

Strategic direction: Discussion document

Tihei mauri ora. Ngā manu tīoriori, ngā kaka tarahae, ngā pikinga kōtuku, ngā tōtara whakarangiora, ngā rata whakamarumarū karanga mai karanga mai, karanga mai rā. E tika ana ki a mihihea a tātou mate kua taupae rā ki tua o te wharau. Moe mai rā koutou ki te pō. Ka hoki anō kia tātou e tau nei. Tēnā koutou katoa.

We'd like your help

Creative New Zealand is developing a new strategy to help guide our work over the next four years.

We'd like to hear your thoughts on the final draft of our strategic direction, and what can be improved.

We'd particularly like to know:

- what emphasis we should place on each of our proposed goals, given our current environment (see 'Our goals, objectives and deliverables' on page 2)
- any other comments you might have on the final draft strategic direction.

Our questions to you are in the shaded boxes throughout this document. An online questionnaire will allow you to provide your responses (see 'What happens next?' on page 4).

Please give us your feedback by **12 noon on Monday, 21 March 2016**.

We know that New Zealanders love the arts but also that they could be engaging with them more often. We're also aware of the tough financial situation that the arts sector currently operates in, and that making gains in this environment can be challenging. In our own territory, the

funding we get from lotteries has fallen over the past year and looks like it will continue to do so in the near future (see 'Background' on page 8).

Late in 2015 and at the beginning of this year, we heard from around 160 members of the arts sector, the wider arts community, arts funders and other stakeholders. We talked to them about our proposed goals and they provided valuable feedback on what we'd prepared.

There was broad support for the main focus of our draft strategy – the goals and objectives – and good debate about how Creative New Zealand should place our efforts in relation to these (see 'How has the new strategy shaped up?' on page 6).

The Arts Council has taken on board the feedback received to date, and this discussion document invites final comments on the proposed strategic direction.

What's in the new strategic direction?

Our draft strategic direction is made up of a number of elements, looking at our foundation, our focus and our future (see attached diagram).

Our purpose and values

These are the **foundation** for all our work.

Our **purpose** – our reason for being, as set out in our Act – is to 'Encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders.'

Our **values** are the core principles that guide our work and these continue on from the previous strategy.

- Mana Māori — we recognise and support the role of Māori as tangata whenua in the arts.
- Mana Pasifika — we recognise the arts of the Pasifika peoples of New Zealand.
- Mahitahi — we work together with others so we can achieve more.
- Tauutuutu — we are open, frank and respectful in our relationships.

- Manaakitanga — we are welcoming and responsive to all.
- Mana Toi — we champion the role of the arts and the contribution artists make to our lives.
- Te Taumata — we set high standards for our work.

Are there particular elements of our purpose statement that we should emphasise in our work?

Should we change any of our values, or bring in any new ones?

Our goals, objectives and deliverables

Building on our foundation, these describe our focus for the next four years and make up the main part of our strategic direction.

There are five proposed **goals**, each supported by three **objectives**. The objectives describe the importance of having a clear plan, working to that plan and measuring our success against it. Together, the goals and objectives describe what we want to achieve by 2020 (the timeframe of the new strategy). Three of the goals have an external focus, one has a mixed external/internal focus, and one is internally focused.

Our **deliverables** are what we'll do to support our goals and objectives. These are still in development, but will align with each goal and will be a mix of innovative/strategic initiatives and 'business as usual' activities.

Goal One: We invest wisely in the arts sector (external focus)

Why this goal?

Our environment is marked by rapid external change and unpredictable income. As such, we must deliver our resources out to the arts sector in a way that advances our vision for dynamic, resilient and valued New Zealand arts. A well-developed investment strategy provides clarity, guides future investing priorities and informs others about our progress. Investing wisely helps ensure a strong and sustainable arts sector, able to deliver high-quality arts to New Zealanders and internationally.

Objectives for this goal

1. We'll develop an investment strategy which systematically tests the contribution of our key programmes to improving the sustainability of artists and the arts infrastructure.
2. We'll use the investment strategy as the principal tool for guiding investment decisions in the arts sector, and improve the sector's understanding of the policies, guidelines and criteria that underpin investment decisions.
3. We'll better measure our progress towards enabling sustainable, successful arts communities, artists and organisations.

Goal Two: We develop the arts sector's capacity to succeed (external focus)

Why this goal?

The arts sector must be able to enhance its artistic strength, structure, systems, shared values, strategy, style, staff and skills. Having an appropriate mix of these attributes will allow artists, arts practitioners and arts organisations to succeed nationally or internationally, increase public support for their work and sustain their arts practice.

Objectives for this goal

1. We'll identify relevant capacity areas to provide services in, which support the growth and development of the arts sector.
2. We'll communicate our capacity offerings to the arts sector, and those offered in complementary areas by others, and deliver a programme which helps support:
 - Māori, Pasifika and New Zealand's growing diversity
 - artistic quality and renewal
 - audience focus
 - international success
 - digital expertise.
3. We'll ensure that those we provide services to maximise the opportunities they take up, and use this development as a strong platform for future growth.

Goal Three: We are a powerful advocate for the arts (external focus)

Why this goal?

As the national arts development agency, we are uniquely placed to proactively 'make the case' for the arts, as well as providing others with the means to do so too. Successfully making the case will promote stronger investment by others into the arts sector and stimulate New Zealanders appetite for high-quality, dynamic arts experiences.

Objectives for this goal

1. We'll create, in partnership with the arts sector, a compelling case for the value of the arts to New Zealanders.
2. We'll systematically strengthen our relationships with iwi, local authorities and other co-investors and funders, and provide and communicate a suite of unique research, analysis and reports.
3. We'll proactively measure and report on our success in advocating for the arts, and how this contributes to strengthening the arts sector and improving public engagement.

Goal Four: We improve the way we deliver services to the arts sector (external/internal focus)

Why this goal?

We can continue reducing complexity for those who engage with our services, including in our funding applications, our contracting and our reporting requirements. At the same time, it's important to identify and achieve appropriate standards of service delivery which are clear, fair and open. Continuing to develop smarter systems and processes with those we provide services to will help drive improvement.

Objectives for this goal

1. We'll work to better understand those we serve and the arts sector's expectations around engaging with us.
2. We'll identify, communicate and deliver to clear service standards, supported by streamlined processes and contemporary systems and tools.

3. We'll regularly assess with the arts sector that we're performing to the standards we've set ourselves.

Goal Five: We become a higher-performing, learning organisation (internal focus)

Why this goal?

Learning from each other and the arts sector will assist us in meeting on going and new demands, in the context of rapid change. Applying a learning and improvement culture will, in turn, help drive better performance.

Objectives for this goal

1. We'll align skills, structure, systems and staff to deliver to the outcomes we desire and to our vision.
2. We'll improve the tools we have to do our jobs, set and then achieve high performance expectations, enhance our learning in identified areas, and become a best practice organisation in terms of how we engage with Māori, Pasifika and diverse groups in New Zealand.
3. We'll ensure that the way we improve our performance evolves over time, responding to our own successes, areas for improvement and the external environment.

Do the five goals fairly set out where our medium-term focus should be? Is there anything missing from these goals that could usefully be added in?

Will working to each set of objectives help achieve the relevant goal? What could we add or change here?

Should we place more emphasis on some goals over others? How would you rate the relative importance of each of these goals?

Our outcomes and vision

These describe what we want our **future** to look like, which will come about if we successfully deliver to our focus.

Our **outcomes** describe the difference we want our work to make. We're proposing keeping our four current strategic outcomes, but grouping two of these under a sector focus and two within a community focus.

Outcome: Sustainable, successful arts communities, artists and organisations, as shown by:

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

Outcome: Greater public engagement, as shown by:

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

Our **vision** is what we want to achieve overall:
‘Dynamic and resilient New Zealand arts, valued in Aotearoa and internationally’.

Do the two outcomes clearly describe the difference we’re trying to make? Should we change these, or bring in any new ones?

Does our vision represent the best future ambition for Creative New Zealand?

Government and sector priorities

These are shown to the right of the attached diagram. Our work contributes to these broader directions, both for the cultural sector and around the Government’s priorities.

Do you have any further comments on the overall shape of the proposed strategic direction? Could we improve any element of this? Is there anything missing?

What are the risks to us achieving this strategy?

Like any organisation, it’s important for us to understand what might prevent us from achieving our aims. We then need to do as much as we can to mitigate these risks to our business.

Funding from our two principal sources – the Crown through Vote Arts Culture and Heritage and the New Zealand Lottery Grants Board – could decline over the next four years. Depending on the level of reduction, this could mean we have materially less to invest in the arts sector.

The arts sector’s capacity could fail to grow, either through our own programme not meeting the real needs of the sector, or the sector not capitalising on the opportunities provided. This might see the sector start to stagnate, with less innovation and a greater chance of failure for those operating in it.

Support from other partners (including investors) and from the public might be less than is needed to help create a thriving arts sector; in other words, a compelling case for the value of the arts has not been made. Less support would mean that the arts sector finds it harder to create dynamic arts experiences and to become more resilient.

We might also be unable to make the changes we need to improve our performance, both in the services we deliver to the arts sector and as an organisation. This would result in reduced client and customer satisfaction, and lower staff engagement.

What happens next?

An online questionnaire accompanies this document, and will allow you to provide your feedback. The questionnaire is available at:

<https://www.surveymonkey.com/r/cnzstrategy>

The questionnaire closes at **12 noon on Monday, 21 March 2016**.

If you have any questions about this document or the questionnaire, please feel free to email these to:

strategy@creativenz.govt.nz

You can also email any other feedback or comments to that email address, fax them to (04) 471 2865 or post them to:

Creative New Zealand
PO Box 3806
Wellington 6140

The Arts Council will consider your feedback in March and April 2016. This will help the Council agree a draft Statement of Intent 2016–2020 (the medium-term strategy document) and a draft Statement of Performance Expectations 2016/17 (the first annual plan under the new strategy).

The Minister will provide feedback on these draft documents in May 2016, which the Arts Council will then consider. The Council will then finalise the documents, to take effect on 1 July 2016.

Background

What's our kaupapa?

Creative New Zealand funds arts activity by New Zealand artists, arts practitioners and arts organisations, both within New Zealand and internationally.

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

We also support the professional development of artists and their practice, and the management of organisations so they can grow their audiences and markets. We also advocate for the value of the arts to New Zealanders.

In carrying out our work we recognise:

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

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

More information on our work in the 2014/15 financial year is attached.

What gains have we made?

Since we put our last strategic plan in place in 2013, our investment in the arts has been at record levels. We've also made good progress on the improvement priorities that were set out in that plan.

We've improved our internal operations, including transitioning to a unified governance structure, introducing contemporary systems and streamlining service delivery – our new grants management system is already saving us and the sector time and money.

We've also helped build the evidence base for the value of the arts through our research and advocacy work, responded to the growing changes to Auckland's diverse population, and helped the Christchurch arts community continue to respond to the challenges brought by the earthquakes.

What's the current environment like?

Our research shows a strong public appetite for the arts. Nine in ten (89 percent) adult New Zealanders are either attending or participating in the arts. Eight in ten (82 percent) agree that the arts help to improve New Zealand society. We know that converting this appetite into a regular hunger – satisfied more than just a few times a year – is a big challenge for artists and arts organisations.

While we've benefitted from increases in lottery profits in recent years – which make up around two thirds of our funding – those profits have now begun to drop away. We've been able to minimise the impact of this in the short-term by using our financial reserves, and by prioritising existing obligations across our funding programmes. We've also had to signal time on some initiatives that have been trialled or piloted.

We now expect to have around \$13.5 million (8.7 percent) less over the next three years than we thought we would at the beginning of the 2014/15 financial year. More than ever, we have to make strong strategic choices about how we encourage, promote and support the arts.

How has the new strategy shaped up?

Our new strategic direction aims to build on that set out in our current strategic plan. We want to achieve even better results for the arts sector, and better services for our customers and clients, in an environment where we have fewer financial resources of our own.

In drafting the strategic direction, we've assumed a strong degree of continuity at a:

- policy level – we'll continue implementing the artform and other policy work already completed by the Arts Council

- programme level – our biggest reactive programmes will likely remain (eg, Quick Response and Arts Grants), as will our international and capability building programmes and our advocacy work, noting that the Arts Council is currently carrying out a review of the Tōtara and Kahikatea Investment programmes
- resource level – at this time, we assume we'll have the same governance structure and about the same level of staff and operational resources.

We heard from the arts sector and other stakeholders, in late 2015 and early 2016, about whether the early draft goals and objectives were heading in the right direction. We made some changes to these based on the feedback we received.

Key themes from these discussions included the following.

- There was a broad level of support for the proposed five goals – no additional goals were proposed, nor was it suggested that any be removed.
- The discussions themselves revealed a high degree of cross-over between the externally-focused themes (eg, participants saw strong links around our success in investing wisely in the sector being driven by how effective our capacity building work is, and how effective we are at our advocacy).
- In many cases, people felt the arts sector or particular clients should be leading initiatives (eg, the sector helping itself to develop and grow), with support from Creative New Zealand.
- Measuring the success of our work over time is important (eg, the impacts of our various funding programmes). The sector wants to be confident that a return on the investment Creative New Zealand is making is being achieved.
- There was a desire for our expectations of the sector to be better articulated and better communicated (eg, around capacity building), so that the sector has a good understanding of the desired outcomes.
- We were asked to show stronger leadership in the advocacy space and that the arts sector would support us in doing this – a compelling case for the arts needs

to be built and Creative New Zealand needs to lead the discussion.

At its December 2015 and February 2016 meetings, the Arts Council discussed the feedback received from the sector to date and in February, approved the final draft strategic direction for further consultation.

Further reading

[Strategic Plan 2013–2016](#)

Our strategic direction for 2013–2016.

[Statement of Intent 2014–2018](#)

Our intentions and objectives for 2014–2018.

[Statement of Performance Expectations 2015/16](#)

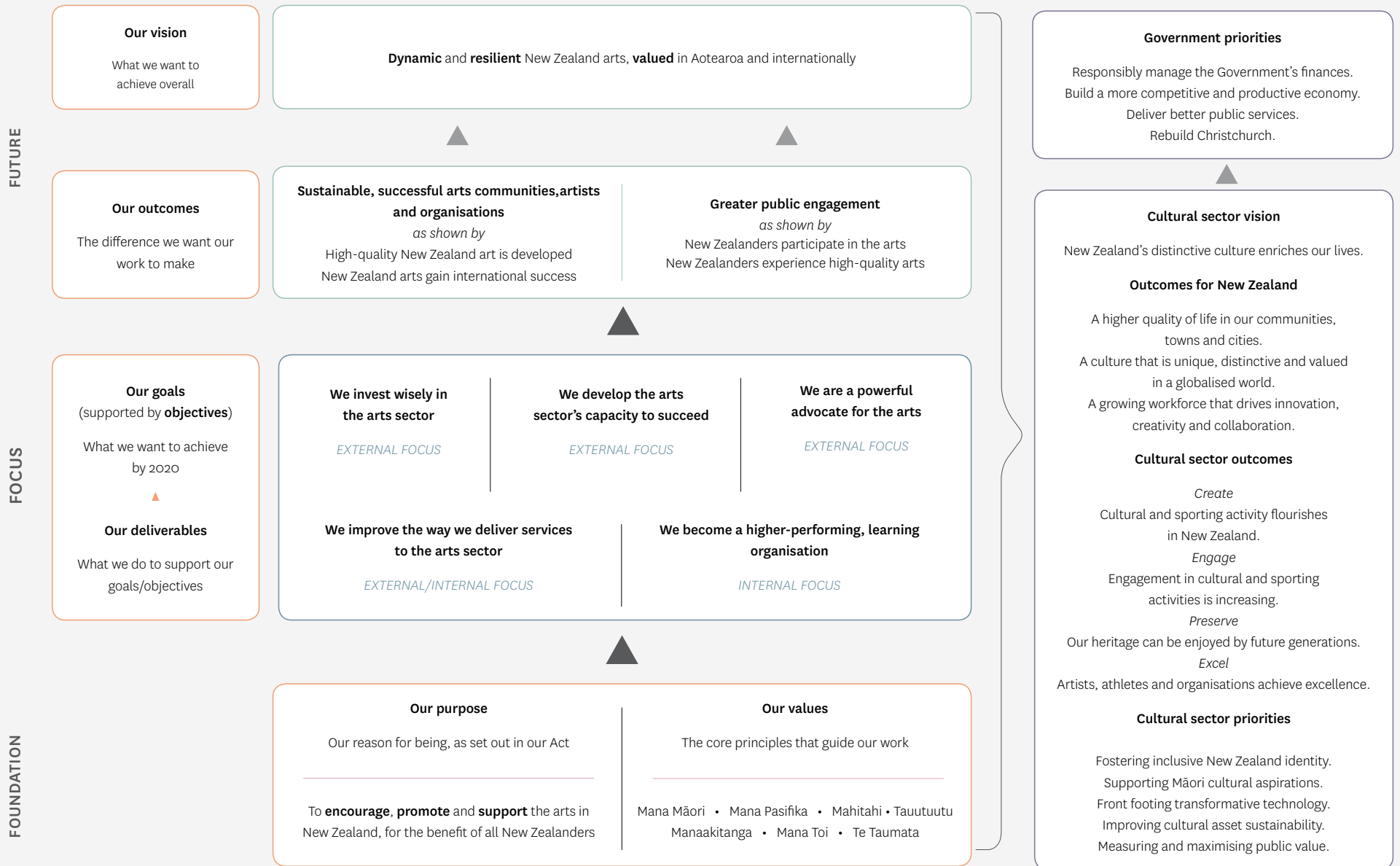
Our planned activity, performance targets and forecast financial information for 2015/16.

[Annual Report 2014/15](#)

The results of our work in the 2014/15 year, including reporting on our financial and non-financial performance targets.

Selected information on our work in 2014/15 is attached, by way of background to this document.

Draft Creative New Zealand Strategic Framework 2016–2020



Further background

In 2014/15, Creative New Zealand:

FUNDING	<p>funded 63 organisations with continuous funding agreements (excluding project Kahikatea) through the Tōtara and Kahikatea investment programmes</p> <p>resulting in those 63 organisations presenting 7,283 public arts events and performances</p> <p>with 955,842 people attending those events and performances</p> <p><i>INVESTMENT PROGRAMMES</i></p>	<p>received and assessed 1,340 applications for grants and special opportunities funding</p> <p>in 5 Arts Grants and Quick Response funding rounds</p> <p>resulting in 511 grants being awarded to individuals and organisations</p> <p><i>GRANTS AND SPECIAL OPPORTUNITIES</i></p>	<p>2,268 applications for funding by the Creative Communities Scheme were assessed and considered</p> <p>by all territorial authorities</p> <p>resulting in 1,680 grants being awarded</p> <p>with an average value of \$2,022 each grant</p> <p><i>CREATIVE COMMUNITIES SCHEME</i></p>	<p>82 grants, including projects to present internationally, residencies and funding partnerships, were supported by funding from our international presentation and strategic initiatives budgets – the largest of these were the New Zealand appearances at the Edinburgh festivals and the 2015 Venice Biennale</p> <p><i>INTERNATIONAL PROGRAMME</i></p>
	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">CAPABILITY BUILDING</p> <p>37 capability building initiatives were offered to the arts sector</p> <p>with 329 person days of capability building workshops and seminars</p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">ADVOCACY</p> <p>9 research projects and other resources were delivered to the sector</p> <p>17 submissions were made to local and central government as part of our advocacy programme</p>		

Funding programmes

In 2014/15, our funding was distributed under four broad funding programmes:

Programme	Funds	Timeframe	Description
<i>INVESTMENT PROGRAMMES</i>	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	
	Sector Development Incentive Fund (closes in 2015/16)	Varies	
<i>GRANTS AND SPECIAL OPPORTUNITIES</i>	Quick Response Grants (including Tohunga/Tukunga and Moana Community Grants)	Funding up to \$7,500, three times a year	Contestable shorter term funding to arts practitioners and organisations to support the delivery of arts projects that meet our outcomes.
	Arts Grants (including Toi Ake and Kava grants)	Funding up to \$65,000 (up to \$130,000, depending on artform) two times a year	
	Scholarships, residencies, bursaries	Varies	
	Earthquake Recovery grants (closes in 2015/16)	Funding based on applications	
	Sistema Aotearoa and new Sistema pilots	\$500,000 per annum for 2015 and 2016	
	Other funding (eg, Moana Community Grants, Māori Arts Presentation Fund, WW100 Co-commissioning Fund)	Varies	
<i>CREATIVE COMMUNITIES SCHEME</i>	Creative Communities Scheme	Average funding of \$2,000, administered through territorial authorities	Small grants funding that supports community arts projects and encourages broad community involvement, diversity and young people
<i>INTERNATIONAL PROGRAMME</i>	International Presentation Fund	\$350,000 per annum (including \$100,000 specifically for touring Australia) 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, Edinburgh, Frankfurt Book Fair, WW100 Fund, Focus on Asia, Cultural Exchange and International Art Fair Fund)	Varies	

Change in funding programmes over time

In 2012, Creative New Zealand changed the way it managed and funded established arts organisations in New Zealand. We moved from a model of 'recurrent funding' to an investment programme consisting of the Arts Leadership (Toi Tōtara Haemata) and Arts Development (Toi Uru Kahikatea) programmes. The new programmes were intended to provide greater clarity, stability and flexibility to Creative New Zealand's support of arts infrastructure.

With the introduction of the Kahikatea and Tōtara investment programmes from 2011/12, there has been a shift in the proportional distribution of funding across our four broad funding programmes. Support for the Investment programmes has been strengthened through the new arrangements, which opened up continuous funding agreements to a contestable process and enabled the inclusion of emerging as well as established arts organisations and artists in the programmes.

Despite the funding shift, the numbers of organisations and projects supported across both the investment and grants programme clusters has increased overall across the period.

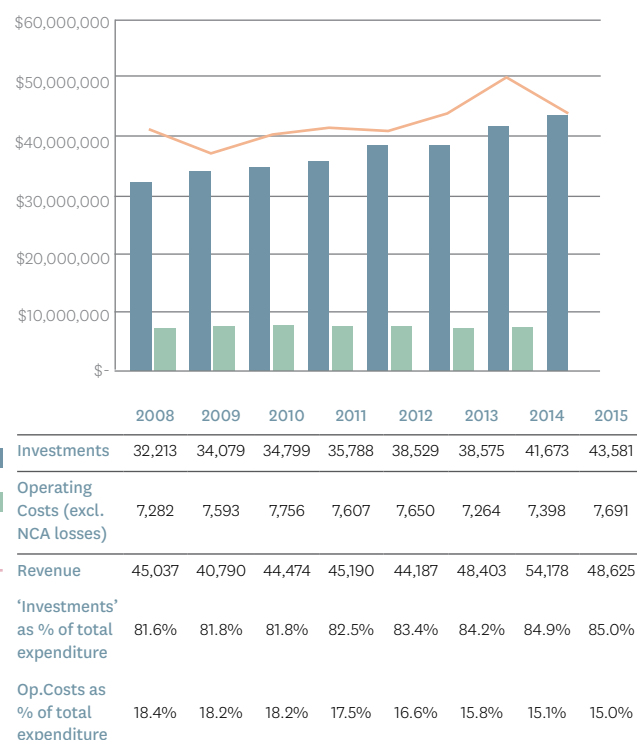
Revenue, investments and operating costs over time

The graph to the right shows Creative New Zealand's revenue, our funding into the sector and our operating costs over the last eight years.

It shows the growth in our revenue over time (with some fluctuations, notably the downturn in 2014/15), our increased investment in the arts sector, and our operating costs.

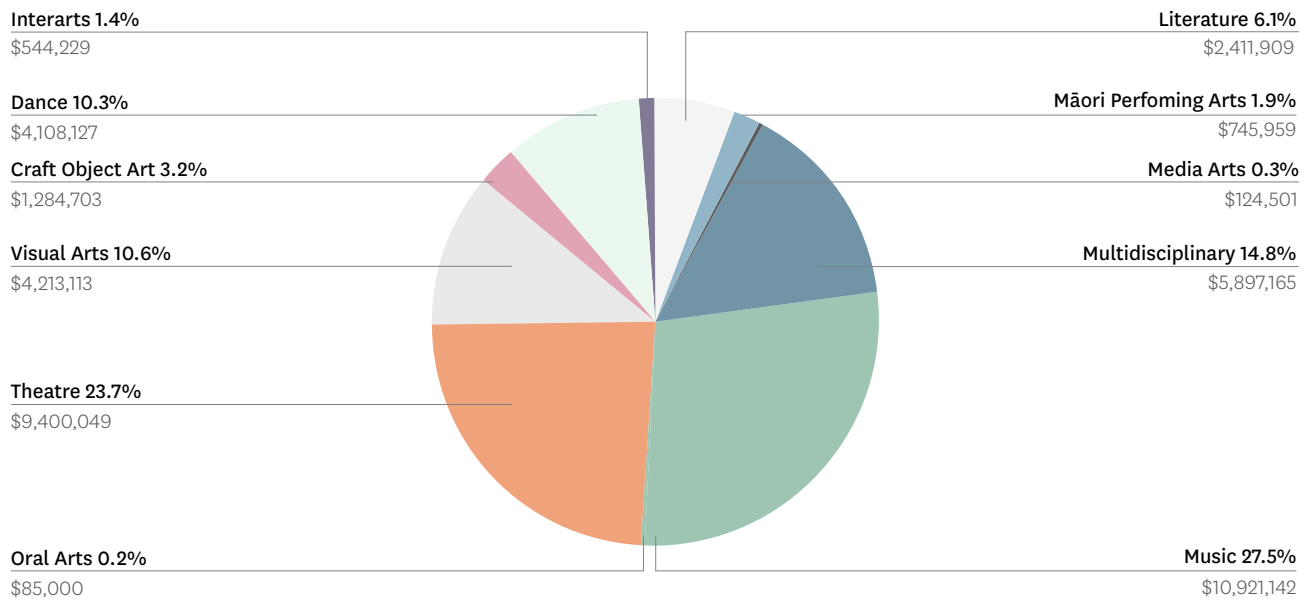
We've worked hard to hold our operating costs in dollar terms since 2008. As a result, operating costs as a percentage of expenditure were significantly lower in 2015 (15 percent) than in 2008 (18 percent).

	2010/11		2014/15	
	\$	%	\$	%
Tōtara and Kahikatea programmes (used to be recurrent funding)	17,451,009	51	24,904,287	60
Grants, special opportunities & earthquake support	11,961,023	36	9,134,928	22
Creative Communities Scheme	2,862,181	9	3,401,631	8
International presentation & events	1,368,640	4	3,124,047	8
Capital grant (one off)	-	-	965,558	2
TOTAL	33,642,853	100	41,530,451	100



Distribution of expenditure

In 2014/15, our expenditure (excluding personnel costs and overheads) was:



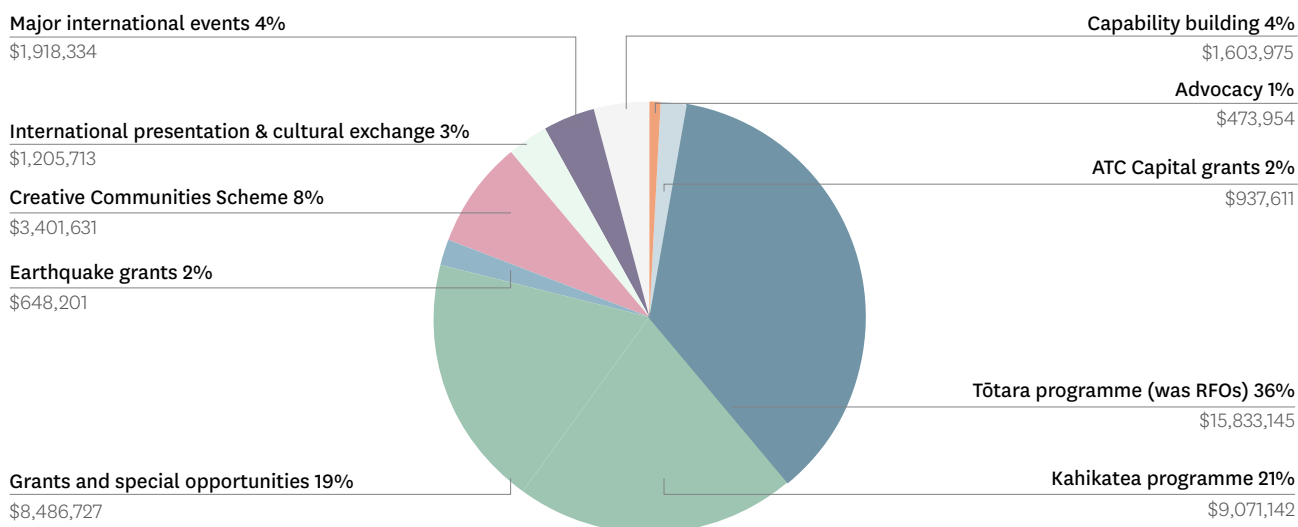
Distribution of funding by artform

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.

The 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)
- whether other funders are involved (eg, territorial authorities play a significant role in funding visual arts infrastructure through the network of regional art galleries).

In 2014/15, the distribution across artforms was:



Note: ATC = Auckland Theatre Company Limited; RFOs = Recurrently Funded Organisations.