry out our work – our deliverables and our priorities – to achieve our outcomes and our vision.

Our purpose, as set out in 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.

Our values describe the actions and behaviours the arts sector, our partners and the public can expect from us as we work with them. Our values act as a compass that helps guide our conduct and decision-making.

- Mana Māori – we will recognise and support the role of Māori as tangata whenua in the arts.
- Mana Pasifika – we will recognise the arts of the Pasifika peoples of New Zealand.
- Mahitahi – we will work together with others so we can achieve more.
- Tauutuutu – we will be open, frank and respectful in our relationships.
- Manaakitanga – we will be welcoming and responsive to all.
- Mana Toi – we will champion the role of the arts and the contribution artists make to our lives.
- Te Taumata – we will set high standards for our work.

More about Creative New Zealand is included in the 'Our organisation' section of this report, on page 87.

About this report

This annual report covers the 2015/16 financial year – 1 July 2015 to 30 June 2016 – and reports on:

- our year in review – a look at Creative New Zealand's achievements and those of the arts sector over the past year
- non-financial planning and performance – achievements against our vision, outcomes, priorities and deliverables as set out in our Statement of Intent 2014–18 and Statement of Performance Expectations 2015/16
- trends in our funding delivery – how our funding has changed over time over our outcomes, funding programmes, the distribution of funding across New Zealand and internationally, and across the artforms we fund
- financial performance – financial statements for the 2015/16 year and the notes to those statements
- our organisation – more information about Creative New Zealand.

Our year in stories

Over the past year, our support has enabled artists and arts organisations to create and perform both in Aotearoa and internationally. We have helped more New Zealanders participate in the arts, and experience the arts as audience members, than ever before.

We are proud to highlight some of the arts sector's many inspiring stories from the past year. These are projects that have also made a vital contribution to our achieving our four strategic outcomes.

Further stories from the arts sector are available on Creative New Zealand's website at:

www.creativenz.govt.nz/news-and-blog

and on Facebook at: www.facebook.com/creativenz

The exciting work featured here has helped achieve:

NEW ZEALANDERS PARTICIPATE IN THE ARTS

218,820 OVERALL PARTICIPANTS



An opera with a difference (page 7)



Project inspires youth to carry on dancing (page 6)



New glassworks add to impressive exhibition (page 9)



Exploring what it means to be an Asian New Zealander (page 8)



The White Stripes returns to the stage (page 10)



National book awards stage a comeback (page 12)

275 ARTISTS & ORGANISATIONS PRESENTING AT 538 EVENTS

NEW ZEALAND ARTS GAIN INTERNATIONAL SUCCESS



Multi-talented artist lights up Nelson (page 11)



Aotearoa delegation wins accolades in Guam (page 13)



Community arts project shines at Edinburgh Art Festival (page 14)

HIGH-QUALITY NEW ZEALAND ART IS DEVELOPED

314 NEW NZ WORKS CREATED
1.25M ATTENDANCES

NEW ZEALANDERS EXPERIENCE HIGH-QUALITY ARTS



'BCRE8VE'

Man in the Mirror Dance. Photographer Malcolm Wood.

Project inspires youth to carry on dancing

A two-week school holiday project saw 18 enthusiastic 10- to 19-year-olds dance in costume in urban and natural settings around Marlborough, including Seymour Square, Blenheim, and a bush setting near Spring Creek.

The coordinators, Nicole Pereira and Bcre8ve teacher Vita Vaka, were aiming to get young people to explore their identities and think about how they could positively change their attitudes to how they see themselves, their families and community. This was brought about through their dance performances, which encouraged them to work together and develop leadership skills.

The dances captured diverse historical periods and cultures, such as Samoan, Tongan and European. The performances were filmed and are on YouTube as a music video using Michael Jackson's *Man in the Mirror*.

Bcre8ve is part of Breakthrough Centre New Zealand, a national community development organisation that began in Auckland.

Nicole says the follow-up programme, a dance production titled *I am*, which is due to roll out in October 2016, has already had a lot of interest from the siblings of the original performers.

Artform – Dance

Location – Marlborough

Funding – Creative Communities Scheme \$1,000



FESTIVAL OPERA 2016

Marcello - Gary Griffiths. Photographer Andrew Browne .

An opera with a difference

International opera singers, amateur local adult singers and high school students joined voices to produce an opera of excellence with Festival Opera's 2016 production of Puccini's *La Bohème*.

Project Prima Volta (PPV) students from Hawke's Bay high schools (Flaxmere College, Taradale High School, Iona College, Napier Girls High School and Hastings Boys High School) were selected to take part in the opera's chorus and were mentored by the professional opera singers.

"It gave me immense pleasure that our high-flying artists were humbled by the experience of taking on this very crucial role for our PPV. One coaching session often led to several as the artists took teenagers under their wings, inspired by their natural talent and, importantly, their enthusiasm to learn," said Festival Opera's Anna Pierard.

The stars were impressed with the natural ability and level of preparation the PPV chorus had reached.

"I have never worked with such talented young singers ... their eagerness to learn astounded me and the level of talent for such young ages was breath-taking,"

- Gary Griffiths (Welsh baritone)

La Bohème was performed as part of Tremains Art Deco Festival weekend in February 2016. Three performances, in Italian with English subtitles, were presented to good houses, including a sell-out matinee for local school students. The opera was full of recognisable melodies and delivered in a glittering Art Deco theme.

Artform - Opera

Location - Napier

Funding - Arts Grant \$16,800



PROUDLY ASIAN THEATRE

Call of the Sparrows, Tato - Chye-Ling Huang. Photographer Allan Xia

Exploring what it means to be an Asian New Zealander

Dedicated to telling Asian-inspired stories in New Zealand, Proudly Asian Theatre (PAT; previously known as Pretty Asian Theatre) developed its latest work *Call of the Sparrows* to tell a story about what happens to someone when everything that is familiar has disappeared.

“We are interested in creating works that are a contemporary version of what it means to be an Asian New Zealander rather than a more traditional theme of what it means to be a new migrant,”

- James Roque (director)

Originally an award-winning short theatre piece, *Call of the Sparrows* is now being developed by playwright Chye-Ling Huang and director James Roque into a full-length theatre work. Part of that includes mentoring and support from Asian performing arts organisation The Oryza Foundation.

The team is also holding community workshops and a week-long preview season with Auckland Live.

“We want to make sure our work is accessible to communities that would not normally go to the theatre. We will be testing what does and doesn’t work, including how we market the work,” says James.

PAT is being supported to develop and present the work through the Auckland Diversity Fund. A joint initiative of Creative New Zealand and Foundation North, the fund is used to encourage arts projects that engage with Asian, Māori and Pasifika communities.

Call of the Sparrows is being premiered at the Herald Theatre in October 2016.

Artform – Theatre

Location – Auckland

Funding – Auckland Diversity Fund \$70,000



EMMA CAMDEN

Now, Sarjeant Gallery. Photographer Richard Wotton.

New glassworks add to impressive exhibition

Six stunning new cast-glass works put the seal on a retrospective exhibition of more than 20 years of “impressive and weighty” work by Whanganui-based glass artist and caster Emma Camden.

Emma Camden – Now brought together a selection of earlier works alongside ambitious new works created specifically for an exhibition at the Sarjeant Gallery’s object-based gallery in Taupo Quay, Whanganui.

“Glass is a hugely costly medium to work in. The grant from Creative New Zealand meant I had the freedom to develop and make work that I might not have otherwise. It was quite amazing,” says Emma.

Originally intended to be a three-month exhibition, starting in December 2015, *Emma Camden – Now* was extended by more than a month because of the overwhelmingly positive public response. It has been the gallery’s most successful exhibition since it opened in 2010, attracting more than 13,400 visitors.

“Having the funds and time to develop new work gave Emma a new found confidence and it’s been heartening to see a welcome resurgence and awareness of her practice,” - Greg Donson (curator)

Emma was at the forefront of a new cast-glass movement in New Zealand that saw artists using locally sourced materials. Largely self-taught, she is regarded as one of the country’s most accomplished artists in an area that is labour intensive and physically demanding while also requiring patience, skill and vision to transform the raw material into its new form.

Emma’s work has been exhibited nationally and internationally. *Emma Camden – Now* went on to a second showing at The Dowse gallery in Lower Hutt.

Artform – Craft/Object

Location – Whanganui

Funding – Arts Grant \$34,692



THE WHITE GUITAR
The Conch, Matthias John Malo.

***The White Guitar* returns to the stage**

Following sold-out seasons and critical acclaim in Wellington and Auckland earlier in 2016, *The White Guitar* returned to the stage in September and October 2016 in Gisborne, Rotorua, Hamilton, Tauranga, Napier and Nelson.

Directed by Nina Nawalowalo and Jim Moriarty, *The White Guitar* is a powerful story of the Luafutu family. It is driven by music – traditional Samoan chants to the power of rock n’ roll, the beats of hip hop and the hymns of the church – and is set against the backdrop of living and growing up Samoan in New Zealand.

Combining live performances from Scribe, AV projection and stunning illusion with storytelling, *The White Guitar* speaks about creative resistance, survival and one family’s refusal to bow down. It is a story that elevates music, culture and the spirit as the powers of redemption.

The White Guitar is a recent venture for The Conch – one of our Toi Uru Kahikatea (Arts Development) Investment

programme clients – and combines the Pacific company’s internationally acclaimed visual theatre with the written word for the first time.

Creative New Zealand supported the tour via Tour-Makers and the National Touring Fund.

Artform – Theatre

Locations – Gisborne, Rotorua, Hamilton, Tauranga, Napier and Nelson

Funding – National Touring Fund \$198,000; Kahikatea investment funding for The Conch \$255,048



Multi-talented artist lights up Nelson

The work of internationally acclaimed choreographer, dancer, filmmaker and invited artist Daniel Belton shone at Light Nelson. He created two video installations: *OneOne* and *Theatre of Light*.

OneOne, which screened in the Johnny Cash Theatre at the Nelson Marlborough Institute of Technology (NMIT), featured the music of ngā taonga puoro (traditional Māori musical instruments) played by Richard Nunns.

“It was really special to have Richard Nunns create the sound journey with us for that work,” - Daniel Belton

Theatre of Light used digital mapping to project two films onto the west side of the NMIT building’s Lending Library, which was designed by architect Sir Ian Athfield. The work included Paul Klee-inspired imagery from an earlier programme that toured internationally and was adapted for the Nelson site.

Daniel Belton spent his childhood in Nelson and said the opportunity to come back with the installations was a joy. It was Light Nelson’s biggest event to date, with 62 installations and 55,000 visitors.

Creative New Zealand supported the project with a Quick Response Grant.

Artform – Inter-arts

Location – Nelson

Funding – Quick Response \$4,444



NEW ZEALAND BOOK AWARDS TRUST

Stephen Daisley. Photographer Marcel Tromp.

National book awards stage a comeback

The return of the New Zealand Book Awards, with new support from name sponsor Ockham, saw the winner's ceremony included in the Auckland Writers Festival programme for the first time. This year's awards were also open to the public for the first time. Festival director Anne O'Brien said she could not think of a better way to launch the six-day festival.

Stephen Daisley, a former soldier, shearer and farmer who was born in Raetihi, won the inaugural \$50,000 Acorn Foundation Literary Award for his novel *Coming Rain*. The convenor of the Fiction category judges, Jill Rawnsley, said Daisley's novel, a lyrically written but challenging tale of itinerant shearers in 1950s Australia, shone from the outset.

The Poetry, Illustrated Non-Fiction and General Non-Fiction category winners each took home a \$10,000 prize. They were: David Eggleton (Poetry); Aroha Harris, Atholl

Anderson and the late Dame Judith Binney (Illustrated Non-Fiction); and Witi Ihimaera (General Non-Fiction).

Best First Book awards went to Richard Nunns (Illustrated Non-Fiction), Chris Tse (Poetry), David Coventry (Fiction) and Melissa Matutina Williams (General Non-Fiction).

During the festival, Vincent O'Sullivan received the 2016 Honoured New Zealand Writer Award, and Elizabeth Smither won the Sarah Broom Poetry Prize.

The Ockham New Zealand Book Awards are supported by the Ockham Foundation, the Acorn Foundation, Creative New Zealand and Book Tokens Ltd.

Artform – Literature

Location – Auckland

Funding – Kahikatea investment funding for Auckland Writers Festival \$85,000; Special Opportunities funding for Ockham New Zealand Book Awards \$80,500



FESTIVAL OF PACIFIC ARTS - GUAM 2016
Opening Ceremony. Photographers 21 Pixels.

Aotearoa delegation wins accolades in Guam

A 100-strong delegation of Māori and Aotearoa-based Pasifika artists left a lasting impression at the 12th Festival of Pacific Arts in Guam (22 May to 4 June).

Held every four years, the aim of the festival is to strengthen relationships across the Pacific, with Creative New Zealand responsible for Aotearoa New Zealand's presence. Our delegation travelled to and from the festival with the support of the New Zealand Defence Force.

The Aotearoa delegation represented artforms ranging from customary Māori arts, such as clay artistry, waka navigation, tā moko, weaving, kapa haka, carving and traditional music, through to contemporary Māori and Pasifika arts practices, such as (contemporary) dance, music, visual arts, moving image and sculpture, spoken-word poetry and theatre.

National kapa haka champions Te Whānau-ā-Apanui brought a strong Aotearoa flavour to the delegation and festival, particularly the opening ceremony. Meanwhile clay artistry was represented by the Ngā Kaihanga Uku: National Māori Clay Workers Collective.

Among the artistically diverse delegation was music producer, composer and teaching artist Anonymouz (aka Matthew Salapu) who captured the festival in an original 15 minute audio soundscape work. Renowned Samoan actor, writer and director Maiava Nathaniel Lees led a group of performers presenting *Fale Sā* ("the Sacred House").

Meanwhile, Te Kahu Rolleston (Ngaiterangi) brought spoken word to the festival winning the slam poetry competition and running several workshops for students at the University of Guam.

The festival brings together more than 2000 artists and other cultural practitioners from 27 Pacific nations. New Zealand has attended since it began in 1972.

Creative New Zealand invested just over \$600,000 over three years to support the delegation and provided on-the-ground support staff. Individual projects were also supported through our Quick Response and Arts Grants funding programmes.

Artform – All artforms

Location – Guam

Funding – Arts Grants and Quick Response, \$ varies; International programme funding \$449,507 in 2015/16



OLIVIA WEBB

Lapides Vivi, Trinity Apse in Edinburgh.

Community arts project shines at Edinburgh Art Festival

What began as a community-based artwork, bringing people together in the aftermath of the Christchurch earthquakes, was named a top five art exhibition to experience in the United Kingdom by *The Guardian* newspaper.

Sound installation *Voices Project* featured as part of the 2016 Edinburgh Art Festival Commissions Programme: *More Lasting Than Bronze*. The work is an iteration of Olivia Webb's earlier work, which encouraged and recorded three Christchurch parishes and communities singing together.

People were invited to join 'singing sessions' or workshops to make a sound installation. "The work was an opportunity for people to come together and work in a new way," says Olivia.

Working with the gallery *The Physics Room*, Olivia transformed the choral recordings into sound installations to recreate and mark (through sound) the churches and community spaces that had been lost or relocated as a result of the 2011 Christchurch earthquake.

Relocated to the historic Trinity Apse in Edinburgh, the redeveloped piece was a multi-channel immersive sound work with an accompanying video documenting the Christchurch communities.

Throughout the festival, Olivia again ran open public choral workshops. These resulted in a new multi-channel work, *Lapides Vivi* (living stone), that reflected on the history of Trinity Apse; a fragment of a 16th century kirk that was dismantled to make way for a railway and partially reconstructed on its current site. *Lapides Vivi* was launched in Trinity Apse on the final weekend of the festival.

Olivia's sound-oriented art practice uses voice, particularly through a-cappella song, as a way of exploring and illuminating traditions, histories and experiences that are embodied in space and place.

Voices Project has received ongoing support from Creative New Zealand and was taken to Edinburgh with support from the International Presentation Fund.

Artform – Visual arts

Location – Edinburgh

Funding – International Presentation Fund \$15,000

STATEMENT OF PERFORMANCE

*TE TAUKI WHAKATUTUKI I
NGĀ MAHI*

Statement of performance

This section reports how we've delivered against our output class and progressed toward meeting our vision, outcomes, priorities and deliverables in 2015/16.

These elements are set out in our Statement of Intent 2014–18 and Statement of Performance Expectations 2015/16. Creative New Zealand has one output class – Promotion and support of the arts – which is a reportable class for the purposes of the Crown Entities Act 2004. Actual revenue earned in respect of this output class for 2016/17 was \$49.723 million, compared with expected revenues of \$47.588 million; actual expenditure incurred was \$51.179 million against expected expenditure of \$54.099 million. Further information is in the 'Financial performance' section on page 54.

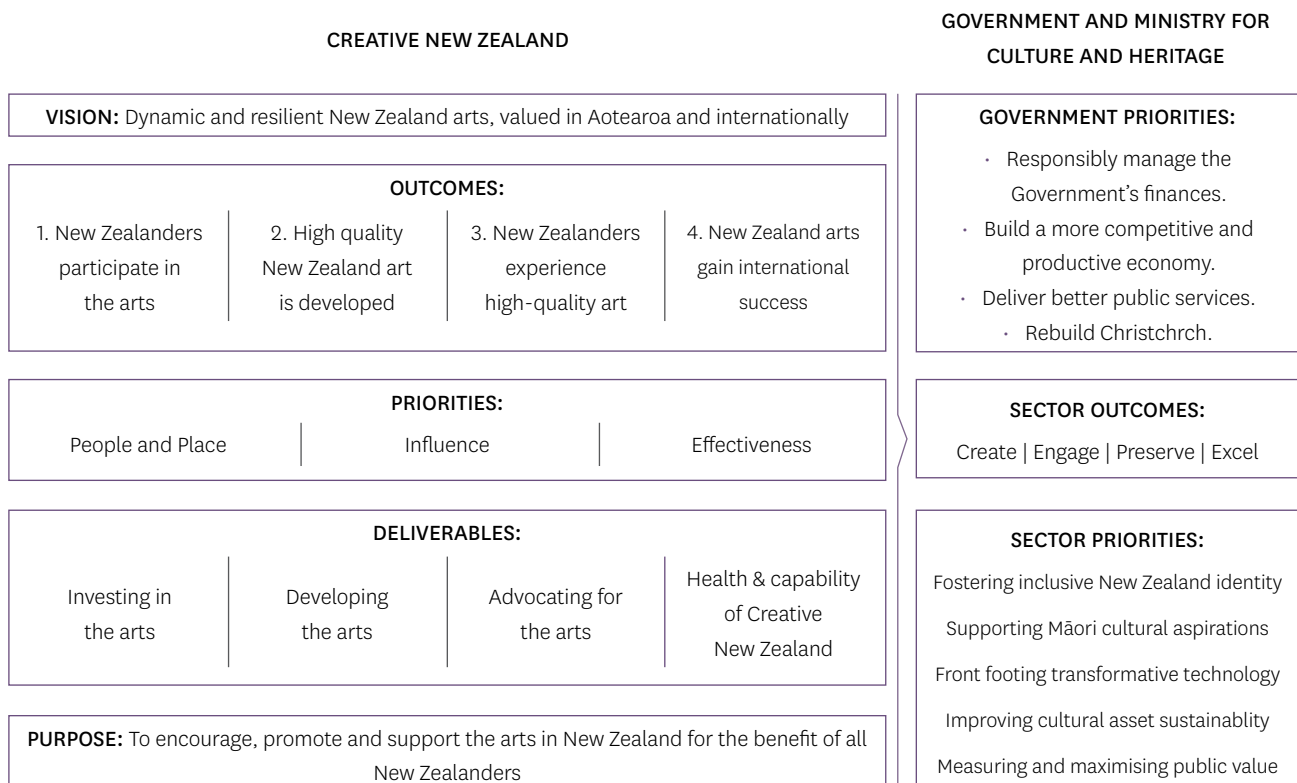
Our planning and performance context

In 2015/16, Creative New Zealand delivered against its purpose – *to encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders – and towards its vision of dynamic and resilient New Zealand arts, valued in Aotearoa and internationally.*

We did this within a specific legislative and government framework (see figure 1 below), guided by the Arts Council of New Zealand Toi Aotearoa Act 2014, by government priorities and by the sector-wide priorities set out in the Ministry for Culture and Heritage's Cultural Sector Strategic Framework.

In 2015/16, we developed a new strategic direction and performance framework for Creative New Zealand. Further information about our new strategic direction and performance framework is set out in our Statement of Intent 2016–2021 and Statement of Performance Expectations 2016/17. These are available at: www.creativenz.govt.nz/about-creative-new-zealand/corporate-documents

Figure 1: Performance framework for 2015/16



Our vision

- We continue to make good progress towards our vision of dynamic and resilient New Zealand arts, valued in Aotearoa and internationally.

Our vision is our top-level ambition for the arts and describes what we want to achieve overall.

Every three years, we commission research that measures New Zealanders' attitude to, attendance at and participation in the arts. This research is an important signal of the health of the arts in New Zealand and a good measure for the overall achievement of our vision. The last survey was completed in 2014 and we will repeat the survey in 2017.

The full *New Zealanders and the arts* report is available on our website at www.creativenz.govt.nz. While a survey was not undertaken in 2015/16, table 1 below reports our performance against key vision measures over the past 10 years.

Our outcomes

- Strong growth occurred in the number of participants in the arts, which nearly doubled to 59,996 for programmes run by our investment clients, and 158,824 through the Creative Communities Scheme, which we captured for the first time in 2015/16.
- We funded 314 new New Zealand artworks, slightly under our target of 360. This is a great body of work across all the artforms we fund, including ngā toi Māori and Pasifika arts.
- Attendances at arts performances reached record levels, with 1.25 million attendances recorded, 74 percent higher than our target of more than 720,000, and higher than 2014/15 levels of 955,842.
- We helped showcase the best of New Zealand arts to the world, supporting 275 artists and organisations to present on 538 occasions internationally, which is more than ever before.

Table 1: Performance against 'Our vision' measures, 2015/16

No.	Name	Past performance				Performance for year ended 30 June 2016		
		2005 Actual	2008 Actual	2011 Actual	2014 Actual	2015/16 Target	2015/16 Actual	Notes
1.1	New Zealanders' attitudes to the arts ¹	75%	75%	75%	74%	≥75% Next survey in 2017/18	Next survey in 2017/18	Next survey in 2017/18.
1.2	Level of engagement with the arts: percentage of respondents who participated in or attended an arts performance or exhibition in the past 12 months	88%	86%	85%	89%	≥85% Next survey in 2017/18	Next survey in 2017/18	Next survey in 2017/18.
1.3	Perceived quality of the arts: percentage of attendees who rate their most recent experience of New Zealand arts as high quality	New in 2014/15	New in 2014/15	New in 2014/15	85%	≥60% Next survey in 2017/18	Next survey in 2017/18	Next survey in 2017/18.

¹ This measure averages the positive responses of survey respondents to five statements: 'The arts are strong in New Zealand', 'The arts should receive public funding', 'The arts help define us as New Zealanders', 'My community would be poorer without the arts', and 'The arts contribute positively to our economy'.

In 2015/16, Creative New Zealand worked towards four strategic outcomes:

- New Zealanders participate in the arts (Outcome 1)
- High-quality New Zealand art is developed (Outcome 2)
- New Zealanders experience high-quality arts (Outcome 3)
- New Zealand arts gain international success (Outcome 4).

These outcomes describe what we expect the New Zealand arts landscape to look like when our vision is attained. They guide our work, including how we assess applications to our funding programmes as well as the delivery of our capability building and advocacy initiatives.

Funding across outcomes shifts from year to year, with demand for contestable funding fluctuating figure 2 below shows the proportion of funding that supported each outcome in 2015/16.

New Zealanders participate in the arts (Outcome 1)

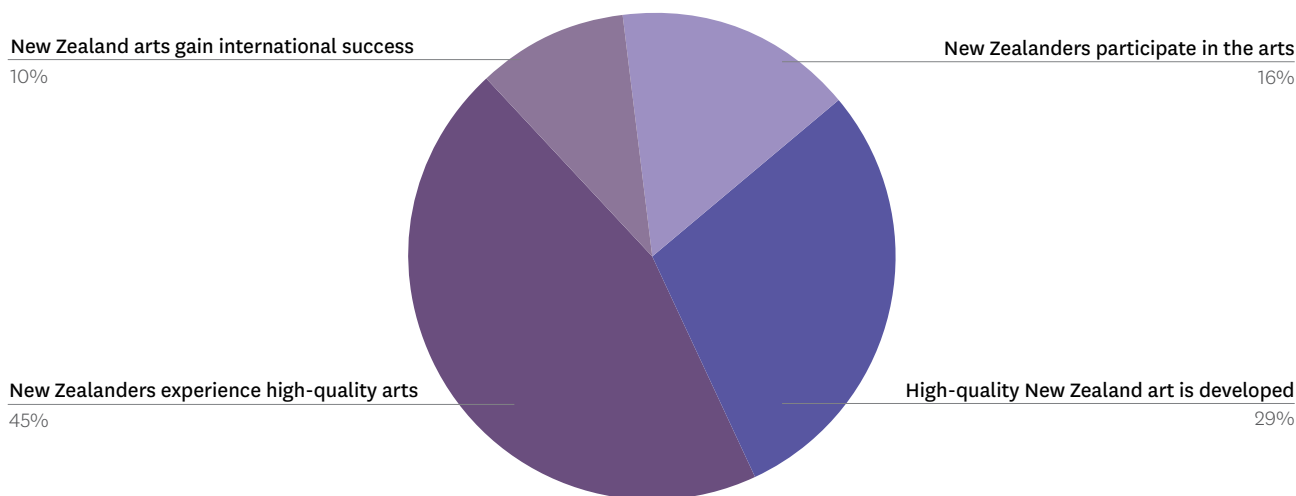
By engaging with the arts, New Zealanders show that they appreciate and value them as a part of their day-to-day lives. The New Zealanders and the arts 2014 survey showed the highest-ever level of engagement with the arts over the

previous nine years, with nearly nine in 10 New Zealanders (89 percent) having attended or participated in at least one arts event in 2014. This was compared with 85 percent in 2011.²

In 2015/16, we provided funding opportunities for communities throughout New Zealand to participate in a range of artforms and arts practices. This included opportunities to celebrate, practise and transmit diverse artistic traditions and cultural heritage, and to develop links between communities that improve cross-cultural understanding.

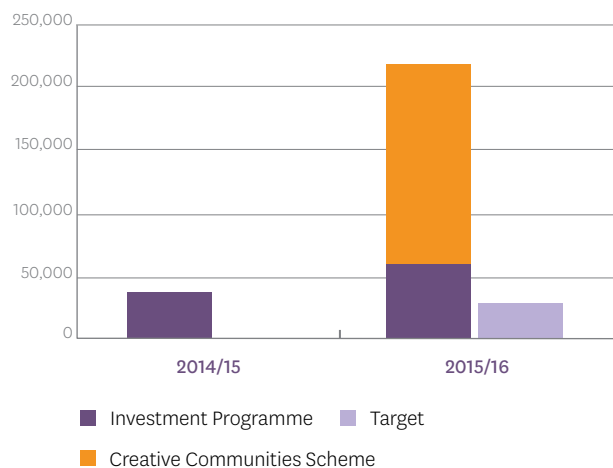
The main success indicator for Outcome 1 is the number of participants in projects and events funded by Creative New Zealand (see table 2 on pages 22-23). This year, 218,820 individuals participated in projects or events funded by Creative New Zealand, an increase of 186,844 on 2014/15 because of the capture of Creative Communities Scheme participants for the first time in 2015/16. This figure comprises our Investment programme clients with continuous funding agreements (59,996 participants) and participants in the Creative Communities Scheme (158,824 participants recorded). The Investment programme increase is mainly attributable to biennial festivals held in 2015/16, such as the Christchurch Arts Festival and New Zealand International Festival of the Arts in Wellington.

Figure 2: Investment by outcome, 2015/16



² The survey is carried out every four years with the next survey due in 2017/18.

Figure 3: Outcome 1 – Participation by programme 2014/15 – 2015/16³



Monitoring participation in the arts helps us understand which funding programmes are successfully providing and increasing opportunities for New Zealanders to participate in the arts. Participation resulting from our Arts Grants and Quick Response grants will be measured in 2016/17.

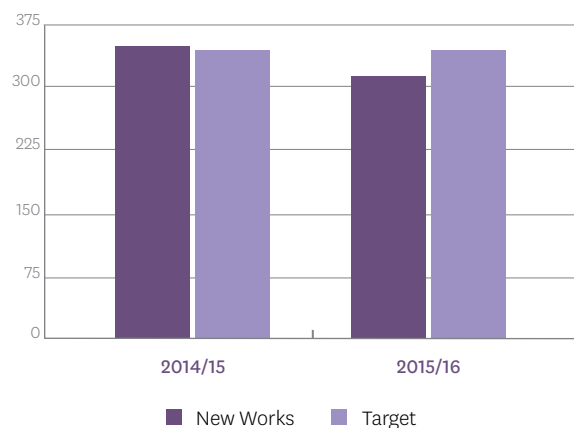
In the earlier section ‘Our year in stories’, the ‘Project inspires youth to carry on dancing’ and ‘An opera with a difference’ stories (page 7) provide examples of how our funding delivers to Outcome 1.

High-quality New Zealand art is developed (Outcome 2)

In 2015/16, we worked to ensure that high-quality New Zealand arts were developed. This gives artists and arts organisations opportunities to continually develop their artforms, the quality of their work and their skills and capabilities. It also allows them to be innovative, take risks and create work that excites and engages audiences.

The main success indicator for Outcome 2 is the number of new New Zealand artworks developed as a result of Creative New Zealand funding (see table 2 on pages 22-23). Creative New Zealand supported 314 high-quality New Zealand works in 2015/16, against a target of 360. While the figure has decreased (361 in 2014/15) this is not unexpected because the number of works funded depends on the quality of applications and the amount of funding requested in each funding round, balanced by the total funding available.

Figure 4: Outcome 2 – Number of new New Zealand works, 2014/15 – 2015/16



To achieve Outcome 2, Creative New Zealand provided substantial investment through the Toi Tōtara Haemata (Arts Leadership) and Toi Uru Kahikatea (Arts Development) Investment programmes; \$7.3 million under this outcome. These organisations are vital in supporting this outcome, through providing leadership, developing talent and supporting innovation and artistic risk. In addition, our Grants and special opportunities funding and Christchurch Earthquake Recovery grants supported individual artists, arts practitioners and arts organisations to create new work and develop their artistic skills.

Our robust application and assessment processes ensure works of the highest quality are funded. Assessors for Arts Grants, Quick Response and the Tōtara and Kahikatea Investment programmes pay particular attention to the strength of the relevant idea, the viability of the process, the experience and ability of the people involved, and the soundness of the budget. Applications that demonstrate strength in all four areas are seen as having the greatest potential to realise a high-quality work or project (refer to pages 29-35 for further detail on our individual funding programmes).

The ‘Exploring what it means to be an Asian New Zealander’, ‘New glassworks add to impressive exhibition’ and ‘National book awards stage a comeback’ stories on pages 8-12 highlight the results of our work across Outcome 2.

³ This target was limited to investment clients with continuous programme funding. Creative Communities Scheme baseline data was developed in 2015/16. Grants and special opportunities baseline data will be developed in 2016/17.

New Zealanders experience high-quality arts (Outcome 3)

Audiences are vital to a vibrant arts sector. In 2015/16, we aimed to provide opportunities for all New Zealanders to experience the arts, giving them access to diverse artistic experiences. To achieve Outcome 3, we supported arts organisations to provide high-quality arts experiences across the country and across all artforms through a range of funding programmes.

The main success indicator for Outcome 3 is the level of attendance at presentations funded by Creative New Zealand (see table 2 on pages 22-23). This measure refers to audience numbers, including paid audience, readers, viewers and attendances. Monitoring attendance enables us to understand which Creative New Zealand funding programmes are successfully providing and increasing opportunities for New Zealanders to experience high-quality arts.

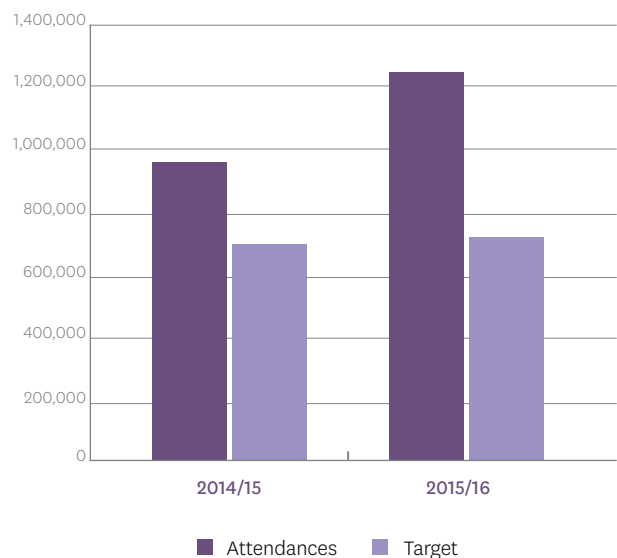
The 1,250,415 attendances reported in table 2 relate to the Tōtara and Kahikatea Investment programme organisations, with a 74 percent increase above target. The significant growth is partly due to the biennial festivals held in 2015/16, such as the Christchurch Arts Festival and the New Zealand Festival in Wellington. Our capability building investment may also have contributed to the increase in audience numbers, through the relevant audience development programmes. In future years, we will also report on attendance for relevant Grants and special opportunities funding programmes.

Creative New Zealand's investment in this outcome is primarily through its Investment programmes: Toi Tōtara Haemata (Arts Leadership) and Toi Uru Kahikatea (Arts Development); \$14.9 million under this outcome.

A further \$2.8 million was distributed through the Grants and special opportunities programmes and the Christchurch Earthquake Recovery grants fund. We also provided targeted capability building initiatives to help artists, arts practitioners and arts organisations to address identified development needs (refer to pages 29-35) for further detail on our individual funding programmes).

Our work across Outcome 3 can be seen in the earlier section on 'The White Guitar returns to the stage', 'Multi-talented artist lights up Nelson' and 'National book awards stage a comeback' (pages 10-12).

Figure 5: Outcome 3 – Number of attendances, 2014/15 – 2015/16

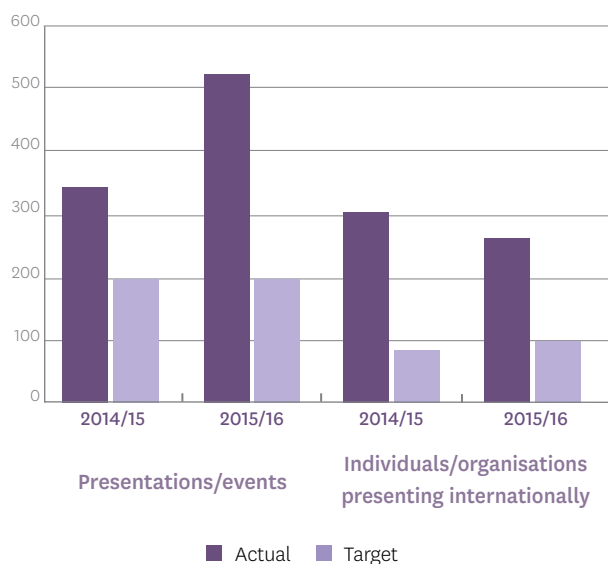


New Zealand arts gain international success (Outcome 4)

International success is an important part of a healthy New Zealand arts sector. Given this, we work to help New Zealand artists and arts organisations to develop international audiences, readers and viewers. This in turn helps them increase their income, develop their practice in relation to the international arts environment, and promotes New Zealand and its arts to international audiences.

Creative New Zealand's achievement against Outcome 4 is measured by the number of international presentations and individuals or organisations that presented internationally through its funding. We supported 275 artists and organisations to present on 538 occasions internationally in 2015/16 (see table 2 on pages 22-23). Both measures significantly exceeded forecasts for the year of greater than or equal to 100 and 200, respectively.

Figure 6: Outcome 4 – Delivery against targets, 2014/15 – 2015/16



To achieve Outcome 4, we supported artists and arts organisations working internationally across all our major funding programmes (figure 6). The International Presentation Fund targets artists and organisations that have engaged with Creative New Zealand’s International programme, rather than being fully contestable. The Cultural Exchange and Artform Exchange programmes offer artists and practitioners reciprocal opportunities to engage with international cultural practice, involve the sharing of artistic techniques and the development of participants’ arts practice. The programmes also contribute to the establishment or further consolidation of international relationships and partnerships.

In addition, Creative New Zealand’s international networks and targeted programmes allowed 29 international buyers and ‘key influencers’ from across artforms to visit New Zealand through the Te Manu Ka Tau programme, to experience New Zealand art in its local context. We also provided capability building for those wanting to develop skills to engage with international markets and audiences and develop their work.

Several programmes within the International programme would not be possible without the active partnership between Creative New Zealand and other funding and

support partners, and we thank them for their support. This includes our ongoing partnership with the Asia New Zealand Foundation to deliver programmes through the Focus on Asia initiative, and the assistance of the New Zealand Defence Force to transport the 100-strong delegation of Māori and New Zealand-based Pasifika artists to the 12th Festival of Pacific Arts in Guam.

The ‘Aotearoa delegation wins accolades in Guam’ and ‘Community arts project shines at Edinburgh Art Festival’ stories on pages 13-14 are just two examples of the results of our work across Outcome 4. Further reports are available on the Creative New Zealand website at: www.creativenz.govt.nz

Our outcomes: Reporting performance against measures for the year ended 30 June 2016

Table 2: Performance against 'Our outcomes' measures, 2015/16

No.	Name	Past performance			Performance for year ended 30 June 2016			Notes
		2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	Variance	
1.4	Outcome 1: Dollars invested ⁴	\$5,753,457	\$6,354,513	\$6,857,096	\$7,125,443	\$7,059,946	-1%	Met target. The small variance is caused by an overall expenditure decrease by 5 percent on budget, caused by the reduction in revenue (resource) and increased focus of applications received on participation in the arts.
1.5	Outcome 1: Number of participants in projects and events funded by Creative New Zealand	<i>New in 2014/15</i>	<i>New in 2014/15</i>	31,976	≥25,000	218,820	775%	Exceeded target. Participation includes the active involvement of individuals, groups and/or communities in the making or presentation of art. It applies to professional, emerging and non-professional artists, including those involved in cultural and recreational activities. This measure was limited to investment clients with continuous programme funding. Creative Communities Scheme baseline data was developed in 2015/16. Grants and special opportunities baseline data will be developed in 2016/17.
1.5.1	<i>Participation reported by investment programme</i>	<i>New in 2014/15</i>	<i>New in 2014/15</i>	31,976	≥25,000	59,996	140%	Exceeded target. This increase is mainly attributable to biennial festivals held in 2015/16, such as the Christchurch Arts Festival and the New Zealand Festival in Wellington.
1.5.2	<i>Participation reported by Creative Communities Scheme</i>	<i>New in 2015/16</i>	<i>New in 2015/16</i>	<i>New in 2015/16</i>	<i>New in 2015/16</i>	158,824	N/A	Baseline developed in 2015/16. The 1,488 Creative Community Scheme projects completed in the reporting period resulted in 158,824 reported participants.
1.6	Outcome 2: Dollars invested	\$12,184,510	\$14,564,954	\$13,988,634	\$15,624,344	\$12,695,101	19%	Did not meet target. The variance was caused by a combination of: <ul style="list-style-type: none"> an overall expenditure decrease by 5 percent on budget, caused by the reduction in revenue (resource); the change in focus of applications received (demand); and the shift of nearly \$2.2 million in the Tōtara Investment programme from Outcome 2 to Outcome 3.

⁴ The split between the outcomes is based on historical trends. The actual results may vary because of change in demand.

No.	Name	Past performance			Performance for year ended 30 June 2016			Notes
		2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	Variance	
1.7	Outcome 2: Number of new New Zealand works developed	267	326	361	≥360	314	-13%	<p>Did not meet target. The number of new New Zealand works includes works funded through Grants and special opportunities funding and the investment programme. The number is largely driven by available resources and demand. Over time, the measure has been refined causing a decrease on the previous two years. Creative New Zealand ensures high-quality New Zealand art is funded through robust application assessment processes.</p> <p>The 2013/14 and 2014/15 results have been amended, from 481 and 500 respectively, because of this measure being refined over time.</p>
1.8	Outcome 3: Dollars invested	\$16,578,020	\$16,586,201	\$17,626,201	\$18,670,136	\$19,710,132	6%	<p>Exceeded target. The variance is caused by a combination of:</p> <ul style="list-style-type: none"> an overall expenditure decrease by 5 percent on budget, caused by the reduction in revenue (resource); the change in the focus of applications received (demand); and the shift of nearly \$2.2 million in the Tōtara Investment programme from Outcome 2 to Outcome 3.
1.9	Outcome 3: Number of attendees at projects and events funded by Creative New Zealand	701,615	815,148	955,842	≥720,000	1,250,415	74%	<p>Exceeded target. This measure refers to audience numbers, including paid audience, readers, viewers, and attendances at free events. It currently includes attendances reported for projects and events of investment clients with continuous programme funding. The significant positive variance to target is caused by the biennial festivals held in 2015/16, such as Christchurch Arts Festival and the New Zealand Festival in Wellington.</p>
1.10	Outcome 4: Dollars invested	\$4,113,606	\$4,217,925	\$5,108,503	\$4,711,424	\$4,258,072	-10%	<p>Did not meet target. The variance is caused by a combination of:</p> <ul style="list-style-type: none"> an overall expenditure decrease by 5 percent on budget, caused by the reduction in revenue (resource); the change in the focus of applications received (demand); and the discontinuation of the First World War Centenary (WW100) Co-Commissioning Fund.
1.11	Outcome 4: Number of international presentations and events	232	234	340	≥200	538	169%	<p>Both measures of international success have been significantly exceeded in 2015/16. International activity has increased, partly because of increased international touring by Investment programme clients (Tōtara and Kahikatea) and New Zealand participation at the four-yearly Festival of Pacific Arts (resulting in 162 presentations and events by 35 individuals and organisations).</p>
1.12	Outcome 4: Number of individuals and organisations presenting internationally	264	165	305	≥100	275	175%	

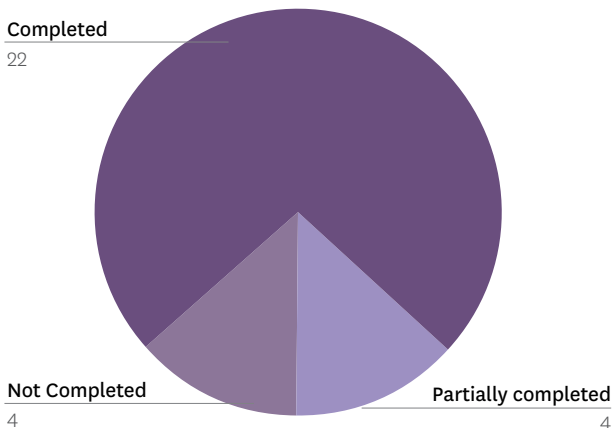
Our priorities

- Our new grants management system went live during the year, moving our largely paper-based application and assessment processes into the digital age and saving time and money for our customers and clients, and ourselves.
- We delivered several positive initiatives, including increased touring of New Zealand performing arts, the Regional Arts Pilot programmes in Waikato and Southland and the Auckland Diversity Project.
- We also enhanced our international offering through our Focus on Asia initiative, and supported well-received New Zealand showings at the Venice Biennale and 12th Festival of Pacific Arts in Guam.

In 2015/16, Creative New Zealand delivered on several priorities that sought to influence change in the arts sector and beyond. These comprised both new and high-profile ongoing work. Most are shared with the government and aim to develop participation, quality and attendances in the arts.

Our strategic priorities are outlined in our Strategic Plan 2013–16, which are in turn reflected in the Statement of Intent 2014–18. Several reached their final milestones in 2015/16, as reported in table 3. Anticipated achievement results around these milestones are also provided; these are longer term and may be reported in the future as the long-term success of our initiatives is proven.

Figure 7: Achievement of priority milestones, 2015/16



Moving the application process for all our main funding programmes online was a major highlight in 2015/16 (table 3, priority 2.16). This has enabled us to meet the public's increasing expectation to access services online. Initial feedback, through surveying applicants, has been positive.

Other priorities delivered in 2015/16 included an initiative to increase touring of New Zealand theatre, dance and music to metropolitan and regional areas (table 3, priority 2.2); implementing our strategy to support increased presentation opportunities in Asia and New Zealand, artistic and cultural exchange between New Zealand artists and selected Asian partners; and the development of audiences and markets for New Zealand arts in Asia (table 3, priority 2.6).

In addition, Creative New Zealand continued to work collaboratively on shared priorities with the Ministry for Culture and Heritage and other cultural agencies:

- providing support to the wider government programme to mark the centenary of the First World War, both nationally and internationally (table 3, priority 2.5)
- working with the Ministry for Culture and Heritage to identify the next steps to promote a culture of philanthropy in support of the arts
- working with Te Papa Tongarewa Museum of New Zealand to support New Zealand's presence at the Venice Biennale with Simon Denny's Secret Power
- working with Foundation North to introduce the Auckland Diversity Project, which is aimed at increasing participation and attendance in the arts in Auckland by Asian, Pasifika and Māori communities
- implementing a shared policy and funding framework for initiatives for young people and the arts, in collaboration with the Ministry for Culture and Heritage and Ministry of Education (table 3, priority 2.3)
- supporting a connected sector serving contemporary popular music.

Our priorities: Reporting performance against measures for the year ended 30 June 2016

Table 3: Performance against 'Our priorities' measures, 2015/16

No.	Priority title	Priority description	Milestone number	Milestone description	Result Achievement	Result	Notes
ANNUAL PRIORITIES							
PEOPLE AND PLACE							
2.1	Regions	Regional pilots under way in Waikato and Southland to work with communities to understand important arts development needs and deliver on them over the course of the pilot	2.1.1	Distribution of all regional pilot funding: pilots concluded (June 2016)	Arts sectors growing in targeted regions	Partially completed	Pilot delivery delayed with new completion date of December 2017. Important delivery contacts have been established. Allocation of funds will continue throughout the duration of the pilot.
2.2	Nationwide	National Touring Agency and Fund expended to increase national touring of contemporary New Zealand theatre, dance and music.	2.2.1	Completion of three national tours (of more than three centres, including one outside Auckland, Wellington or Christchurch) (June 2016)	Increased touring of New Zealand theatre, dance and music to metropolitan and regional areas	Completed	Five tours were delivered in 2015/16 (Daffodils; Modern Māori Quartet; Mooncake and Kumara; Little Shop of Horrors; and the Book of Everything) resulting in 23 performances in 10 venues and over 7,700 attendances for New Zealand contemporary work.
2.3	Young people	Young people and the arts policy development framework implemented in association with the Ministry for Culture and Heritage and the Ministry of Education	2.3.1	Progress report to Council delivered (July 2015)	Sector-wide agreement on significant priorities to support the arts by, with and for young people	Completed	Progress reports to Council delivered. Focus areas for 2016/17 approved. A programme of work in this area will be part of a refreshed advocacy strategy to be developed in 2016/17.
			2.3.2	Further progress report to Council delivered (June 2016)		Completed	
2.4	Diversity	Auckland Diversity Project under way to increase the participation and attendance of Māori, Pasifika and Asian audiences with the arts in Auckland, and to support and promote development of arts by, with and for Māori, Pacific and Asian individuals and communities	2.4.1	Project plan and first 'Call for Proposals' / Expression of Interest completed (July 2015)	Increased participation and attendance in the arts in Auckland by Asian, Pasifika and Māori communities	Completed	Six grants awarded in partnership with Foundation North in the first funding round with a combined total of \$366,972.
			2.4.2	Capability building hui held (December 2015)		Completed	Forty participants attended the hui with the theme of Setting the Scene on 23 July 2015. The second Auckland diversity hui with the theme Diversity in the arts: Programming for Auckland today was held on 21 July 2016 (44 participants attended).
2.5	Remembrance	First World War Centenary (WW100) Co-Commissioning Fund expended to support First World War centenary arts projects of high artistic merit	2.5.1	Final (fourth) funding round completed (November 2015)	Art works and activities presented that commemorate New Zealand's participation in the First World War	Completed	Fourth funding round completed. Over the fund's three years of operation, \$1.13 million was invested.

Section 2:
Statement of Performance

No.	Priority title	Priority description	Milestone number	Milestone description	Result Achievement	Result	Notes	
INFLUENCE								
2.6	International artistic connections	Asia Strategy delivered to support increased presentation opportunities for new art work in Asia and New Zealand, artistic and cultural exchange between New Zealand artists and selected Asian partners and the development of audiences and markets for New Zealand arts in Asia	2.6.1	Two international (Asia) co-commissioning funding rounds completed (June 2016)	Enhanced profile of New Zealand arts in the region, cultural linkages developed and New Zealand arts practice developed	Completed	Two co-commissioning funding rounds completed to June 2016 (five grants awarded with a combined total of \$203,063). Asia Artform Exchange Stage 2 funding awarded (three grants with a combined total of \$76,250). Partnership with Korean Arts Management Service (KAMS) established. NZ-KAMS Connection Stage 1 funding completed (three grants awarded with a combined total of \$13,325).	
			2.6.2	Curators Tour to Asia delivered and Asian Performing Arts Markets Travel Fund grants announced (August 2015)		Completed	Curators Tour to Asia (three curators selected) and Asia Artist Residencies (four artists selected) awarded in partnership with Asia New Zealand Foundation. Asian Producers' Platform Camp (to the value of \$10,000 for the successful candidate to participate in the camp in Taiwan in 2015 and in Japan in 2016) and Asian Performing Arts Markets Travel funding round completed (seven grants awarded with a combined total of \$19,500).	
			2015 Venice Biennale co-funded and New Zealand's presence led at La Biennale di Venezia with Simon Denny's 'Secret Power'	2.6.3	End of Venice Biennale (November 2015)	New Zealand art showcased at a premier international festival	Completed	The exhibition exceeded Creative New Zealand's expectations across most objectives.
			Festival of Pacific Arts (FOPA) 2016 New Zealand delegation organised for the four-yearly festival to be hosted in Guam with the theme What we own, What we have, What we share, United Voices of the Pacific'	2.6.4	FOPA delegation confirmed (November 2015)	Māori and New Zealand Pasifika artists supported to engage in projects at FOPA; networks created and strengthened between artists at the festival, and projects with legacy value beyond FOPA 2016 supported	Completed	In total, 100 Māori and New Zealand-based Pasifika artists were selected to represent Aotearoa alongside 26 other Pacific nations at the 12th Festival of Pacific Arts in Guam.
		2.6.5		FOPA held (22 May – 4 June 2016)	Completed		Artists from Aotearoa participated in almost all festival activities, and the quality of work presented was high.	
2.7	Engagement	Iwi engagement enhanced to build and maintain positive relationships with iwi	2.7.1	Memorandums of understanding (MOUs) in place with six iwi (July 2015)	Iwi have arts plans and deliver on them	Not completed	MOUs have been signed with two iwi (Taranaki and Ngapuhi). The remaining four MOUs are currently being negotiated.	
			2.7.2	Implementation of six iwi plans under way and progress being monitored (June 2016)		Not completed	Implementation of the two signed MOUs is under way. The remaining four MOUs are currently being negotiated.	
			Mana Pasifika to recognise and engage with the arts of the Pacific	2.7.3	Pacific implementation plan delivered to build Creative New Zealand's relationship with and support for Pasifika artists and communities (June 2016)	Improving Creative New Zealand's responsiveness to Pacific arts	Partially completed	As at 30 June 2016, 19 out of 21 active tasks have been completed. Two tasks are left to be completed.

No.	Priority title	Priority description	Milestone number	Milestone description	Result Achievement	Result	Notes
INFLUENCE							
2.8	Arts policy	Arts policy research, review, development and implementation	2.8.1	Tōtara and Kahikatea review under way (June 2016)	Relevant and effective arts policy that defines Creative New Zealand's investment in New Zealand arts infrastructure	Completed	Review recommendation approved by Council in July 2016. Implementation of findings is a priority in 2016/17.
			2.8.2	Six monthly implementation report to Council delivered (August 2015, February 2016)	Continued focus on achievement of recommendations from arts policy reviews	Completed	Reports delivered. All planned artform reviews have now been completed and progress against their implementation plans is being monitored. Of the tasks, 94 percent or 170 have been achieved or are on track; 11 tasks are being watched.
EFFECTIVENESS							
2.9	Transparency	Communication with the sector	2.9.1	Investments reports for 2014 and 2015 delivered to clients (August 2015, June 2016)	The sector is informed and able to benchmark performance	Partially completed	The 2014 report, covering the 2013 and 2014 calendar years, was delivered to investment clients on 30 June 2016. The 2015 report will be delivered in 2016/17.
			2.9.2	Six monthly feedback provided to investment clients on the four main areas of delivery (financial, audience, organisation and artistic) (August 2015, February 2016)	Creative New Zealand provides regular feedback on client performance	Completed	
2.10	Organisational performance	Performance and planning framework implemented	2.10.1	Framework incorporated into 2016-2021 Statement of Intent (SOI) and 2016/17 Statement of Performance Expectations (SPE) (June 2016)	Creative New Zealand plans and performs well against its target	Partially completed	The framework has formed the basis of the new SOI and SPE. The new SOI, not published by 30 June 2016, has a clearer strategic direction, focused on five main goals that cascade through to a clearer, streamlined set of measures in the SPE. A 'holding' SPE was put in place for 1 July that reflected the framework through reference to the proposed new SOI. The SPE was revised and published in early September 2016, together with the new SOI. Framework implementation continues over 2016/17 as a new Creative New Zealand business plan is introduced and a new reporting schedule developed and implemented.
2.11	Internal effectiveness	Systems and processes enable the business and its people to perform well	2.11.1	New office for Auckland operating (July 2015)	Creative New Zealand's systems and processes support staff to excel	Completed	
			2.11.2	Electronic records management system and finance system development in progress (June 2016)		Not completed	Work against this milestone remains preliminary – business cases are yet to be developed but are planned for 2016/17.

Section 2:
Statement of Performance

No.	Priority title	Priority description	Milestone number	Milestone description	Result Achievement	Result	Notes
EFFECTIVENESS							
2.12	Legislation and guidelines	Comply with new government legislation and guidelines	2.12.1	Compliance with procurement guidelines (June 2016)	Creative New Zealand continues to fulfil its legal obligations	Completed	Review of procurement policy and alignment of existing contracts with Rules of Government Sourcing have been completed.
			2.12.2	Compliance with health and safety legislation (June 2016)		Completed	All of the required health and safety policies, procedures and guidelines have been updated.
STRATEGIC PRIORITIES							
PEOPLE AND PLACE							
2.13	Christchurch	Ongoing involvement in the recovery of the arts in Christchurch	2.13.1	Christchurch Earthquake Recovery grants expended	Arts sector in Christchurch supported to rebuild and grow	Completed	By 30 June 2016, 99 percent of the projected budget for 2015/16 had been used. Amounting to almost \$4.9 million over the six-year period, the additional funding programmes for Christchurch concluded at the end of 2015/16 as the city began to transition towards long-term recovery.
2.14	Auckland	Ongoing involvement in the Auckland Arts and Culture Strategic Action Plan	2.14.1	Continue to support Auckland Council's arts strategic planning and implementation	Support the diverse and growing arts sector in Auckland	Completed	A 'watching brief' has been kept on the new action plan, with involvement as required (the final action plan was launched in October 2015). The first steering group meeting for implementing the action plan was held in August 2016.
EFFECTIVENESS							
2.15	Decision-making timeframes	Improve decision-making timeframes	2.15.1	Quick Response timeframes met (maintain five weeks)	Continue to increase efficiency of services to clients	Completed	All Quick Response funding rounds were completed within the decision-making timeframe of five weeks.
			2.15.2	Arts Grants timeframes met (maintain 10 weeks)		Completed	All Arts Grants funding rounds were completed within the decision-making timeframe of 10 weeks.
			2.15.3	Tōtara and Kahikatea timeframes met (11 weeks down to 10 weeks)		Not completed	For the 2015 funding round, the timeframe remained at 11 weeks. Reduction in timeframe was achieved in July 2016 for the 2016 funding round.
2.16	Technology	Implement grants management system	2.16.1	Significant programmes online	Meet the public's increasing expectation to access the services they need online	Completed	All significant programmes were online by 30 June 2016. Initial feedback, through surveying applicants, has been positive.
2.17	Clients	Improve results in the client satisfaction survey	2.17.1	2014/15 survey to be repeated in 2016/17	Understand and respond to the needs of our clients	N/A	In 2016/17, Creative New Zealand will survey its clients more frequently (at least annually) using a less formal online survey.

KEY:

Completed	The milestone was fully achieved in the 2015/16 period.
Partially completed	More than 50 percent of the milestone was achieved in 2015/16.
Not completed	Less than 50 percent of the milestone was achieved in 2015/16 or the work was not started.

Our deliverables

- Eighty organisations were in our Investment programmes, five more than our target, with a success rate of 94 percent against key performance indicators in funding agreements.
- The number of grants awarded rose 2.6 percent to 2,333, across our Grants and special opportunities, Creative Communities Scheme and International programme.
- The average percentage of grants and investment organisations that met or exceeded expectations in their funding agreements was a healthy 95 percent, slightly under our target of 97 percent or more.
- We delivered 57 capability building initiatives for artists and arts organisations, with 94 percent of participants finding these to be relevant or effective, a 13 percent increase on last year.
- Twelve submissions were made to central or local government on arts matters, four times more than the base level we set ourselves, and we involved the arts sector more in the advocacy process.
- Our operational costs were \$7.351 million, 4.3 percent less than in 2015/16 and well below our target of \$8 million or less.

Creative New Zealand's deliverables comprise the service areas that support it in achieving its broader outcomes and vision. In 2015/16, we delivered services under the following three areas.

- **Investing in the arts:** Providing financial help to artists, arts practitioners and arts organisations and their projects. Most of the grants funding we provide falls into this service area (97 percent of our funding to the arts sector; \$42.405 million).
- **Developing the arts:** Helping arts organisations and individual artists and practitioners to develop their skills and capability, including in community engagement. Our capability building programme comes under this service area (2.6 percent; \$1.131 million).

- **Advocating for the arts:** Undertaking policy development and research for the benefit of the arts sector, delivering other resources to the sector, making submissions on issues affecting the sector or Creative New Zealand, and collaborating with other agencies on areas of mutual interest (0.4 percent; \$0.187 million).

Supporting our deliverables is the:

- **and capability of Creative New Zealand:** Continuing to provide efficient and effective services.

Figure 8 (Page 30) outlines the full funding picture in 2015/16.

Investing in the arts

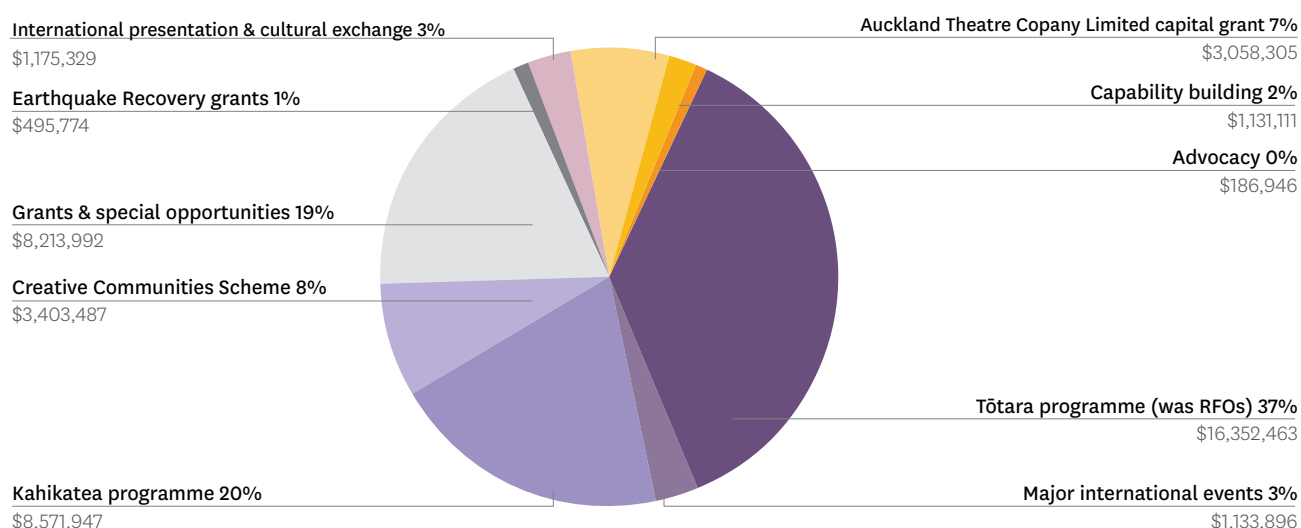
Creative New Zealand funding supports individual professional development opportunities as well as the creation, presentation and distribution of art. This covers community and professional arts throughout New Zealand and includes the presentation of New Zealand art overseas.

A large proportion of Creative New Zealand's work is achieved by investing in the arts through its main funding programmes. These include the Kahikatea and Tōtara Investment programmes, Grants and special opportunities, the Creative Communities Scheme and the International programme.

Stories illustrating the results of our funding are included in section one of this report and are available on the Creative New Zealand website at: www.creativenz.govt.nz

Further information about funding programmes is available on our website at: www.creativenz.govt.nz/about-creative-new-zealand/what-we-do/arts-funding

**Figure 8: Creative New Zealand expenditure 2015/16
(excluding operating costs)**



Programme	Funds	Timeframes	Description
Investment programmes	Toi Tōtara Haemata (Arts Leadership) Investment programme	Funding for two to five years	Contestable longer term funding to arts organisations to support the continuous delivery of arts programmes that deliver on our outcomes.
	Toi Uru Kahikatea (Arts Development) Investment programme	Funding for one to three years	
Grants and special opportunities	Quick Response Grants (including Tohunga/Tukunga)	Funding up to \$7,500, three times a year	Contestable shorter term funding to arts practitioners and organisations to support the delivery of arts that meet our outcomes.
	Arts Grants (including Toi Ake)	Funding up to \$65,000 (up to \$130,000 depending on artform), two times a year	
	Scholarships, residencies, bursaries	Varies	
	Earthquake Recovery grants (<i>fund closed 30/06/16</i>)	Funding based on applications	
Creative Communities Scheme	Creative Communities Scheme	Average funding of \$2,000 administered through territorial authorities	Small grants funding that supports local arts projects and encourages broad community involvement, diversity and engaging young people.
International	International Presentation Fund	Funding of \$350,000 per year, with four funding rounds per year	International presentation and exchange initiatives that support the presentation of New Zealand arts internationally.
	Other international funding (eg, Venice Biennale)	Varies	

Investment programmes

Creative New Zealand's Investment programmes – Toi Tōtara Haemata (Arts Leadership) and Toi Uru Kahikatea (Arts Development) – support the development of arts organisations, and a sustainable infrastructure in the arts sector, by funding significant arts organisations for a fixed term. With such support, organisations are able to confidently plan their programmes of activity.

- Tōtara organisations fulfil specific roles that we have identified as important to the health of the arts sector. They provide leadership and play an active role in promoting collaboration, developing talent, fostering new work, supporting innovation and taking artistic risks. Funding can be committed to Tōtara organisations for up to five years.
- Kahikatea organisations have more flexibility in what they are funded to deliver. They can have funding committed for up to three years, and some are funded on a project basis.

The membership of the Tōtara and Kahikatea Investment programmes has changed over time as organisations develop and the needs of the arts sector change. In 2015/16, Creative New Zealand funded 80 Tōtara and Kahikatea organisations and projects (table 4, measures 3.7 and 3.8). The positive results of the funding on participation and attendance are described earlier, on pages (18-20).

We regularly monitor the performance of Tōtara and Kahikatea Investment organisations throughout the year and work with them to improve their performance, as required. Organisations are assessed against the expectations set out in their funding agreements across four component areas (artistic, financial, organisation, audience). A summary assessment is also made.

Two measures reported this year detail organisations' performance against Creative New Zealand's programme requirements (table 4, measures 3.9.1 and 3.10). These broad measures tell us whether the overarching aims of the Investment programmes are being delivered as intended, not just whether organisations are performing as expected.

In 2015/16, the Arts Council agreed recommendations arising from a review of the Tōtara and Kahikatea programmes. The review aimed to ensure the Investment programmes remained relevant and appropriate five years after they began. Findings from the review will be implemented in 2016/17, in line with our forthcoming investment strategy.

The Investment programmes support all four Creative New Zealand outcomes (refer to 'Our outcomes' on page 17).

Grants and special opportunities

Creative New Zealand provides grants funding to artists, arts practitioners and arts organisations through a range of programmes, selecting high-quality applications through a robust process. Around 500 projects are supported each year under this group, including:

- Arts Grants, including the Toi Ake programme and grants funded from the Māori Arts Development Initiative and Māori Arts Presenter's Fund; and Kava grants focusing on outcomes for Pasifika artists and communities
- Quick Response grants, including the Tohunga Tukunga programme and Moana community grants
- special opportunities, including awards, residencies, bursaries and scholarships
- other funding, including that for Sistema Aotearoa, the Flexible Funding portfolio (a fund to be used at the Chief Executive's discretion) and funds to support Earthquake Recovery grants and other Christchurch initiatives.

In 2015/16, the number of grants and special opportunities awarded increased to 528 (2014/15: 511), 10 percent above forecast (table 4, measure 3.2). The number of grants funded depends on the quality of applications and the amount of funding requested in each, balanced by the total funding available. Across all projects funded in the Grants and special opportunities group, the average grant amount was \$16,496, compared with \$17,877 in 2014/15.

The process for assessing the quality of applications differs across programmes. All applications are assessed on how effectively the project supports one or more of Creative New Zealand's outcomes. The quality of all projects is

assessed by Creative New Zealand staff; Arts Grants are also assessed by external peer assessors. Projects are assessed on a seven-point scale across four areas.

1. The idea: what is it that the artist or practitioner wants to do?
2. The process: how will the project be carried out, where and when will it occur, and how will the artist or practitioner evaluate the completed project?
3. The people: who is involved?
4. The budget: how much will it cost?

Where relevant, projects are assessed for their contribution to cultural diversity, innovation and community arts participation. Detailed assessments are given to the appropriate advisory panel to inform final decisions on Arts Grants. Applications for other funding programmes may also be assessed against additional criteria specific to those particular programmes.

Once completed, grant recipients must submit completion reports to Creative New Zealand. These are evaluated against the expectations in the initial application and funding agreement.

In 2015/16, the project completion rate was high, with 99 percent of funding recipients providing reports to Creative New Zealand in a timely manner (table 4, measure 3.5.1). Of reports received to the end of May 2016, 97 percent had been evaluated by staff by 30 June 2016 as to whether they had met expectations (table 4, measure 3.6.1), a 3 percent increase on 2014/15. Of those projects evaluated in 2015/16, 99 percent met or exceeded expectations, an increase on 2014/15 of 2 percent.

Grants and special opportunities programmes support all four Creative New Zealand outcomes (refer to 'Our outcomes' on pages 17-21).

Creative Communities Scheme

The Creative Communities Scheme is a small grants scheme that supports community arts projects and activities across New Zealand in every territorial authority.⁵

Creative New Zealand allocates funds to territorial authorities based on population size.

Allocated funds are managed by individual territorial authorities. Some territorial authorities supplement the funds in the scheme and unspent funds may, with Creative New Zealand's permission, be rolled over from one year to the next.

Decisions under the scheme are devolved to each of the territorial authorities, which administer the scheme themselves or through suitable third parties. Local assessment committees consider applications for funding, and decisions are made on the basis of priority areas set by Creative New Zealand, those being:

- **broad community involvement:** the project creates opportunities for local communities to engage with and participate in arts activities
- **diversity:** the project supports the diverse arts and cultural traditions of local communities, enriching and promoting their uniqueness and cultural diversity
- **young people:** the project enables and encourages young people (under 18 years) to engage with and actively participate in the arts.

Territorial authorities made 1,725 grants in 2015/16, an increase on the 1,680 awarded in 2014/15 but slightly under the target of 1,800 or more (table 4, measure 3.3). The average grant value has increased to \$1,996 over recent years (2012/13: \$1,779). Project completion (that is, the delivery on Creative Communities Scheme contracts funded by territorial authorities) reached 100 percent in 2015/16, up 2 percent on 2014/15.

The Creative Communities Scheme directly supports achieving Outcome 1: New Zealanders participate in the arts.

International

Through international presentation and events funding, Creative New Zealand supports individual artists, arts practitioners, arts organisations or groups of artists to tour, exhibit or perform internationally. Supporting projects may leverage other funding or help New Zealand attendances at international trade fairs or other particular market

⁵ See: www.creativenz.govt.nz/find-funding/funds/creative-communities-scheme

development initiatives. Our activity in this area also includes providing advice and resources to New Zealand artists who are seeking to work or are already working internationally.

The International Presentation Fund is targeted at artists and organisations that have engaged with Creative New Zealand's International programme, rather than being fully contestable. The Cultural Exchange and Artform Exchange Programme offers artists and/or practitioners reciprocal opportunities to engage with international cultural practice, involves the sharing of artistic techniques and the development of participants' arts practice. It also contributes to the establishment or further consolidation of international relationships or partnerships.

International projects are generally long term, and outcomes can take up to 18 months to be fully realised. Recipients must provide completion reports, sometimes at intervals across the life of the project, which are evaluated against the expectations of their initial application and funding agreement. The project completion rate for international projects achieved the target of 100 percent in 2015/16 (table 4, measure 3.5.3), as did the number of reports received that were evaluated (table 4, measure 3.6.2).

Two main international projects, the 2015 Venice Biennale and the Festival of Pacific Arts 2016, were successfully completed in 2015/16. Coverage of both events is available at www.nzatvenice.com and www.creativenz.govt.nz, with the Festival of Pacific Arts featuring in the section 'Our year in stories' earlier in this report.

International funding directly supports Outcome 4: New Zealand arts gain international success (refer to 'Our outcomes' on pages 20-21).

Investing in the arts: Reporting performance against measures for the year ended 30 June 2016

Table 4: Performance against 'Our deliverables: Investing in the arts' measures, 2015/16

No.	Name	Past performance			Performance for year ended 30 June 2016			Notes
		2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	Variance	
3.1	Investing in the arts: Dollars invested	\$36,961,309	\$39,688,404	\$41,502,504	\$44,611,347	\$42,405,192	-5%	Total investment in the arts for 2015/16 is under budget by 5 percent, which is in line with the overall decrease in total expenditure caused by reduction in revenue (further explanation is available in note 26 to the Financial Statements).
3.2	Number of grants awarded: Grants and special opportunities	460	487	511	≥480	528	10%	While the number of grants awarded has increased, funding through these programmes (eg, Arts Grants, Quick Response, Special Opportunities) decreased by 4 percent (2015/16: \$8.710 million; 2014/15: \$9.135 million).
3.3	Number of grants awarded: Creative Communities Scheme	1,777	1,655	1,680	≥1,800	1,725	-4%	While the number of grants awarded by territorial authorities was fewer than expected, that number did increase by 3 percent compared with 2014/15. Overall, funding for the Creative Communities Scheme has increased by 5.4 percent on 2011/12; the average grant size has increased over that time.
3.4	Number of grants awarded: International programme	25	43	82	≥25	80	220%	A higher than forecast number of grants have been awarded partly because of the introduction of the Focus on Asia initiative into the International programme in 2014/15.
3.5	Average project completion rate	99%	99%	99%	≥99% ⁶	100%	1%	Target met. Immaterial variance. An average of 3.5.1, 3.5.2 and 3.5.3 below.
3.5.1	<i>Project completion rate: Grants and special opportunities</i>	99%	99%	99%	99%	99%	0%	Ten clients were in default at 30 June 2016, representing 0.18 percent of total grants awarded.
3.5.2	<i>Project completion rate: Creative Communities Scheme</i>	New measure in 2014/15		98%	99%	100%	1%	The delivery of Creative Communities Scheme contracts by local or territorial authorities is tracked through the receipt of regular reporting. All reports were received by 30 June 2016.
3.5.3	<i>Project completion rate: International programmes</i>	99%	99%	100%	99%	100%	0%	As at 30 June 2016, 46 projects were 'in progress', one report was overdue, but no clients were in default status.
3.6	Average proportion of completed projects that are evaluated within one month of receipt	90%	99%	97%	≥97%	99%	2%	This measure is reported for projects completed in the 12 months to 31 May 2016, allowing 30 days for completion reports to be evaluated. It is an average of 3.6.1 and 3.6.2 below.

⁶ This target has been adjusted from 100 percent to greater than or equal to 99 percent in 2015/16, as per past performance trends.

No.	Name	Past performance			Performance for year ended 30 June 2016			Notes
		2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	Variance	
3.6.1	<i>Grants and special opportunities projects</i>	86%	99%	94%	≥97%	97%	0%	Of the 571 project reports received in the period, 554 had been evaluated by 30 June 2016.
3.6.2	<i>International programmes</i>	94%	100%	100%	≥97%	100%	3%	Of the 67 reports received in the period, all had been evaluated by 30 June 2016, with follow-up reports requested for two projects.
3.7	Number of organisations in the investment programmes: Tōtara	24	25	27	≥25	27	8%	No change has occurred in the Tōtara investment portfolio from 2014/15. The number includes all individual funding agreements. Total funding in 2015/16 has increased to \$16.048 million (2014/15 : \$15.312 million), which reflects the results of artform reviews, changes to existing main roles (literature, visual arts and multi-disciplinary), a new craft object role and the increase to New Zealand Opera funding.
3.8	Number of organisations in the investment programmes: Kahikatea	56	54	55	≥50	53	6%	This number includes 35 Kahikatea clients with continuous programme funding agreements and 18 Kahikatea clients with project funding agreements. Total funding in 2015/16 amounted to \$8.572 million (2014/15: \$9.071 million).
3.9	Average percentage of grants and investment organisations that meet or exceed expectations in their funding agreements	97%	97%	95%	≥97%	95%	-2%	An average of 3.9.1, 3.9.2 and 3.9.3 below.
3.9.1	<i>Investments (Tōtara and Kahikatea) programmes</i>	93%	95%	91%	≥97%	87%	-10%	This measure reports on investment clients' delivery against performance in four areas: artistic, audience, financial and organisational. It includes all Tōtara and Kahikatea clients with continuous funding agreements. Of the 62 organisations with continuous programme funding agreements, 54 met or exceeded expectations. Of the eight organisations that did not meet expectations overall, six met artistic quality expectations.
3.9.2	<i>Grants and special opportunities</i>	98%	96%	97%	≥97%	99%	2%	Of the 582 project reports evaluated, 576 met or exceeded expectations. This measure is reported for project reports evaluated in the 12 months to 30 June 2016.
3.9.3	<i>International presentation and exchange</i>	100%	100%	98%	≥97%	100%	3%	Of the 92 project reports evaluated in the period, all met or exceeded expectations. This measure is reported for project reports evaluated in the 12 months to 30 June 2016.
3.10	Investment programme success rate	N/A	N/A	90%	≥90%	94%	4%	Target exceeded. The measure reports on investment clients' delivery against the key performance indicators for each programme. It includes all Tōtara and Kahikatea clients with continuous funding agreements.

Developing the arts

In addition to providing funding, Creative New Zealand provides opportunities for arts organisations and individual artists and practitioners to build their skills and capability. This work is delivered primarily through the capability building programme, the contestable funding programmes and staff advice.

The programme initiatives are mainly targeted at investment clients but resources are also available for the broader arts sector. Delivery mechanisms for the programme's initiatives that increased efficiency in terms of costs and resources, such as webinars and online publications, were a priority in 2015/16.

In 2015/16, \$1.131 million was spent on capability building. This was 2.6 percent of our total funding for the year (excluding personnel costs and overheads). We delivered 57 capability building initiatives for artists and arts organisations, and 94 percent of participants found the initiatives to be relevant or effective, a 13 percent increase on 2014/15 (table 5, measures 3.12 and 3.14, page 37).

Audience and market development

Our audience and market development training enables arts organisations to develop and grow their audiences by learning how to apply audience insight and intelligence and take advantage of digital tools and online marketing.

Significant initiatives in 2015/16 included:

- **Analytics and Audiences:** workshops teaching organisations how to get the best out of Google Analytics, to measure how websites and online channels are performing
- **Optimiser:** an online marketing benchmarking project that allows organisations to compare how their online marketing is performing against the aggregated results of 38 other New Zealand arts organisations
- **The Big Conversation Nui te Kōrero:** an annual one-day event that is an important part of the capability building programme. In 2015/16, the theme was Embracing Arts, Embracing Audiences Awhi mai, Awhi atu.

Strategy and governance

Strategic planning coaching helps arts organisations acquire and apply the skills to develop or revise a strategic

plan. Digital strategy coaching helps organisations to make the best use of digital tools and channels, to improve operational efficiency and support marketing and audience development, fundraising and education. Getting on Board webinars are free for arts and cultural organisations and help develop effective governance practice.

Arts sector development

Various initiatives within the capability building programme aim to strengthen the national arts infrastructure and arts sector development. These initiatives include:

- arts management training via Māori, Pasifika and publishing internships
- distribution of New Zealand work through support of a national touring agency and touring fund for New Zealand dance and theatre
- the Māori Arts Presentation Fund for the distribution of ngā toi Māori work to Māori audiences
- the Auckland Diversity Fund that focuses on developing Māori, Pasifika and Asian artists and audiences.

These interventions are supported by online resources including Risk Management and Volunteer Management toolkits, audience research, a governance guide and recorded webinars and presentations.

Auckland Audience Development Pilot

In 2015/16, we delivered the final year of the Auckland Audience Development Pilot. This was an ambitious and visionary project that aimed to encourage arts organisations in Auckland to collaborate, share data and segment their communications using culture segments (an audience segmentation methodology).

The project has built a consortium of 15 like-minded performing arts organisations that, supported by Creative New Zealand and arts consultancy Morris Hargreaves McIntyre, created The Insider – www.thisistheinsider.co.nz – a personal invitation list that brings audiences the best shows, events and special offers. These organisations are now committed to forming the Auckland Audience Engagement Partnership, their own self-managed consortium, to embed the work of the pilot into their everyday practice.

Organisational development model

The capability building programme's content is informed by the main findings from the Organisational Development Model self-assessment survey of investment clients. This is the information we receive from clients about their organisations, significant sector trends and Creative New Zealand's strategic priorities. The latest survey, conducted in April 2016, assessed the impact of the capability building programme over the past two years and has contributed to its development for 2016/17.

Results showed 88 percent of respondents strongly agreed or agreed that the capability building initiatives aligned with their needs and priorities. Of the six clients that completed the Evaluating Databases – information and management reporting systems initiative, 75 percent had increased their capability in database management. Four organisations that participated in the Developing a Digital Strategy initiative increased their capability by 47 percent.

Further information on the 2016/17 programme is available on our website at: www.creativenz.govt.nz/development-and-resources/workshops-webinars-and-training

Developing the arts: Reporting performance against measures for the year ended 30 June 2016

Table 5: Performance against 'Our deliverables: Developing the arts' measures, 2015/16

No.	Name	Past performance			Performance for year ended 30 June 2016			Notes
		2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	Variance	
3.11	Developing the arts: Dollars invested	\$1,505,842	\$1,722,381	\$1,603,975	\$1,317,000	\$1,131,111	-14%	Total investment in capability building for 2015/16 is under budget by 14 percent, which is in line with the overall decrease in total expenditure caused by reduction in revenue (further explanation is available in note 26 to the Financial Statements).
3.12	Number of capability building initiatives delivered to the sector	45	36	37	≥31	57	84%	Target exceeded.
3.13	Percentage of those participating in the capability building programme that improve their skills (from optional self-assessment)	77%	67%	N/A	≥80% Next survey in 2016/17	N/A	N/A	Next survey to occur in 2016/17.
3.14	Proportion of participants who find the capability building initiatives to be relevant and/or effective (from post-initiative survey)	97%	95%	81%	≥97%	94%	-3%	Target not met by 3 percent. Overall, the result has improved by 13 percent, compared with the previous year. A total of 145 individual participants over 12 initiatives responded to the evaluation survey.
3.15	Number of person days of workshop-based and experiential capability building initiatives	1,010	663	398	≥494 ⁷	473	-4%	Target not met by 4 percent. In 2015/16, Creative New Zealand delivered 367 person days of workshop-based development and 106 coaching and consultancy sessions (compared with 339 and 59 respectively in 2014/15).

⁷ This target includes person days for workshop-based (more than or equal to 400) and experiential (more than or equal to 94) capability building initiatives.

Advocating for the arts

Creative New Zealand provides research and resources to the arts sector and advocates for the arts, particularly to government and local government.

Our advocacy work includes:

- making submissions on issues affecting the sector or Creative New Zealand
- carrying out policy development and research for the benefit of the arts sector
- delivering other resources to the sector
- carrying out other advocacy initiatives (eg, developing new ways to engage the public with the arts)
- collaborating with other agencies on areas of mutual interest.

In 2015/16, \$0.187 million was spent directly on advocacy, with much of this work being delivered through existing programmes and resources. While this is less than 1 percent of our total arts sector investment for the period, we did employ a full-time stakeholder relations adviser in 2015/16 to ensure greater focus on our advocacy work, particularly with local government.

Three research projects and other resources were delivered to the sector over the year (table 6, measure 3.19): the final report on the review of theatre, a report on The Big Conversation 2015 and a report on the health of Creative New Zealand's arts Investment programmes. All three reports are available at: www.creativenz.govt.nz

We also continued to take a leadership role in the sector through advocating the value of the arts to local government. Creative New Zealand made 12 submissions to government or local government on arts matters (table 6, measure 3.20), with a focus on making submissions to territorial authorities on their annual plans. We were pleased with the overall positive effect these submissions made. In many cases, they helped people, groups and organisations in the wider arts sector to make submissions of their own, or provided them with a means to which they could lend their support (eg, our submissions to Inland Revenue on donee organisation issues).

During 2015/16, we also advanced our work around enhancing, building and maintaining positive relationships with iwi, and in recognising and engaging with the arts of the Pacific (see table 3, measure 2.7 on page 26).

Advocating for the arts: Reporting performance against measures for the year ended 30 June 2016

Table 6: Performance against 'Our deliverables: Advocating for the arts' measures, 2015/16

No.	Name	Past performance			Performance for year ended 30 June 2016			Notes
		2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	Variance	
3.16	Advocating for the arts: Dollars invested	\$132,631	\$261,706	\$473,954	\$203,000	\$186,946	-8%	Total investment in advocacy for 2015/16 is under budget by 8 percent, which is in line with the overall decrease in total expenditure caused by reduction in revenue (further explanation available in note 26 to the Financial Statements).
3.17	The arts sector is viewing the Creative New Zealand website ⁸	463,540	481,918	514,572	≥450,000	414,952 unique views	-8%	A new more effective website was launched at the end of 2014/15 with fewer pages to view. While the number of unique page views has decreased by 24 percent, compared with 2014/15, the average time spent on pages has increased by 22 percent. Creative New Zealand also moved the online application process at the start of 2015/16 through the web portal to the new grants management system, which affects how many returning applicants are going to the website to make subsequent applications.
3.18	The arts sector is aware of the Advocacy Toolkit ⁹	New in 2015/16	New in 2015/16	New in 2015/16	≥7,000	3,525 unique views	-50%	This measure is also affected by the website redevelopment and the website's increased effectiveness.
3.19	Number of research projects and other resources delivered to the sector	3	4	9	≥3	3	0%	Target met. The lower number, compared with 2014/15, is caused by the five-year policy review cycle coming to an end and several three-yearly surveys being completed in 2014/15.
3.20	Number of submissions made to government or local government on arts issues	7	5	17	≥3	12	300%	Target exceeded. The high number of submissions is because of a focus on the annual plans of territorial authorities and broadening the scope of submissions to include consultation on capital works and/or investments.

⁸ This measure counts use of available resources across the entire Creative New Zealand website through unique page views. This includes capability building resources, such as risk management and volunteer management resources, and audience development case studies.

⁹ This measure counts unique views of Creative New Zealand website pages within the Advocacy Toolkit.

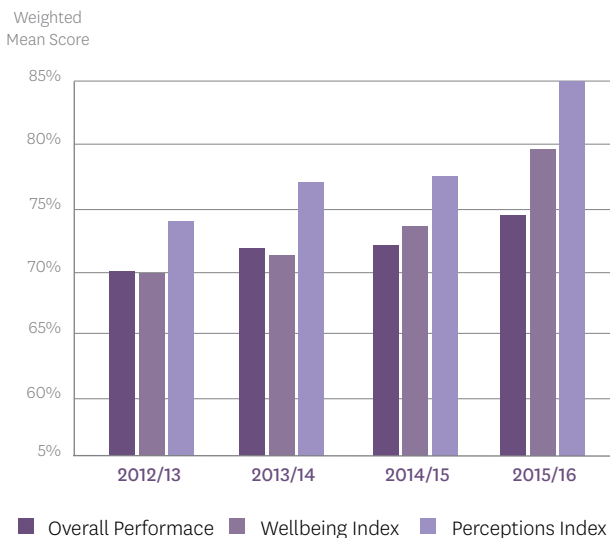
Health and capability of Creative New Zealand

We recognise that our organisational culture and our people are critical to our success. Other annual report requirements are also discussed in this section.

Organisational culture

Since 2008, we have participated in an annual engagement survey and have used the results to help us identify ways we can improve. We recently completed the 2016 engagement survey in conjunction with the Ministry for Culture and Heritage and several other agencies in the cultural sector. The results from this survey and for the previous three years are shown in figure 9.

Figure 9: Key results from Creative New Zealand best workplaces engagement survey, 2012/13 – 2015/16



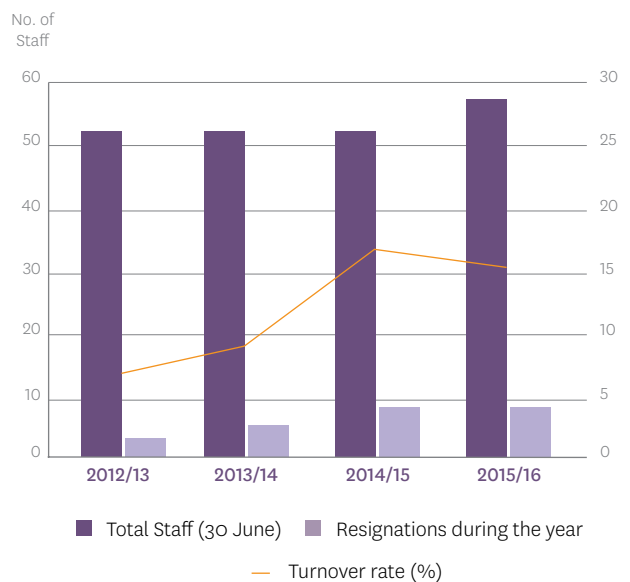
The 2016 results show a small improvement from 2015 across most areas surveyed. Staff satisfaction was highest (above 85 percent) for ‘My Team’, ‘The Person I Report To’ and ‘Overall Perceptions’ (that is, staff are inspired to go the extra mile for Creative New Zealand, there is a sense of commitment to Creative New Zealand and overall satisfaction with one’s job).

People

As of 30 June 2016, we have 56 staff (52.72 full-time equivalent staff), based mainly in Wellington and Auckland and principally working across four teams: Arts Funding; Arts Policy, Capability and International; Business Services; and Planning, Performance and Stakeholder Relations. The organisation is governed by the 13-member Arts Council, which provides strategic leadership and direction setting. Further information about our staff, the Senior Leadership Team and the Arts Council is in the ‘Our organisation’ section on pages 87-91.

The voluntary turnover rate (ie, resignations) for the year to 30 June 2016 was 16.1 percent. No involuntary turnover (ie, redundancies) occurred in 2015/16. The average length of service of those employees who resigned was 7.2 years. Resignations and turnover rates for the past four years are shown in figure 10.

Figure 10: Staff resignations and turnover rate 2012/13 – 2015/16



At the time each vacancy occurred, the position and rationale for it were reviewed, in order to both contain personnel and operating costs and to ensure staff efforts are aligned with organisational priorities. Several vacant positions were disestablished, as a result of the reviews, and the work associated with those positions was reallocated to others in the organisation. All advertised

vacancies attracted a good number of applications from people with appropriate skills, experience and qualifications and from diverse backgrounds.

Good employer reporting

Section 118 of the Crown Entities Act 2004 requires us to:

- operate personnel policies and practices that comply with the principle of being a 'good employer'
- report on how we comply with those policies, including our equal employment opportunities (EEO) programme, in our annual report.

Creative New Zealand fully met its reporting obligations in 2015, with a compliance score of 100 percent, and was commended by the Human Rights Commission for the comprehensive nature of its 'good employer' reporting.

EQUAL EMPLOYMENT OPPORTUNITY POLICY AND PRACTICE

Creative New Zealand's EEO policy is an integral part of the organisation's policy and procedures manual. A copy is available on our intranet, and new staff are required to read and sign their agreement to comply with significant policies, including the EEO policy, during their induction. This policy refers to our commitment to be a 'good employer' and achieve successful EEO outcomes. Our staff profile is shown in table 7.

Table 7: Staff profile as at 30 June 2016

ASPECT	NUMBER	PERCENTAGE
Staff full-time equivalent	52.72	-
Headcount	56	-
Permanent staff	41.99	79.65%
SENIOR LEADERSHIP TEAM (CHIEF EXECUTIVE AND DIRECT REPORTS)		
Men	4	66.7%
Women	2*	33.3%
ALL STAFF		
Men	15	27%
Women	41	73%
Māori	7	13%

ASPECT	NUMBER	PERCENTAGE
Pacific Island	2	4%
Asian	3	5%
Other	0	0%
People with disabilities	0	0%
AGE GROUPS		
20 - 29	6	11%
30 - 39	14	25%
40 - 49	16	28%
50 - 59	15	27%
60 +	5	9%

* One senior leader (female) was on secondment in 2015/16, so is not included in these numbers

To improve our collection of diversity and ethnicity data – for staff and candidates applying for positions at Creative New Zealand – we have the following processes in place.

- The application form used in the recruitment process includes collection of ethnicity data, on a voluntary basis, for all candidates shortlisted for an interview.
- Specific fields have been set up in our DataESS payroll system for employees to enter their ethnicity information on a voluntary basis. Staff are sent regular reminders of how and where to enter this information and what it is used for.

RESPONSIVENESS TO MĀORI

Creative New Zealand continues to provide regular tuition in te reo Māori, with weekly classes available to all staff. While attendance rates fluctuate over the year, 25 staff signed up for the classes in 2016.

Monthly staff meetings regularly feature talks about tikanga and kaupapa Māori, and those meetings close with a waiata. Business cards and organisational signage feature titles in te reo, and staff are encouraged to use Māori greetings and sign-offs in their communications.

We are fortunate to have both a Māori committee of the Arts Council and senior Māori staff who provide advice on Māori responsiveness.

STAFF WELLBEING

Creative New Zealand promotes health and safety and wellbeing awareness through several initiatives, including providing:

- access to an employer-paid and confidential employee assistance programme and publicising it to staff
- free flu vaccinations to all staff
- workstation assessments to all new staff and anyone experiencing physical discomfort at their desk
- fresh fruit for staff twice a week
- a 'reasonable' sick leave entitlement for personal and domestic situations
- life and income protection insurance for all permanent staff
- discounted health insurance options for all permanent staff.

We also have an active health and safety committee, which is open to all interested staff to join. This committee meets monthly and sponsors other health and safety and/or wellness initiatives for staff, in addition to those outlined above.

FLEXIBLE WORKING ARRANGEMENTS

A variety of flexible working arrangements are offered to recognise the needs of staff, including:

- part-time work – 21 percent of our staff currently work part time (compared with 19 percent last year)
- the ability to work from home on an ad hoc or as required basis (staff have remote access to our information technology systems)
- a 'remote working' policy, which gives staff the opportunity to apply to work from home on a regular and ongoing basis, where circumstances make it appropriate or necessary for them to do so – 9 percent of staff currently have a remote working arrangement in place
- flexible hours arrangements (eg, early or late start and finish times and varying hours) to accommodate domestic circumstances.

EMPLOYEE DEVELOPMENT

Learning and development opportunities form an integral part of the six-monthly performance planning and reviews, and all staff have had access to development opportunities over the past 12 months. Our commitment to learning and development is reinforced in our learning and development policy and our requirement that all staff have a current development plan in place.

The training budget for 2015/16 was \$100,000; nearly \$1,900 per full-time equivalent staff member or 2 percent of salary costs. Training ranged from Workwise effectiveness, business writing, specialist conferences and workshops, team development days and weekly classes in te reo Māori, to leadership and management development.

Five staff who became eligible for their long service leave entitlement in 2015/16 are preparing proposals to use this leave, to complete additional professional development over the coming year. In cases where staff choose to use their long service leave to undertake mutually beneficial development, we fund that development (in addition to the training budget) up to the value of 1 percent of their accumulated gross salary over the previous five years.

In line with our commitment to career development, we advertise our vacancies internally and encourage staff to apply for roles they are interested in. Four employees were promoted or moved into new roles over 2015/16.

LEADERSHIP AND MANAGEMENT ACCOUNTABILITY

'The Person I Report To' section was one of the highest rated elements of our 2016 engagement survey (86.1 percent mean weighted score). The following questions were rated in our 'top 10'.

- The person I report to treats people with respect (88.9 percent).
- The person I report to encourages and acts on suggestions from the team (91.1 percent).
- The person I report to behaves in a way that is consistent with the values of the organisation (86.7 percent).

Leaders are committed to modelling behaviours they expect of their teams. Leaders are aware of the need to sustain a healthy work–life balance and to allow staff to work flexible hours and from home when their domestic situation calls for this. Staff are also supported in times of illness, to ensure they take the time off work required to get back to full health.

RECRUITMENT AND INDUCTION

Vacancies are advertised through diverse advertising channels, including staff networks, to attract a wide pool of applicants. Selection panels comprise a cross section of managers and staff. Candidates are invited to bring whānau support to interviews and are normally invited to meet with members of their prospective team before an offer of employment is finalised.

Comprehensive information packs are sent to all new staff in advance of their first day. All new staff are teamed up with a ‘buddy’ for support during their first weeks in their new role.

A personalised induction programme is prepared for each new employee and designed to ensure they are quickly integrated into their new role, team and the organisation. All new employees are expected to have a performance and development plan in place by the end of their first month of employment, so they have clarity about what is expected of them.

Induction follow-up sessions are held with all new employees after they have been in their roles for around one month, and again after three months, to check they are settling in well and have the information and support they need to be effective in their jobs. Follow-up actions to complete the induction process and/or resolve any issues are identified as appropriate.

REMUNERATION, RECOGNITION AND CONDITIONS

Our remuneration policy for permanent staff ensures they are remunerated appropriately for their role and skills, and that our pay practices are open and transparent. Our remuneration practices include:

- using externally sourced job evaluation data and market remuneration information to set our annual salary ranges

- updating our remuneration policy and remuneration bands annually, based on new market salary information, and making this information available to all staff through the Organisational Policy Manual
- publishing the annual performance matrices and key decisions, which are the basis for the remuneration outcomes, in the updated remuneration policy. Every permanent staff member also receives a letter following the annual remuneration review process that details their remuneration outcome and the new salary band or range for their position.
- ensuring there is pay equity for staff whose roles fall in the same salary bands and have comparable performance. The gender analysis of the average fixed remuneration as a percentage of the midpoint of our 2015/16 salary bands is shown in table 8.

Table 8: Salary equity by gender – average fixed remuneration as a percentage of midpoint of salary

SALARY BAND	MALE (%)	FEMALE (%)
1 (Administration support)	–	94
2 (Administration officer)	–	98
3 (Administrator)	100	94
4 (Technical specialist)	95	101
5 (Professional/team leader)	100	99
6 (Manager)	89	96

ONGOING REVIEW AND RENEWAL OF HUMAN RESOURCES POLICIES AND PROGRAMMES

Human resources policies and programmes are regularly reviewed and updated to ensure they are current, legally compliant and appropriate for the organisation. Where possible, these policies are circulated to staff for consultation before they are finalised.

Over 2015/16, the following policies were reviewed and updated as necessary:

- Remuneration Policy
- Performance Management Policy
- Leave and Leave Entitlements Policy
- Learning and Development Policy.

HEALTH AND SAFETY POLICIES AND PROCEDURES

As a result of the new Health and Safety at Work Act 2015, extensive updating was done on all of our health and safety policies and procedures consistent with the new legislation and as appropriate for Creative New Zealand. The new and updated policies and procedures are accessible to all staff on the Intranet through our new online health and safety system (GOSH). The new policies and procedures have been supported with training for Arts Council members, all managers and the members of the Health and Safety Committee. Our 2016 engagement survey score was 86.4 percent for 'CNZ is committed to the health and safety of its people'.

Other annual report matters

PERMISSION TO ACT

Under the Crown Entities Act 2004, a member of a board who is interested in a matter relating to a Crown entity must not vote or take part in any discussion or decision of the Board or any committee relating to that matter. However, the chairperson of a Crown entity may exempt one or more board members from this requirement if it is in the public interest to do so (section 68(6), Crown Entities Act 2004). No exemptions were granted in 2015/16.

DIRECTIONS FROM MINISTERS

Creative New Zealand did not receive any directions from the Minister for Arts, Culture and Heritage on government policy in 2015/16. As an autonomous Crown entity under the classification system of the Crown Entities Act 2004, Creative New Zealand must have regard to any such direction when the Minister issues it. No other directions from the Minister are currently in force.

Whole-of-government directions are in place in the areas of procurement, information and communications technology, and property. A direction relating to the implementation of the New Zealand Business Number programme came into force on 8 July 2016. These directions can be accessed at: www.ssc.govt.nz/whole-of-govt-directions-dec2013

ACTS IN BREACH OF STATUTE

Creative New Zealand cannot act in a way that is contrary to, or outside the authority of, an Act of Parliament (section 19, Crown Entities Act 2004). Creative New Zealand has not performed any ultra vires transactions in 2015/16.

Health and capability of Creative New Zealand: Reporting performance against measures for the year ended 30 June 2016

Effective management of internal resources, policies and processes is necessary for Creative New Zealand to effectively deliver on its outcomes, priorities and service expectations. In association with the 'Effectiveness' priorities on pages 27-28, which are initiatives to improve internal effectiveness, the following measures track performance of activities already in place to ensure the health and capability of Creative New Zealand.

Table 9: Performance against 'Our deliverables: Health and capability of Creative New Zealand' measures, 2015/16

No.	Name	Past performance			Performance for year ended 30 June 2016			Notes
		2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	Variance	
3.21	Maintain operating costs ¹⁰	\$7,251,103	\$7,378,950	\$7,678,674	≤\$8 million	\$7,350,506	-8%	Savings were made in operating costs for 2015/16 (by 8 percent on budget and by 4 percent on the previous year). This is in line with the overall decrease in total expenditure caused by reduction in revenue. Further explanation is available in note 26 to the Financial Statements.
3.22	Maintain or improve audit management ratings	Very Good Very Good Good	Very Good Very Good Good	Very Good Very Good Good	Good or very good	Very Good Very Good Good	N/A	This measure includes annual audit ratings for management control environment, financial systems and service performance information.
3.23	Undertake internal review of process and policy against standards ¹¹	N/A	N/A	8	≥3	8	167%	Target exceeded. Policies reviewed include: Privacy Policy, Complaints Policy, Remuneration Policy, Performance Management Policy, Fraud Policy, Risk Management Policy, Procurement Policy and the Delegations Schedule.
3.24	Improve on best workplaces survey – overall performance index	70.2%	No survey	72.3%	≥72%	72.8%	0.8%	Target met.

¹⁰ This measure excludes extraordinary expenses, such as net losses on disposal of fixed assets. Operating costs are expected to change over the long term because of changing business needs and inflation.

¹¹ Standards include formal requirements, such as accounting standards, as well as guidelines and recognised best practice models or approaches.

TRENDS IN OUR FUNDING DELIVERY

*O TATOU NEKENEKEHANGA TONO
PŪTEA*

Trends in our funding delivery

Funding across outcomes

In 2015/16, Creative New Zealand’s funding was distributed under four outcomes:

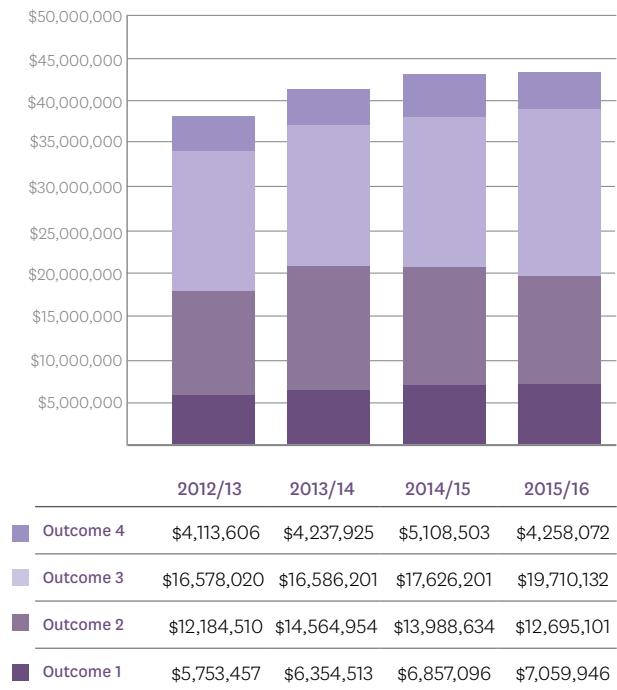
- New Zealanders participate in the arts (Outcome 1)
- High-quality New Zealand art is developed (Outcome 2)
- New Zealanders experience high-quality arts (Outcome 3)
- New Zealand arts gain international success (Outcome 4).

Investment across each outcome increased steadily between 2011/12 and 2014/15 with minor fluctuations to the trend in 2015/16 (figure 11). Changes in policy and to programmes, and the investment other funders make in the arts sector, have affected the distribution of funding across outcomes. Most programmes, in particular our contestable and grants funding programmes, are apportioned across more than one outcome.

Investment in outcomes 1 and 3 increased in 2015/16; Outcome 1 because of an additional \$153,000 in Investment programme funding and a further \$298,000 in Christchurch Earthquake Recovery grants. While Outcome 3 received an extra \$1.854 million through Investment programme funding in 2015/16, the increase is also because of the 2015/16 portion (\$1.529 million) of a one-off capital grant as a contribution to the building of the new ASB Waterfront Theatre in Auckland.¹²

Outcomes 2 and 4 declined in funding in 2015/16. A reduction in Investment programme, Christchurch Earthquake Recovery grant and capability building funding under Outcome 2 resulted in an overall decline of \$1.3 million for this outcome. Fewer resources being allocated to Grants and special opportunities and major international projects under Outcome 4 resulted in an overall reduction of \$850,431.

Figure 11: Investment by outcome, 2012/13 – 2015/16



¹² The 2015/16 portion of the one-off capital grant is \$3.058 million in total, with investment reported evenly across Outcomes 2 and 3.

Funding across programmes

In 2015/16, Creative New Zealand funding was distributed under four broad funding programmes: Investment programmes, Grants and special opportunities, the Creative Communities Scheme and the International programme. The results of our investment in individual funding programmes in 2015/16 are detailed in section three (pages 29-35).

With the introduction of the Toi Tōtara Haemata (Arts Leadership) and Toi Uru Kahikatea (Arts Development) Investment programmes in 2011/12, a shift has occurred in the proportional distribution of funding across our four broad funding programmes (see table 10).

Table 10: Comparison of funding distribution, 2010/11 and 2015/16

FUNDING PROGRAMME	2010/11		2015/16	
	\$	%	\$	%
Investment programmes (Tōtara and Kahikatea)	17,451,009	51	24,924,401	59
Grants, special opportunities and Earthquake Recovery support	11,961,023	36	8,709,766	21
Creative Communities Scheme	2,862,181	9	3,403,487	8
International presentations and events ¹³	1,368,640	4	2,309,225	5
Capital grant (one off) ¹⁴	–	–	3,058,305	7
TOTAL	33,642,853	100	42,405,184	100

The change in how we fund investment clients has affected how many organisations we support. Creative New Zealand is now supporting more organisations at the Investment programme level while maintaining the number of contestable grants awarded. However, the number of grants made and organisations funded relies on our funding approach and the funds available. An increase in funding tends to result in more grants and contracts being generated. The opposite is also true; if the funding available to us decreases, unless the upper limit of individual grants is reduced or the way we administer funds changes, the number of grants awarded will also decrease.

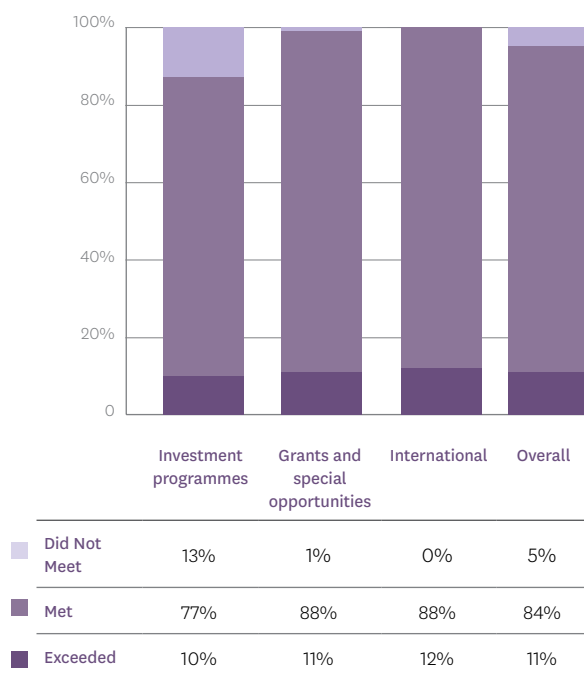
¹³ Refer to note 9, pages 70-71, for specific international projects funded.

¹⁴ A one-off capital grant of \$3.058 million in 2015/16, as a contribution to the building of the new ASB Waterfront Theatre in Auckland.

Overall performance

Across funding programmes, a significant percentage of clients met or exceeded expectations (figure 12). All artists, arts practitioners and arts organisations receiving funding directly from Creative New Zealand have their performance assessed against criteria set in their funding agreements. Overall, 84 percent of clients met expectations and 11 percent exceeded expectations in 2015/16, increases of 4 percent and 3 percent respectively against 2014/15 results. The 'Investing in the arts' section has further details about client performance (pages 29-35).

Figure 12: Performance against expectations, 2015/16¹⁵

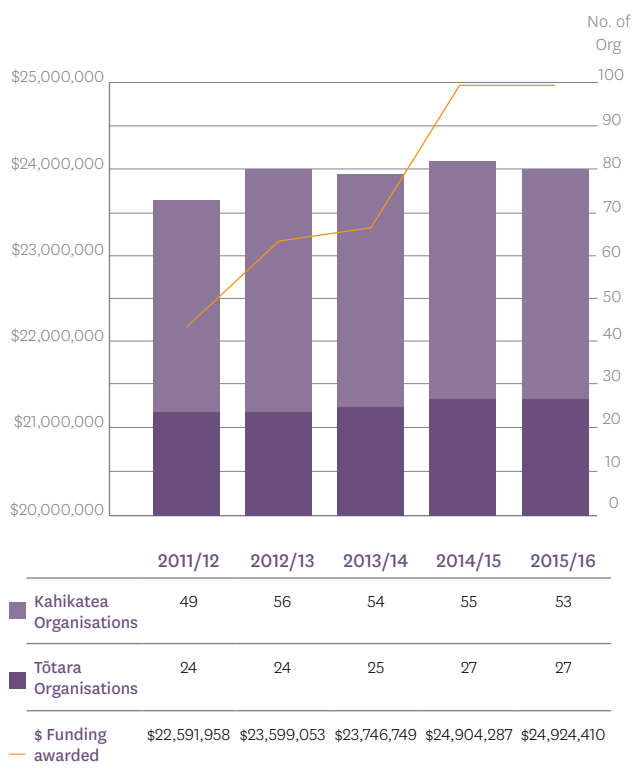


Investment programmes

The Tōtara and Kahikatea Investment programmes were implemented from 1 January 2012. Since that time, a small but steady increase has occurred in the number of participating organisations (see figure 13). This is mainly because of the number of organisations participating in the Kahikatea (Arts Development) programme, which has tended to fluctuate more than the Tōtara (Arts Leadership) programme.

¹⁵ Excludes capability building and advocacy programmes.

Figure 13: Number of clients and total investment in Investment programmes, 2011/12 – 2015/16



Grants and special opportunities

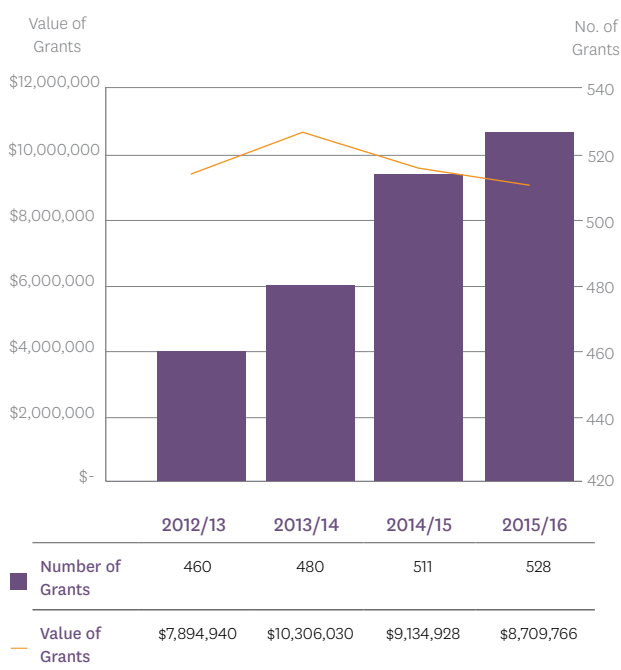
Creative New Zealand provides grants funding through various programmes, selecting the best applications from artists, arts practitioners and arts organisations.

Over the five years to 2015/16, a steady increase has occurred in the number of projects supported each year under this group (figure 14). The programmes received a significant increase in funding in 2013/14 of \$2.4 million, with funding reducing slightly in subsequent years.

In 2015/16, the number of grants and special opportunities awarded increased to 528 (2014/15: 511), 10 percent above forecast. The number of grants funded depends on the quality of applications and the amount of funding requested in each, balanced by the total funding available. Across all projects funded in the Grants and special opportunities group, the average grant amount was \$16,496, compared with \$17,877 in 2014/15.

Grants and special opportunities support all four Creative New Zealand outcomes.

Figure 14: Number and value of Grants and special opportunities programmes, 2012/13 – 2015/16



Creative Communities Scheme

The Creative Communities Scheme is a small-grants scheme that supports community arts projects and activities taking place across New Zealand in every territorial authority.¹⁶ Creative New Zealand allocates funds to territorial authorities based on population size.

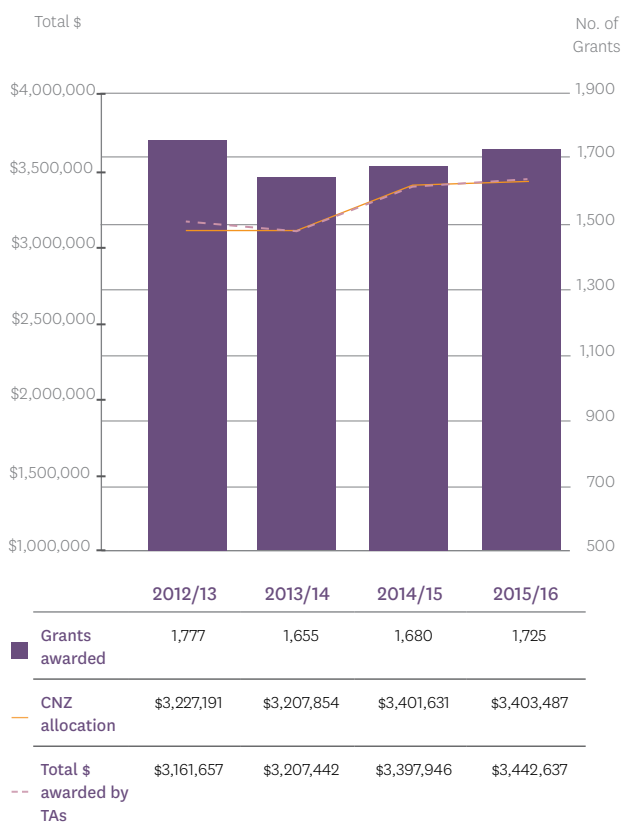
The number of grants distributed by territorial authorities was in slow decline between 2011/12 and 2013/14, recovering slightly in 2014/15 because of a 6 percent increase in funds allocated by Creative New Zealand. We also made a small funding increase in 2015/16 (see figure 15).

In total, 1,725 grants were made by territorial authorities in 2015/16, an increase on the 1,680 awarded in 2014/15 but slightly under the target of 1,800 or more. The average grant value has increased to \$1,996 over recent years (2012/13: \$1,779). Project completion (ie, the delivery on Creative Communities Scheme contracts funded by territorial authorities) reached 100 percent in 2015/16, up 2 percent on 2014/15.

¹⁶ See www.creativenz.govt.nz/find-funding/funds/creative-communities-scheme

The Creative Communities Scheme directly supports Outcome 1: New Zealanders participate in the arts.

Figure 15: Number and value of Creative Communities Scheme grants awarded, 2012/13 – 2015/16



Note: CNZ = Creative New Zealand; TAs = territorial authorities.

International programme

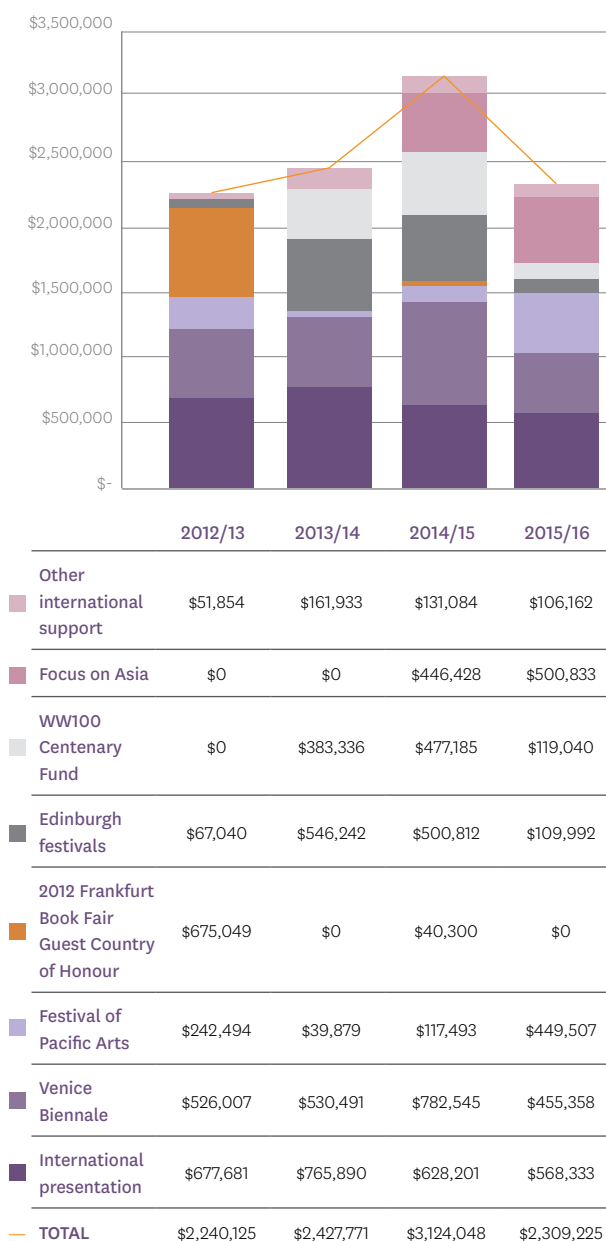
Through international presentation and events funding, Creative New Zealand supports individual artists, arts practitioners, arts organisations or groups of artists to tour, exhibit or perform internationally.

Fluctuations in International programme funding are driven primarily by our investment in major international projects each year. In 2014/15, the investment in International programmes increased by almost 30 percent to \$3,124,048 (see figure 16). This was primarily due to the introduction of the Focus on Asia initiative and increased investment in New Zealand's representation at the Venice Biennale.

Investment reduced again in 2015/16 as several major projects came to an end.

International funding directly supports Outcome 4: New Zealand arts gain international success.

Figure 16: Investment in International programmes, 2012/13 – 2015/16



Note: WW100 = First World War Centenary.

Funding across locations

Creative New Zealand principally allocates funding based on the quality of applications rather than the location of the applicant. The Creative Communities Scheme – where funding is allocated to territorial authorities on a population basis – is an exception to this, as is the Regional Arts Pilot programme, which has seen dedicated funds applied to developing the arts in Waikato and Southland. Although location is not a significant consideration in how we distribute our funds, we do monitor the geographic spread of all funding as one element in understanding New Zealand’s arts landscape.

Figure 17 shows how funding is distributed across the country and internationally. The allocation to regions is based on the location of the art delivery rather than the home location of the artist or arts organisation. One in every four dollars goes to national delivery,¹⁷ with many national organisations being based in Wellington.

Figure 17: Funding by location (including national and international funding), 2015/16

National 23.1% 9,856,590
International 8.7% 3,690,130



Note: The Auckland total includes most of a one-off capital grant as a contribution to the building of the new ASB Waterfront Theatre in Auckland.

¹⁷ Organisations funded to tour work are recorded as 'national', and grants to individuals and organisations to work internationally are recorded as 'international'.

Figure 18 on the next page compares the distribution of our funding with that of the population from the 2013 Census, and shows the extent to which funding tends to match significant population bases. The proportionally higher funding rates in Wellington can be explained by the presence of a large number of national organisations in the city and the tendency for artists to congregate disproportionately in larger urban centres. Auckland regional totals in 2014/15 and 2015/16 in figures 17 and 18 include most of a one-off capital grant as a contribution to the building of the new ASB Waterfront Theatre in Auckland.

Funding across artforms

We are the only arts development agency in New Zealand to fund nationally across all artforms (excluding film).¹⁸ Figure 19 outlines Creative New Zealand's distribution of funding across four financial years. In 2015/16, theatre received the highest proportion of funding of \$12.2 million; however, the total includes this year's portion of a one-off capital grant (\$3.058 million) toward the new ASB Waterfront Theatre in Auckland. Music received \$11.6 million and multi-disciplinary arts \$6 million.

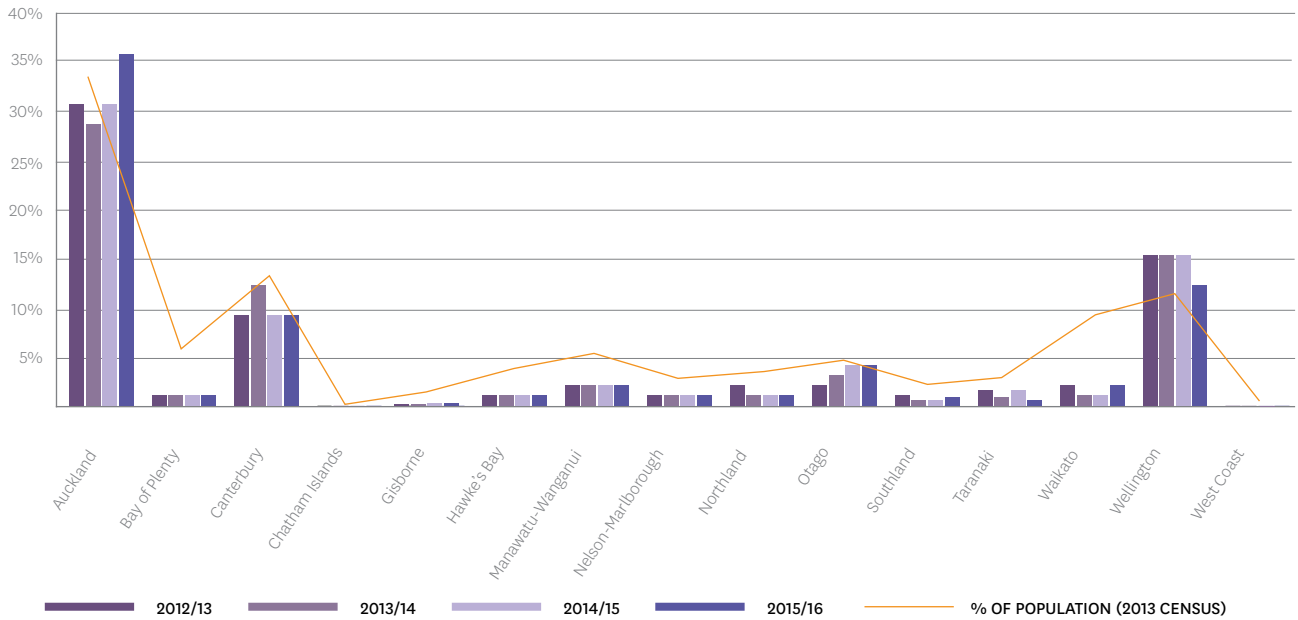
Variances in the distribution of our funding across artforms are the result of several factors, including:

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

Over the past four years, the proportion of funding distributed to artforms has been relatively steady, with the largest shifts occurring in the multi-disciplinary, dance and literature artforms. In 2015, we completed our four-year programme of reviews across all the artforms we fund. The reviews, in consultation with the arts sector, studied how each artform can be best supported by funding priorities, programmes and initiatives, and made recommendations on the individual needs of each artform.

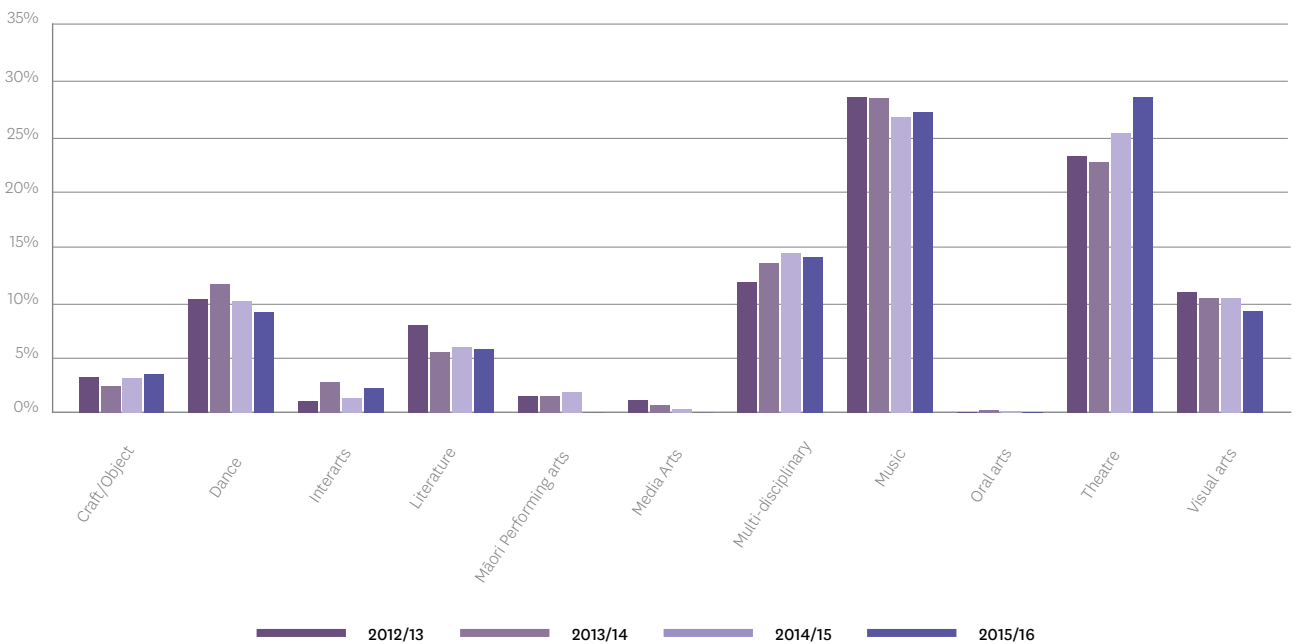
¹⁸ See www.creativenz.govt.nz/about-creative-new-zealand/what-we-do/arts-funding

**Figure 18: Distribution of funding by location,¹⁹
2012/13 – 2015/16**



Note: Auckland totals in 2014/15 and 2015/16 include parts of a one-off capital grant as a contribution to the building of the new ASB Waterfront Theatre in Auckland.

Figure 19: Funding by artform, 2012/13 – 2015/16



¹⁹ Note that dollar values given in figures 17, 18 and 19 include \$206,000 to the International capability building programme.

FINANCIAL PERFORMANCE

NGĀ WHAKARITENGA PŪTEA

Financial performance

Summary of financial performance

To be sustainable over time, our expenditure will broadly match our revenue in any given year. Most of this revenue comes from the New Zealand Lottery Grants Board (NZLGB) and the Crown.

The NZLGB allocates 15 percent of its available funding to Creative New Zealand under section 279 of the Gambling Act 2003. This is close to two-thirds of our total public funding and amounted to \$30.930 million in 2015/16.

Revenue from the Crown in 2015/16 was received through Vote: Arts, Culture and Heritage and amounted to \$15.689 million. This funding is provided for the specific purposes set out in the Arts Council of New Zealand Toi Aotearoa Act 2014. No change occurred in this figure from 2014/15.

Along with interest, our remaining revenue comes from donations and bequests (including from The Todd Trust) and, in 2015/16, a generous gift from the estate of Hilda Dawn Sturgeon.

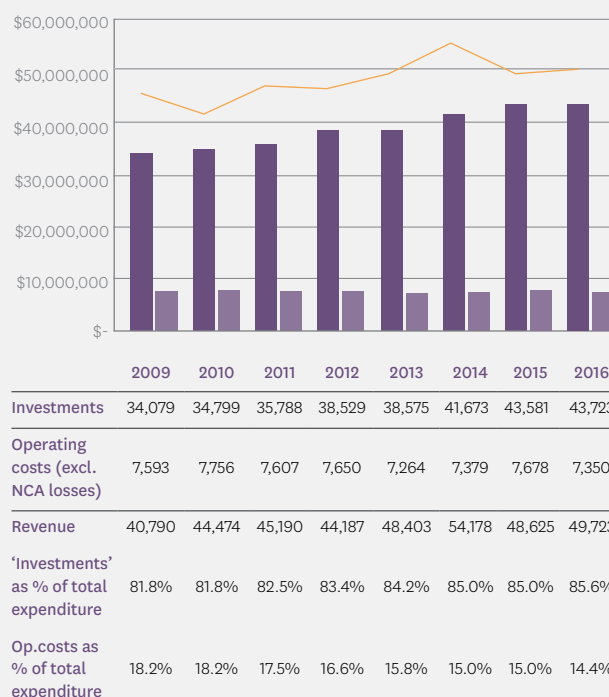
Creative New Zealand's financial performance and financial position for the year ended 30 June 2016 can be summarised as follows.

- Higher revenue and lower expenditure than budgeted for resulted in a better financial performance for the year, compared with the budget.
- In the last quarter of the year, a forecast decline in revenue from the NZLGB for 2015/16, and potential volatility in out years, triggered further focus on Creative New Zealand's expenditure.
- Our financial prudence and equity strength meant we were able to minimise the effect of declining revenue in the arts sector. Since 2014/15, we have been using financial reserves and absorbing losses to help do this.
- Given the late rally in revenue projections from the NZLGB for 2015/16, NZLGB revenue for the whole year came in close to budget.

- A welcome but unbudgeted bequest was received in 2015/16 and has caused a better financial performance than anticipated.
- Our investment in the arts sector through funding, capability building and advocacy programmes was at the highest level to date, although under the budgeted amount.
- Operating costs (excluding the effect of net losses on disposal of assets) are at the same level as they have been in the past nine years.

Longer term revenue and expenditure trends are shown in figure 20. These show the stability of our operational costs, a gradual increase in our investment in the arts sector over time and the volatility of our revenue.

Figure 20: Revenue and expenditure trends, 2008/09 – 2015/16



Note: NCA = non-current assets; Op. = operating.

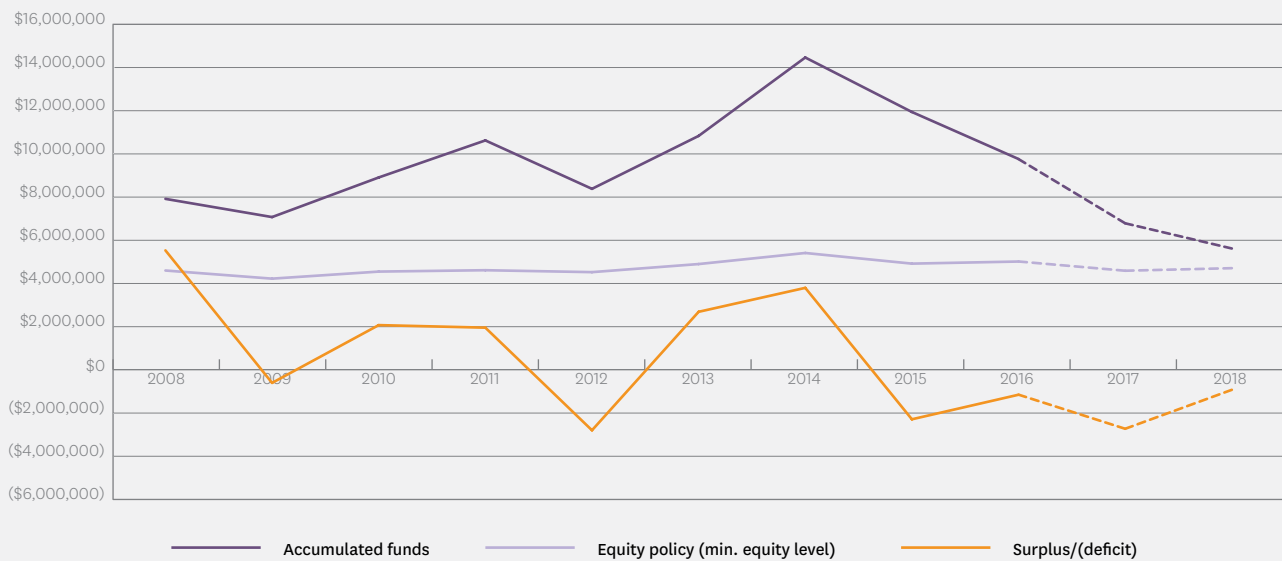
Creative New Zealand's financial position has weakened as a result of two years of net operating deficits (see figure 21 on next page). This has reduced equity and lowered cash holdings.

Given this, a significant focus in 2016/17 will be on balancing revenue variability with the provision of as much reasonable certainty as we can muster in our investment and service delivery. For the 2016/17 year, the Arts Council has agreed to:

- actively manage volatility in its NZLGB funding and provide reasonable certainty to the sector in its investment and service delivery
- maintain its investment in the arts at a level that is as high as prudently possible
- reprioritise existing financial and contractual obligations across its funding programmes and initiatives, and ensure that artform and other policy initiatives are delivered
- look at its operating costs, to free up more funding for investing in the sector, if possible
- prudently manage the level of equity and working capital, and maintain a conservative cash management strategy.

Further detail on our investment focus for 2016/17 is set out in our Statement of Performance Expectations 2016/17, available on our website at: www.creativenz.govt.nz/about-creative-new-zealand/corporate-documents

Figure 21: Operating surplus/(deficit) versus equity, 2007/08 – 2017/18 (projected)



Statement of financial performance

For the year ended 30 June 2016

	NOTE	ACTUAL 2016 \$000	BUDGET 2016 \$000	ACTUAL 2015 \$000
REVENUE				
Revenue from the Crown	3	15,689	15,689	15,689
Revenue from the New Zealand Lottery Grants Board	4	30,930	31,185	31,074
Interest revenue		599	500	1,032
Other revenue	5	2,505	214	830
TOTAL REVENUE		49,723	47,588	48,625
EXPENDITURE				
Funding (Investing in the arts)	9	42,405	44,611	41,503
Capability building (Developing the arts)	9	1,131	1,317	1,604
Advocacy (Advocating for the arts)		187	203	474
Operating costs				
Personnel expenses	6	4,812	4,976	4,835
Depreciation and amortisation	7	201	343	233
Net losses on disposal of assets	13, 14	106	142	13
Other expenses	8	2,337	2,507	2,610
TOTAL EXPENDITURE		51,179	54,099	51,272
NET OPERATING SURPLUS / (DEFICIT)		(1,456)	(6,511)	(2,647)

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

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

Statement of comprehensive revenue and expense

For the year ended 30 June 2016

	NOTE	ACTUAL 2016 \$000	BUDGET 2016 \$000	ACTUAL 2015 \$000
Net operating surplus/(deficit) for the year		(1,456)	(6,511)	(2,647)
Other comprehensive revenue and expense				
Loss on revaluation of works of art	14	(7)	-	(20)
Total other comprehensive revenue and expense		(7)	-	(20)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(1,463)	(6,511)	(2,667)

Statement of changes in net equity

For the year ended 30 June 2016

	NOTE	ACTUAL 2016 \$000	BUDGET 2016 \$000	ACTUAL 2015 \$000
Total equity as at 1 July		13,231	14,123	15,898
Net operating surplus/(deficit) for the year		(1,456)	(6,511)	(2,647)
Other comprehensive revenue and expense		(7)	-	(20)
Total comprehensive revenue and expense		(1,463)	(6,511)	(2,667)
TOTAL EQUITY AS AT 30 JUNE	19	11,768	7,612	13,231

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

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

Statement of financial position

As at 30 June 2016

	NOTES	ACTUAL 2016 \$000	BUDGET 2016 \$000	ACTUAL 2015 \$000
ASSETS				
Current assets				
Cash and cash equivalents	10	2,195	11,226	2,746
Investments in term deposits	11	10,000	–	18,500
Receivables	12	10,722	7,675	6,315
Prepayments		61	230	131
Total current assets		22,978	19,131	27,692
Non-current assets				
Property, plant and equipment	13	1,421	1,140	635
Works of art	14	1,092	1,132	1,099
Intangible assets	15	1,370	1,225	1,394
Total non-current assets		3,883	3,497	3,128
TOTAL ASSETS		26,861	22,628	30,820
LIABILITIES				
Current liabilities				
Grants payable		14,181	13,000	15,341
Creditors and other payables	16	479	1,568	1,692
Revenue in advance		11	–	–
Employee entitlements	17	285	322	424
Total current liabilities		14,956	14,890	17,457
Non-current liabilities				
Employee entitlements	17	42	38	41
Lease make-good provision	18	95	88	91
Total non-current liabilities		137	126	132
TOTAL LIABILITIES		15,093	15,016	17,589
NET ASSETS		11,768	7,612	13,231
EQUITY				
Accumulated funds	19	9,858	6,491	12,136
Revaluation reserves	19	1,088	1,121	1,095
Restricted reserves – special purpose funds	19	822	–	–
TOTAL EQUITY		11,768	7,612	13,231

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

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

Statement of cash flows

For the year ended 30 June 2015

	ACTUAL 2016 \$000	BUDGET 2016 \$000	ACTUAL 2015 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Revenue from the Crown	15,689	15,689	15,689
Revenue from the New Zealand Lottery Grants Board	26,629	30,179	33,965
Interest received	727	600	962
Grant retirements and gains	9	120	122
Other revenue	567	34	345
Net Goods and Services Tax	38	-	270
Cash was applied to:			
Payments of grants	(44,977)	(46,701)	(41,427)
Payments to employees	(4,950)	(4,776)	(4,793)
Payments of operating expenses	(2,639)	(2,705)	(2,520)
Net Goods and Services Tax	-	(94)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	(8,907)	(7,654)	2,613
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Term deposits maturing (with maturities over 3 months)	18,500	13,500	-
Cash was applied to:			
Purchase of property, plant, equipment and intangible assets	(144)	(210)	(329)
Investment in term deposits (with maturities over 3 months)	(10,000)	-	(18,500)
NET CASH FLOWS FROM INVESTING ACTIVITIES	8,356	13,290	(18,829)
NET INCREASE (DECREASE) IN CASH HELD	(551)	5,636	(16,216)
Add opening cash brought forward:			
Cash on hand and at bank	71	70	70
Short-term deposits	2,675	5,520	18,892
BALANCE AT END OF YEAR	2,195	11,226	2,746
Represented by:			
Closing cash carried forward:			
Cash on hand and at bank	90	70	71
Short-term deposits	2,105	11,156	2,675
BALANCE AT END OF YEAR	2,195	11,226	2,746

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

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

Notes to the financial statements

For the year ended 30 June 2016

1. Statement of accounting policies

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 2016 and were approved for issue by the Board (the Arts Council) on 26 October 2016.

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.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. There are no material adjustments arising on transition to the new PBE accounting standards.

1.2.2 Presentation currency and rounding

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

1.2.3 Standards issued and not yet effective and not early adopted

In 2015, the External Reporting Board issued Disclosure Initiative (Amendments to PBE IPSAS 1), 2015 Omnibus Amendments to PBE Standards, and Amendments to PBE Standards and Authoritative Notice as Consequence of XRB A1 and Other Amendments. These amendments apply to PBEs with reporting periods beginning on or after 1 January 2016. Creative New Zealand will apply these amendments in preparing its 30 June 2017 financial statements. Creative New Zealand expects there will be no effect in applying these amendments.

1.3 Significant accounting policies

1.3.1 Revenue

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

Revenue from the Crown

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

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

REVENUE FROM THE NEW ZEALAND LOTTERY

GRANTS BOARD

Creative New Zealand receives most of its funding from the NZLGB. The NZLGB allocates 15 percent of its available funding to Creative New Zealand under section 279 of the Gambling Act 2003. Creative New Zealand uses the funding for the purpose of meeting its objectives as specified in the governing legislation.

Creative New Zealand considers there are no conditions attached to the funding. The funding is recognised as revenue at the point of entitlement. The fair value of revenue from the NZLGB has been determined to be equivalent to the amounts due in the funding arrangements.

OTHER GRANTS

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

INTEREST REVENUE

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

DONATED ASSETS

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

The fair value of donated assets is determined as follows.

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

GRANT RETIREMENTS

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

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

1.3.2 Grant expenditure

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

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

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

Non-discretionary grants are grants that are awarded automatically if the grant application meets the specified criteria. Creative New Zealand provides Creative Communities Scheme funding to territorial authorities throughout New Zealand to distribute in their area. Creative Communities Scheme funding to territorial authorities is considered non-discretionary; there is

no application process and there are no substantive conditions that need to be fulfilled for territorial authorities to receive the grant. This funding is expensed annually when communicated and distributed.

1.3.3 Foreign currency transactions

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

1.3.4 Leases

OPERATING LEASES

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

FINANCE LEASES

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

1.3.5 Cash and cash equivalents

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

1.3.6 Investments

BANK TERM DEPOSITS

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

1.3.7 Receivables

Short-term receivables are recorded at their face value, less any provision for impairment.

A receivable is considered impaired when there is evidence that Creative New Zealand will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

1.3.8 Property, plant and equipment

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

Residential property includes the leasehold ownership of a flat in London, England (one-bedroom, ground-floor flat in a two-flat property), gifted to Creative New Zealand from the estate of Hilda Dawn Sturgeon. The legal title was transferred to Creative New Zealand in May 2016 and the property has been measured at fair value (refer to donated assets policy).

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

ADDITIONS

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

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

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

DISPOSALS

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

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

SUBSEQUENT COSTS

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

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

REVALUATION

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

All other asset classes are carried at depreciated historical cost.

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

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

first in the surplus or deficit, up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

DEPRECIATION

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

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

Residential property	50 years	2.0%
Leasehold improvements (Auckland)	6 years	16.7%
Leasehold improvements (Wellington)	4.6 years	21.8%
Furniture, equipment and fittings	10 years	10%
Computer equipment	4 years	25%

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

1.3.9 Works of art

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

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

1.3.10 Intangible assets

SOFTWARE ACQUISITION AND DEVELOPMENT

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

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

Employee costs, staff training costs and relevant overheads are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

AMORTISATION

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

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

Computer software	4 years	25%
Grants Management (GMS) and Customer Relationship Management (CRM) system	8 years	12.5%

1.3.11 Impairment of property, plant and equipment and intangible assets

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

NON-CASH GENERATING ASSETS

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

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach or a service units approach. The most appropriate approach used to measure value

in use depends on the nature of the impairment and availability of information.

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

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

1.3.12 Financial instruments

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

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

Creative New Zealand does not use derivative financial instruments.

1.3.13 Creditors and other payables

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

1.3.14 Employee entitlements

SHORT-TERM EMPLOYEE ENTITLEMENTS

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

LONG-TERM EMPLOYEE ENTITLEMENTS

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

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

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

1.3.15 Superannuation scheme

DEFINED CONTRIBUTION SCHEME

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

1.3.16 Provisions

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

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

1.3.17 Goods and services tax

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

1.3.18 Income tax

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

1.3.19 Equity

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

- accumulated funds;
- revaluation reserve; and
- restricted reserve.

Revaluation reserve relates to the revaluation of works of art.

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

1.3.20 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.

1.3.21 Comparatives

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

1.4 Use of judgements, estimates and assumptions

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

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

Creative New Zealand has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

1.4.1 Significant accounting judgements

GRANT EXPENDITURE

Creative New Zealand has exercised judgement in developing its grant expenditure accounting policy, because there is no specific accounting standard for grant expenditure.

With the recent introduction of the new PBE accounting standards, there has been debate on the appropriate framework to apply when accounting for grant expenses, and whether some grant accounting practices are appropriate under these new standards. A challenging area, in particular, is the accounting for grant arrangements that include conditions or milestones.

Creative New Zealand is aware that the need for a clear standard or authoritative guidance on accounting for grant expenditure has been raised with the New Zealand Accounting Standards Board. Therefore, we will keep the matter under review and consider any developments.

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

LEASES CLASSIFICATION

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

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

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

1.4.2 Significant accounting estimates and assumptions

ESTIMATION OF USEFUL LIVES OF ASSETS

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

REVALUATION OF WORKS OF ART

The revaluation of works of art is performed by an experienced independent valuer and art dealer, using the available art market sales data in New Zealand. There is no formal qualification for valuing artworks in New Zealand. Creative New Zealand is relying on the valuer's judgement and expertise in this area.

2. Significant budget variances

Creative New Zealand's budget figures are derived from the Statement of Performance Expectations 2015-16 published in June 2015, based on the draft budget approved by the Arts Council in April 2015.

These budget figures are based on several assumptions, which are causing variances to actual figures.

- Revenue from the NZLGB for 2015/16 was not confirmed at the time and was estimated based on the projected revenue at 31 March 2015 for the 2014/15 financial year.
- For any financial year, the actual revenue from the NZLGB depends on the actual Lotto New Zealand profit for that year, which creates a degree of inherent revenue unpredictably. To manage this unpredictability, Lotto New Zealand, through the NZLGB, pays the entities it funds on a quarterly basis, taking into account the latest profit forecast for that quarter.
- The budgeted level and timing of funding provided to the sector is based on historical data, existing business practices or actual business plan projections, and is dependent on the level of funding received.

Explanations for specific major variances are outlined below.

Statement of financial performance

Total revenue was over budget by \$2.135 million mainly as a result of:

- other revenue being higher than budgeted by \$2.291 million mainly due to the recognition of a gift from the estate of Hilda Dawn Sturgeon in 2015/16 (note 5)
- the recognition of special purpose funds consisting of donations and bequests to revenue (reclassified from accumulated funds to restricted equity (notes 5 and 19))

During the second half of 2015/16, the NZLGB was forecasting significant reductions in profits from Lotto NZ. Since 2014/15, Creative New Zealand has been using its equity reserves to absorb the decline in actual revenue compared with what is budgeted from the NZLGB. Creative New Zealand could no longer absorb these forecast revenue reductions while still maintaining its minimum equity threshold. As a result, the forecast reductions in revenue had to be matched by similar reductions in expenditure. This resulted in total expenditure being under budget by \$2.920 million.

The late increase in the NZLGB profit for 2015/16 resulted in a substantial and welcome improvement in Creative New Zealand's revenue for 2015/16 (note 4).

Details of funding expenditure are provided in note 9.

Statement of financial position

Variances in the Statement of Financial Position are caused by active capital management (note 19).

A lower net operating deficit resulted in higher net assets by \$4.156 million and a better liquidity position.

The net cash position and grants payable balance were higher than budgeted by \$0.969 million and by \$1.181 million respectively, due to the timing of some of the initiatives being close to the year end and therefore grants not being paid until the new financial year.

Statement of cash flows

The Statement of Cash Flows reflects the movements in the Statement of Financial Performance and the Statement of Financial Position, as outlined above.

3. Revenue from the crown

Creative New Zealand has been provided with funding from the Crown for the specific purposes of the Arts Council, as set out in its enabling legislation and the scope of the relevant government appropriations. Apart from these general restrictions, there are no unfulfilled conditions or contingencies attached to government funding (2015: \$nil).

The funding provided from the Crown amounted to \$15.689 million (2015: \$15.689 million).

4. Revenue from the New Zealand Lottery Grants Board

	2016 \$000	2015 \$000
Funding allocation for the year (based on forecast profit)	27,750	29,460
Additional profit allocation (wash up from previous year's profit)	330	864
Additional profit allocation (wash up from current year's profit)	2,850	-
One-off funding allocations	-	750
	30,930	31,074

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

One-off funding allocations from reserves are also based on this 15 percent share.

5. Other revenue

	2016 \$000	2015 \$000
Bequest from the estate of Hilda Dawn Sturgeon – residential property (note 13)	925	-
Bequest from the estate of Hilda Dawn Sturgeon – monies	589	-
Donations and bequests – special purpose funds (note 19)	827	-
Retirement of grants	74	439
Venice Biennale – patrons	-	240
Venice Biennale – other contributions	74	135
The Todd Trust	10	10
Other	6	6
	2,505	830

Bequest from the estate of Hilda Dawn Sturgeon

Creative New Zealand is the beneficiary of the estate of Hilda Dawn Sturgeon. The notification of the bequest was received from the executors of the deceased's will in December 2014, and the legal title was transferred to Creative New Zealand on 10 May 2016.

The estate consists of a leasehold property in London, England, and monies of \$589,000 (\$114,000 receivable at 30 June 2016 (note 12)).

Retirement of grants

Retirement of grants revenue is recognised when grants committed in previous years are not collected by the recipient within the year of being offered, or partial or full repayment is received from a grant recipient.

6. Personnel expenses

	2016 \$000	2015 \$000
Salaries and wages	4,599	4,585
Other staff-related costs	158	201
Employer contributions to defined contribution plans	36	36
Increase/(decrease) in employee entitlements	19	13
	4,812	4,835

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

During the year ended 30 June 2016, no employees received compensation relating to the cessation of their employment with Creative New Zealand (2015: \$nil).

The number of employees whose remuneration for the financial year exceeded \$100,000 is set out on the next page.

Total remuneration and benefits	Number of employees	
	2016	2015
\$100,000 – 109,999	4	4
\$110,000 – 119,999	3	2
\$120,000 – 129,999	Nil	2
\$130,000 – 139,999	2	Nil
\$140,000 – 149,999	1	2
\$150,000 – 159,999	1	1
\$160,000 – 169,999	1	Nil
\$280,000 – 289,999	1	1

The Chief Executive's remuneration and benefits is in the \$280,000 to \$289,999 band.

7. Depreciation and amortisation

	2016	2015
	\$000	\$000
Depreciation		
Building improvements	70	80
Furniture, equipment and fittings	30	23
Computer equipment	60	59
Amortisation		
Computer software	41	71
	201	233

8. Other expenses

	2016	2015
	\$000	\$000
Fees to auditor – Audit New Zealand – for audit of financial statements	56	56
Board member remuneration (note 25)	202	200
Operating lease payments	311	288
Interest expense – discount unwind on provisions (note 18)	4	6
Other expenses	1,764	2,061
	2,337	2,610

9. Funding and capability building

	ACTUAL	BUDGET	ACTUAL
	2016	2016	2015
	\$000	\$000	\$000

FUNDING

Investment Programmes

Tōtara (Arts Leadership) investments	16,048	16,123	15,312
Kahikatea (Arts Development) investments	8,572	8,486	9,071
Sector development incentives	305	350	521
	24,925	24,959	24,904

Grants Funding

Arts Grants, Quick Response Grants and Special Opportunities (residencies, fellowships and internships)	5,593	6,256	6,468
Christchurch initiatives (including New Zealand Opera matched funding)	742	950	712
National touring	708	720	716
Sistema Aotearoa	495	500	495
Regional arts pilot	187	465	95
Diversity Auckland	252	300	6
Other grants funding	733	1,130	643
	8,710	10,321	9,135

Funding International Initiatives

Presentation of Art, Touring and Cultural Exchange	674	772	759
Venice Biennale*	455	401	783
Edinburgh International Festival	110	70	501
First World War Centenary (WW100) Co-commissioning Fund	119	618	477
Focus on Asia	501	500	446

Festival of Pacific Arts	450	440	118
Other International Initiatives	-	-	40
	2,309	2,801	3,124

Creative Communities Scheme	3,403	3,404	3,402
Auckland Theatre Company capital grant	3,058	3,126	938

TOTAL FUNDING	42,405	44,611	41,503
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Capability building

National programmes	599	729	1,138
International programmes	532	588	466
Total Capability building	1,131	1,317	1,604

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

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

* Venice Biennale expenditure is exclusive of revenue contributions received and disclosed in note 5. The expenditure for each Venice Biennale is incurred over two financial years.

10. Cash and cash equivalents

	2016	2015
	\$000	\$000
Cash at bank and on hand	90	71
Term deposits with maturities less than 3 months	2,105	2,675
Total cash and cash equivalents	2,195	2,746

11. Investments in term deposits

	2016	2015
	\$000	\$000

Term deposits with maturities between three and six months	10,000	18,500
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Total investments	10,000	18,500
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The carrying value of term deposits approximates their fair value.

12. Receivables

	2016	2015
	\$000	\$000

Receivables from non-exchange transactions

New Zealand Lottery Grants Board	10,245	5,944
GST receivable	38	76
Receivable from the estate of Hilda Dawn Sturgeon	114	-
Sundry receivables	248	90

Receivables from exchange transactions

Interest receivable	77	205
Total receivables	10,722	6,315

Receivables are non-interest bearing and are normally settled on 30-day terms. The carrying value of receivables approximates their fair value.

The ageing profile of receivables at year end is detailed on the next page.

	2016			2015		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Not past due	10,720	-	10,720	6,302	-	6,302
Past due 1 – 30 days	1	-	1	-	-	-
Past due 31 – 60 days	1	-	1	13	-	13
Past due 61 – 90 days	-	-	-	-	-	-
Past due over 90 days	-	-	-	-	-	-
	10,722	-	10,722	6,315	-	6,315

13. Property, plant and equipment

	Residential property	Leasehold improvements	Furniture, equipment & fittings	Computer equipment	Total
Cost or valuation					
Balance at 1 July 2015	-	514	292	476	1,282
Additions	925	32	74	21	1,052
Disposals	-	(203)	(9)	(60)	(272)
Reclassification	-	-	-	-	-
Revaluation increase/(decrease)	-	-	-	-	-
Balance at 30 June 2016	925	343	357	437	2,062
Accumulated depreciation					
Balance at 1 July 2015	-	207	100	340	647
Depreciation expense	-	70	30	60	160
Eliminated on disposal/reclassification	-	(99)	(7)	(60)	(166)
Eliminated on revaluation	-	-	-	-	-
Balance at 30 June 2016	-	178	123	340	641
Carrying amount at 30 June 2016	925	165	234	97	1,421
Cost or valuation					
Balance at 1 July 2014	-	485	301	414	1,200
Additions	-	29	10	66	105
Disposals	-	-	(19)	(4)	(23)
Reclassification	-	-	-	-	-
Revaluation increase/(decrease)	-	-	-	-	-
Balance at 30 June 2015	-	514	292	476	1,282

	Residential Property	Leasehold improvements	Furniture, equipment & fittings	Computer equipment	Total
Accumulated depreciation					
Balance at 1 July 2014	-	127	96	285	508
Depreciation expense	-	80	23	59	162
Eliminated on disposal/reclassification	-	-	(19)	(4)	(23)
Eliminated on revaluation	-	-	-	-	-
Balance at 30 June 2015	-	207	100	340	647
Carrying amount at 30 June 2015	-	307	192	136	635

Disposals of leasehold improvements and furniture, equipment and fittings relate to the relocation of the Auckland office upon lease expiry, resulting in a net loss on disposal of \$106,000. Most of the non-depreciated leasehold improvements relate to the 2011 and 2012 office refurbishment.

Residential property

Residential property includes a leasehold flat in London, England (one-bedroom, ground-floor flat in a two-flat property), gifted to Creative New Zealand from the estate of Hilda Dawn Sturgeon (note 5). The legal title was transferred to Creative New Zealand on 10 May 2016. While the flat is owned by Creative New Zealand, the land is leased on a 199-year term expiring on 24 March 2185, and at 30 June 2016 has nearly 169 years remaining.

The flat is valued at GB£490,000 (NZ\$ 925,000) at the date the ownership was transferred to Creative New Zealand. The fair value was determined by DN Harvey MRICS, the registered valuer with Huggins Edwards & Sharp, and is based on estimated market value.

14. Works of art

	2016 \$000	2015 \$000
Valuation		
Balance at 1 July	1,099	1,132
Additions	-	-
Revaluation increase/ (decrease)	(7)	(20)
Disposals	-	(13)
Carrying amount at 30 June	1,092	1,099

The works of art are stated at fair value as determined by Christopher Moore of Christopher Moore Gallery as at 30 June 2016. Christopher Moore is an art dealer and an experienced independent valuer of artworks. There is no formal qualification for valuing artworks in New Zealand.

15. Intangible assets

	Computer software \$000	Work In Progress \$000	Total \$000
Cost			
Balance at 1 July 2015	1,610	1,327	2,937
Additions	10	7	17
Reclassification	-	-	-
Disposals	-	-	-
Balance at 30 June 2016	1,620	1,334	2,954
Accumulated amortisation and impairment losses			
Balance at 1 July 2015	1,543	-	1,543
Amortisation expense	41	-	41
Eliminated on disposal/ reclassification	-	-	-
Impairment losses	-	-	-
Balance at 30 June 2016	1,584	-	1,584
Carrying amount at 30 June 2016	36	1,334	1,370
Cost			
Balance at 1 July 2014	1,591	1,122	2,713
Additions	19	205	224
Reclassification	-	-	-
Disposals	-	-	-
Balance at 30 June 2015	1,610	1,327	2,937
Accumulated amortisation and impairment losses			
Balance at 1 July 2014	1,472	-	1,472
Amortisation expense	71	-	71
Eliminated on disposal/ reclassification	-	-	-
Impairment losses	-	-	-
Balance at 30 June 2015	1,543	-	1,543
Carrying amount at 30 June 2015	67	1,327	1,394

The work in progress balance of \$1.334 million relates to the development of the Grant Management System (GMS) and Customer Relationship Management (CRM) system.

16. Creditors and other payables

	2016 \$000	2015 \$000
Payables under exchange transactions		
Trade payables	425	779
Accrued expenses	54	53
Payables under non-exchange transactions		
Special purpose funds (Note 19)	-	860
	479	1,692

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

Creative New Zealand has a bank credit card facility of up to \$200,000 (2015: \$200,000). As at 30 June 2016, \$22,666 of the total facility was used (2015: \$5,942).

17. Employee entitlements

included within creditors and other payables are the following amounts that have been designated for special purposes.

	2016 \$000	2015 \$000
Current portion		
Accrued/(prepaid) salaries and wages	(20)	137
Annual leave	257	251
Long service leave	41	33
Time in lieu	7	3
Total current portion	285	424
Non-current portion		
Long service leave	42	41
Total non-current portion	42	41
Total employee entitlements	327	465

18. Lease make-good provision

	2016 \$000	2015 \$000
Non-current portion		
Lease make-good	95	91
Total provisions	95	91
Movements of lease make-good provision are as follows:		
Balance at 1 July	91	85
Provision made	-	-
Discount unwind (Note 8)	4	6
Balance at 30 June	95	91

In respect of its leased premises in Wellington, Creative New Zealand is required, at the expiry of the lease term, to make good any damage and functional and structural changes to the leased office space. In measuring the provision, Creative New Zealand has assumed that

the option to renew will be exercised. The cash flows associated with the non-current portion of the lease make-good provision are expected to occur in May and June 2018. Information about Creative New Zealand's leasing arrangements is disclosed in note 21.

19. Equity

	2016 \$000	2015 \$000
Accumulated funds		
Balance at 1 July	12,136	14,776
Net operating surplus/(deficit) for the year	(1,456)	(2,647)
Transfer of special purpose funds to restricted reserves	(822)	-
Transfer from revaluation reserve on disposal of works of art carried at revaluation	-	7
Balance at 30 June	9,858	12,136
Revaluation reserves (works of art)		
Balance at 1 July	1,095	1,122
Revaluation of works of art (note 14)	(7)	(20)
Transfer to accumulated funds on disposal of works of art carried at revaluation	-	(7)
Balance at 30 June	1,088	1,095
Restricted reserves (special purpose funds)		
Balance at 1 July	-	-
Transfer of special purpose funds from accumulated funds	822	-
Balance at 30 June	822	-
Total equity	11,768	13,231

Restricted reserves (special purpose funds)

Special purpose funds consist of donations and bequests entrusted to Creative New Zealand to administer for a stipulated purpose. These funds, previously shown as current liabilities, have been recognised as revenue in the Statement of Financial Performance (\$827,000), and most were reclassified to restricted reserves in the Statement of Financial Position (\$822,000) due to its use restrictions.

2016	Opening balance \$000	Revenue \$000	Expenditure \$000	Closing balance \$000
Edwin Carr Foundation	619	19	22	616
Tup Lang fund	75	2	-	77
Christchurch Earthquake Support Fund donation	58	2	26	34
Louis Johnson fund	54	1	-	55
Butland Music Foundation	39	1	-	40
Total recognised to Revenue and reclassified from Accumulated Funds to Restricted Reserves in Equity				822
Mataora Royalties	5	-	-	5
Total recognised to Revenue (note 5)				827
The Todd Trust – reclassified to Revenue in advance in current liabilities	10	10	10	10
	860			837

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.

Christchurch Earthquake Support Fund donation is the payment received from Christchurch Art Gallery. The sum relates to funds presented by the English artist Sarah Lucas to Christchurch Art Gallery, and, in line with artist's wishes, is to go towards the Christchurch Earthquake Recovery Fund and the visual arts community.

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 Writers' 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 Mataora Royalties are received for a book funded through Te Waka Toi.

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

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 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.

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

	2016 \$000	2015 \$000
Net surplus/(deficit) from operations	(1,456)	(2,647)
Add/(less) non-cash items:		
Depreciation and amortisation	201	233
Net losses on disposal of assets	106	13
Bequest from the estate of Hilda Dawn Sturgeon	(1,039)	-
Donations and bequests – special purpose funds	(827)	-
Retirement of grants	(65)	(317)
Total non-cash items	(1,624)	(71)
Add/(less) movements in working capital items:		
Decrease (increase) in prepayments	70	-
Decrease (increase) in receivables	(4,459)	2,845
Decrease (increase) in interest receivable	128	(70)
Increase (decrease) in goods and services tax payable/receivable	38	270
Increase (decrease) in creditors and other payables	(386)	84
Increase (decrease) in revenue in advance	11	-
Increase (decrease) in provision for employee entitlements	(138)	42
Increase (decrease) in lease make-good provision	4	6

	2016 \$000	2015 \$000
Increase (decrease) in grants payable	(1,095)	2,154
Net movements in working capital items	(5,827)	5,331
Add/(less) items classified as investing activities		
Loss/(gain) on the sale of property, plant and equipment	-	-
Total items classified as investing activities	-	-
Net cash flow from operating activities	(8,907)	2,613

21. Capital commitments and operating leases

21.1 Capital commitments

	2016 \$000	2015 \$000
Capital commitments		
Intangible assets	39	39
Total capital commitments	39	39

Capital commitments represent capital expenditure related to the delivery of the Grant Management System (GMS) and Customer Relationship Management (CRM) system, contracted at balance date but not yet incurred.

The development of the GMS/CRM solution is contracted to Fusion5 Limited. This project has been broken down into multiple phases. The capital commitments at 30 June relate to the agreed change requests and the data migration phase of the project.

21.2 Operating leases

	2016 \$000	2015 \$000
Operating leases as lessee, payable:		
Not later than one year	259	255
Later than one year and not later than five years	448	449
Later than five years	9	115
Total non-cancellable operating leases payable	716	819

Creative New Zealand leases office premises in Wellington, Auckland and Rotorua, video conferencing equipment, and multi-function print devices. The non-cancellable leasing period for these leases range from one to six years. There are no contingent rents payable and no sublease income receivable on these operating leases.

22. Conditional funding approved for the out years

	2016 \$000	2015 \$000
Conditional funding, payable in the out years:		
Not later than one year	14,673	17,849
Later than one year and not later than two years	4,663	7,805
Total funding commitments	19,336	25,654

Creative New Zealand enters into multi-year funding agreements with organisations in the Investment programme. 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. 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.

Some funding for specific projects may include milestones that must be met to be eligible for the drawdown of the

grant. Grants with substantive conditions that have not been met at 30 June are considered conditional and are not expensed in the Statement of Financial Performance at year end.

The variance in the amount between 2016 and 2015 is caused by the timing of the multi-year funding contracts.

Waterfront Theatre Project by Auckland Theatre Company

Creative New Zealand approved a capital grant of \$4.5 million to the Auckland Theatre Company Limited towards the Waterfront Theatre Project, and signed the funding agreement in June 2014. The obligation arising from the agreement is conditional on milestones being met by the Auckland Theatre Company Limited.

As at 30 June 2016, \$3.996 million of the \$4.5 million grant has been paid and expensed (2015: \$0.938 million) (note 9).

23. Contingencies

23.1 Contingent liabilities

	2016 \$000	2015 \$000
Bank of New Zealand Letter of Credit – Datacom Employer Services Limited	150	150

The Letter of Credit of \$150,000 is issued by the Bank of New Zealand on behalf of Creative New Zealand to the ASB Bank, the banker for Datacom Employer Services Limited. The Letter of Credit guarantees to the ASB Bank that the Bank of New Zealand will accept direct debits from Datacom Employer Services Limited for the fortnightly payroll costs of up to \$150,000. This arrangement has been in place since 2002.

23.2 Contingent assets

	2016 \$000	2015 \$000
Bequest from the estate of Hilda Dawn Sturgeon	-	1,723
Invoiced to grantees in a default position	212	87

Bequest from the estate of Hilda Dawn Sturgeon

Creative New Zealand is the beneficiary of the estate of Hilda Dawn Sturgeon. The notification of the bequest was received from the executors of the deceased's will in December 2014. At 30 June 2015, the bequest had not been recognised in the financial statements due to the legal title not being transferred to Creative New Zealand. The value of the contingent asset was calculated using the spot exchange rate as at 30 June 2015.

The bequest was recognised in the 2015/16 financial statements after the legal title was transferred to Creative New Zealand on 10 May 2016 (notes 5 and 13).

Invoiced to grantees in a default position

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.

24. 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 conditions 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 (and boards and committees in 2014) and staff,

to record any interests they may have in an organisation or an individual who 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	2016	2015
Council members		
Remuneration (note 25)	\$202,400	\$199,717
Full-time equivalent members	1.58	1.58
Leadership team		
Remuneration	\$1,021,572	\$954,525
Full-time equivalent members	6.00	6.00

25. Board member remuneration

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

Member	Tenure	2016 \$	2015 \$
R Grant	Arts Council Chairman	33,000	33,000
D Haimona	Arts Council member and Māori Committee Chairman; term finished 30 June 2016	15,400	15,633
A Caisley	Arts Council member; appointed 1 July 2015	14,000	-
S Ellison	Arts Council member	14,000	14,000
R Evans	Arts Council member	14,000	14,000
W Laban	Arts Council member	14,000	14,000
W Marriott	Arts Council member	14,000	14,000
M Moynahan	Arts Council member; appointed 15 Dec 2014; appointed Deputy Chairman from 20 June 2016	14,000	7,584
M Prentice	Arts Council member	14,000	14,000
C Rangi	Arts Council member	14,000	14,000
K Fenton-Ellis	Arts Council member; term finished 30 June 2016	14,000	14,000
P L Jones	Arts Council member; term finished 30 June 2016	14,000	14,000
F Price	Arts Council member; term finished 30 June 2016	14,000	14,000
J Wallace	Arts Council member; term finished 30 June 2015	-	14,000
G Kerr	Arts Council member; resigned 4 Oct 2014	-	3,500
		202,400	199,717

There were no Council, board or committee members who received compensation or other benefits in relation to cessation (2015: \$nil).

26. Financial instruments

26.1 Financial instrument categories

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

	2016	2015
	\$000	\$000
Financial assets		
Loans and receivables:		
Cash and cash equivalents	2,195	2,746
Investments in term deposits	10,000	18,500
Receivables	10,722	6,315
Total financial assets	22,917	27,561
Financial liabilities		
Financial liabilities at amortised cost:		
Grants payable	14,181	15,341
Creditors and other payables	479	1,692
Total financial liabilities	14,660	17,033

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

26.2 Financial instrument risks

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

MARKET RISK

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

Creative New Zealand does not invest in publicly traded financial instruments, therefore, the price risk is considered to be minimal.

Currency risk

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

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

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

Fair value interest rate risk

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

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

Cash flow interest rate risk

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

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

The interest rates for fixed-term deposits at 30 June 2016 were ranging between 3.25 percent and 3.28 percent (2015: between 4.18 percent and 4.45 percent). Call deposits were invested at the interest rate of 2.25 percent at 30 June 2016 (2015: 3.25 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 major banks that have a high credit rating, as defined by the Crown Entities Act 2004. For its other financial instruments, Creative New Zealand does not have significant concentrations of credit risk.

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

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:

	2016	2015
	\$000	\$000
Counterparties with credit ratings		
Cash and cash equivalents		
AA	2,195	2,746
Investments in term deposits		
AA	10,000	18,500
Total cash and term deposits	12,195	21,246

Counterparties without credit ratings

Debtors and other receivables		
Existing counterparty with no defaults in the past	10,722	6,315
Existing counterparty with defaults in the past	-	-
Total debtors and other receivables	10,722	6,315

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 on the next page 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.

2016 (in \$000)	Carrying amount	Contractual Cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
Creditors and other payables	479	479	479	-	-
Grants payable	14,181	14,181	14,181	-	-
2015 (in \$000)					
Creditors and other payables	1,692	1,692	1,692	-	-
Grants payable	15,341	15,341	15,341	-	-

27. Events subsequent to balance date

There have been no events subsequent to 30 June 2016 that materially affect these financial statements.

Independent Auditor's Report

To the readers of the Arts Council of New Zealand
Toi Aotearoa's financial statements and performance
information for the year ended 30 June 2016

The Auditor General is the auditor of Arts Council of
New Zealand Toi Aotearoa (Creative New Zealand). The
Auditor General has appointed me, Clint Ramoo, using
the staff and resources of Audit New Zealand, to carry out
the audit of the financial statements and the performance
information of Creative New Zealand on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of Creative New Zealand on
pages 57 to 83, that comprise the statement of financial
position as at 30 June 2016, 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 that include accounting
policies and other explanatory information; and
- the performance information of Creative New Zealand
on pages 15 to 39.

In our opinion:

- the financial statements of Creative New Zealand:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2016; and
 - its financial performance and cash flows for the
year then ended; and
- comply with generally accepted accounting practice in
New Zealand and have been prepared in accordance
with the Public Benefit Entity Standards.
 - the performance information:
- presents fairly, in all material respects, Creative New
Zealand's performance for the year ended 30 June
2016, including for each class of reportable outputs:

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

- its standards of 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.
- complies with generally accepted accounting practice
in New Zealand.

Our audit was completed on 26 October 2016. This is the
date at which our opinion is expressed.

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

Basis of opinion

We carried out our audit in accordance with the Auditor
General's Auditing Standards, which incorporate the
International Standards on Auditing (New Zealand).
Those standards require that we comply with ethical
requirements and plan and carry out our audit to obtain
reasonable assurance about whether the financial
statements and the performance information are free
from material misstatement.

Material misstatements are differences or omissions of
amounts and disclosures that, in our judgement, are likely
to influence readers' overall understanding of the financial
statements and the performance information. If we had
found material misstatements that were not corrected, we
would have referred to them in our opinion.

An audit involves carrying out procedures to obtain
audit evidence about the amounts and disclosures in the
financial statements and the performance information.
The procedures selected depend on our judgement,
including our assessment of risks of material misstatement
of the financial statements and the performance

information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of Creative New Zealand's financial statements and performance information 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Arts Council;
- the appropriateness of the reported performance information within Creative New Zealand's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

Responsibilities of the Arts Council

The Arts Council is responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- present fairly Creative New Zealand's financial position, financial performance and cash flows; and
- present fairly Creative New Zealand's performance.

The Arts Council's responsibilities arise from the Crown Entities Act 2004 and Public Finance Act 1989.

The Arts Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Arts Council is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in Creative New Zealand.



Clint Ramoo

Audit New Zealand
On behalf of the Auditor General
Wellington, New Zealand

Statement of responsibility

For the year ended 30 June 2016

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

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

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

In the opinion of the Arts Council, the annual financial statements and the Statement of Performance for the year ended 30 June 2016 fairly reflect the financial position and operations of Creative New Zealand.

Signed on behalf of the Arts Council:



Richard Grant

Chairman, Arts Council

26 October 2016



Michael Moynahan

Deputy Chairman, Arts Council

26 October 2016

OUR ORGANISATION

TŌ TATOU TARI

Our Organisation

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

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

What we do

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

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

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

For example, applications to ngā toi Māori are assessed by Māori, applications to the literary artform are assessed by literary experts and projects that identify as Pacific are assessed by peers with Pacific arts and culture expertise. Māori and Pacific artists can apply for support through the Māori or Pacific assessment streams, but remain eligible to choose to apply through the general funding process instead. In this way, Māori and Pacific art is integrated into the foundation of Creative New Zealand's programme structure alongside 'general' funding.

From time to time, special arts development opportunities are available and are open to all artists and practitioners. Others, such as internships and cultural exchanges, are

specific to artforms (eg, the Prime Minister's Awards for Literary Achievement), Māori and Pacific artists and practitioners (eg, Tohunga/Tukunga – the Māori arts mentoring programme) or other criteria.

Further information on our funding programmes is available at: www.creativenz.govt.nz/en/getting-funded

We also support the professional development of artists and their practice, and the management of organisations so they can increase their audiences and markets. Along with our funding and development work, we also advocate for the value of the arts to New Zealanders.

In carrying out our work, we recognise:

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

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

Our relationships

We work with many stakeholders, including the Minister for Arts, Culture and Heritage and the Ministry for Culture and Heritage, the New Zealand Lottery Grants Board, iwi, Pasifika groups, local government, individual artists and practitioners, arts organisations and, more broadly, the community. We consult with stakeholder groups when developing strategy and reviewing policies that affect the arts sector.

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

The Arts Council

Our governing body, the Arts Council:

- sets the strategic direction of Creative New Zealand and monitors its performance
- sets guidelines for the allocation of funding and the implementation of initiatives

- establishes assessment processes for the allocation of funding
- maintains relationships with other agencies and organisations.

The Arts Council comprises 13 members and is a unitary council, replacing the previous division of responsibilities between the Arts Council, the Arts Board, Te Waka Toi and the Pacific Arts Committee. Council members are appointed by, and accountable to, the Minister for Arts, Culture and Heritage. The Council meets six times per year.

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

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

We work to ensure that:

- Council members have appropriate and timely information to make decisions
- Council members are knowledgeable about and engaged with Creative New Zealand's work
- decisions are made at the appropriate organisational level, reflecting their importance, risk and the need for timeliness
- management and staff provide appropriate support to the Council.

Membership of the Arts Council, including members of the Māori Committee, as at 30 June 2016 is outlined in table 11.

Table 11: Arts Council members as at 30 June 2016

Arts Council members	First appointed	Current term expires
Dr Richard Grant (Chairman)	1 May 2014	30 April 2017
Michael Moynahan (Deputy Chairman*)	15 Dec 2014	30 Nov 2017
Andrew Caisley	1 July 2015	30 June 2018
Suzanne Ellison**	1 May 2014	30 April 2017
Rose Evans**	1 May 2014	30 April 2017
Karyn Fenton-Ellis, MNZM	1 May 2014	30 June 2016
Darrin Haimona** (Chair, Māori Committee)	1 May 2014	30 June 2016
Peter-Lucas Jones**	1 May 2014	30 June 2016
Hon Luamanuvao Winnie Laban, QSO	1 May 2014	30 June 2016
Wayne Marriott	1 May 2014	30 June 2016
Michael Prentice	1 May 2014	30 April 2017
Felicity Price, ONZM	1 May 2014	30 June 2016
Caren Rangi	1 May 2014	30 April 2017

* Deputy Chairman from 20 June 2016.

** Māori Committee member.

Policies and processes

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

We also have a strong focus on improving the services we deliver, particularly around grants applications, decision-making and reporting processes. In the future, service improvement will have a specific focus through the relevant goal and/or objectives in our new Statement of Intent 2016–2021 (ie, ‘We improve service delivery and systematically look afresh at how best to deliver activities with and for the arts sector’).

As part of that goal, we will regularly assess with the arts sector that we are performing to the standards we have set ourselves. We also have a formal complaints management system and monitor informal feedback from applicants and clients through social media and daily interaction with staff who provide us with ongoing customer feedback.

Our staff

We rely on having a skilled and engaged staff to achieve our strategic aims. As of 30 June 2016, we have 56 staff (52.72 full-time equivalent staff) who are based mainly in Wellington and Auckland and principally working across four teams: Arts Funding; Arts Policy, Capability and International; Business Services; and Planning, Performance and Stakeholder Relations.

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

We show our commitment to our ‘good employer’ obligations by maintaining and reporting against a personnel policy that includes reference to the seven key good employer elements. Details on how we have

performed against these elements in 2015/16 are on page 41. We also include, in our personnel policy and reporting, specific commitments to the aims, aspirations and employment requirements of Māori, ethnic or minority groups, women and people with disabilities.

The Arts Council delegates authority to manage the operational performance of Creative New Zealand to the Chief Executive. In turn, the Chief Executive delegates particular responsibilities to senior managers, and so on. These delegations are detailed in Creative New Zealand’s Delegations Schedule, which is approved by the Arts Council. The roles of governance and management are well defined, and there is a successful working relationship between governors and the Senior Leadership Team. The composition of the Senior Leadership Team is provided in table 11 on the next page.

More information

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

Table 12: Senior Management Team members as at 30 June 2016

Chief Executive: Stephen Wainwright	
Arts Funding Senior Manager Gail Richards	The Arts Funding team manages the development and delivery of Creative New Zealand’s suite of funding programmes, including the Investment programmes, Grants and special opportunities, and the Creative Communities Scheme. The team’s arts advisers work directly with artists, arts practitioners and arts organisations, and combine their knowledge with the advice of external assessors, to advise the Arts Council and funding decision-makers.
Arts Policy, Capability and International Senior Manager Cath Cardiff	The Arts Policy, Capability and International team provides services to the arts sector that address ongoing capability and sustainability – nationally and internationally. These services are proactive interventions, approved by the Arts Council, to enable and empower New Zealand artists and arts organisations to realise their potential. The team provides relevant and well-designed capability building initiatives, international opportunities, and arts policy and research. The policy and research programme informs the Arts Council, decision-makers and the wider arts sector.
Business Services Senior Manager Angus Evison	The Business Services team provides administration, grants processing, accounting, information technology, records management and human resource services to the organisation.
Planning, Performance and Stakeholder Relations Senior Manager David Pannett	The Planning, Performance and Stakeholder Relations team manages communications with the media and other stakeholders, initiates and implements advocacy initiatives, produces publications and provides information to the arts sector and members of the public. The team also manages government relations, including strategy and accountability documents, public and government requests for information, business planning and reporting, and governance policy.
Māori Engagement Senior Manager Muriwai Ihakara	The Senior Manager, Māori Engagement provides strategic and cultural leadership for the organisation in delivering effectively to Māori, including building relationships with iwi and other stakeholders and contributing to key projects.



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info@creativenz.govt.nz

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