

Review of investment categories

Toi Tōtara Haemata and
Toi Uru Kahikatea Investment
programmes

ARTS COUNCIL OF NEW ZEALAND TOI AOTEAROA



Proposed Programme Changes
September 2018

In summary

- Following feedback, we're proposing important changes to the Toi Tōtara Haemata and Toi Uru Kahikatea Investment programmes.
- The Arts Council is in a healthy financial position from which to invest more into the Investment programmes. Future investment across the programmes will align with the directions set out in the new Investment Strategy.
- The proposed changes to the Investment programmes will closely align the programmes with the Investment Strategy Te Ara Whakamua 2018-2023, particularly with the strategy's Diversity & Reach, Dynamic Arts and Resilient Arts Sector features.
- It's important that the Investment programmes deliver strongly to the Investment Strategy, given the programmes comprise around 60 percent of our investment in the arts sector. In the first round of discussion, those who provided feedback broadly agreed with that idea.
- Organisations funded through the Investment programmes will be required to show how their proposed programmes of work deliver to the strategy's features (all three features for Tōtara and at least one feature for Kahikatea).
- This will allow organisations to think about how their work contributes to the overarching investment directions set out in the Investment Strategy; more about the outcomes of their work than just the detail of their programmes and budget.
- Current Tōtara key roles will be replaced with three categories (General New Zealand Arts; Māori-led Arts; Pasifika-led Arts) plus two opportunities to deliver to identified infrastructure gaps (Arts by, with and for Young New Zealanders; National Touring). This does not necessarily mean a reduction in the number of organisations in the Tōtara programme; rather the focus is moving away from a specific artform focus to broader outcome-focused categories.

- The 2019 Investment programmes funding round will only be open to proposals from organisations that have a 2019 funding contract for either the Tōtara or Kahikatea funding programmes.
- Once the 2019 funding round is complete and contracts agreed, the portfolio will be reviewed against its delivery to the Investment Strategy. The Arts Council will then consider if there are gaps and whether to invite proposals from new entrants in 2020, for either or both the Tōtara or Kahikatea programmes.
- Other key changes are proposed, as set out in this paper. We encourage you to read this paper and provide feedback to us no later than **5pm on Monday, 1 October 2018**.

Why are we doing this review?

Creative New Zealand's new [Investment Strategy Te Ara Whakamua 2018-2023](#) sets a strong, principle-based direction for what we want the future shape of our investment in the arts sector to look like.

In agreeing the Strategy, the Arts Council also agreed that each of our main investment categories be reviewed, to check how well our programmes' current settings align with the new Strategy, particularly with the Strategy's three investment features: Diversity & Reach, Dynamic Arts and Resilient Arts Sector.

The first investment categories to be reviewed are those around the two Investment programmes – Toi Tōtara Haemata and Toi Uru Kahikatea. Together, the Tōtara and Kahikatea programmes account for around 60 percent of Creative New Zealand's investment in the arts sector; a significant funding portfolio. For our investment in the arts sector to match the direction set in the Investment Strategy, there is a clear need for close alignment between the programmes and the Strategy.

What's the progress been to date?

In May 2018, we sent out a discussion paper and survey to the arts sector and stakeholders about the future direction of the Tōtara and Kahikatea Investment programmes. Views

were sought on aspects of the programmes that might be changed or developed.

We had excellent feedback from the sector with 129 responses, including from 93 percent of Tōtara clients and 75 percent of Kahikatea clients.

We received broad agreement on the proposal to align the programmes with the Investment Strategy. The sector was sometimes divided on particular issues, with comments naturally focussed on the specific perspectives and experiences of the respondent.

The response and suggestions we received have helped to develop the changes we're now proposing for the two programmes.

Changes resulting from this review will come into effect in 2019 when we call for applications for funding through the two Investment programmes. All existing funding agreements for Tōtara and Kahikatea end in December 2019. New agreements from 2020 will be guided by the direction set in the Investment Strategy.

Proposed changes across the programmes

Overall, our proposed new approach will bring the portfolio into close alignment with the Investment Strategy.

After strong lottery returns in recent years, the Arts Council is in a healthy financial position. The Council has budgeted for meaningful increases to the Investment programmes funding pool from 2020. Future investment across the programmes will align with the directions set out in the new Investment Strategy.

The proposed new approach to the Investment programmes will see a focus on arts sector outcomes, derived directly from the Investment Strategy's features. This approach will empower the arts sector to propose how it can contribute in the most effective way possible to realise outcomes identified in the Strategy. At present, the Tōtara roles prescribe the type of activities Creative New Zealand will support for a key role. We think this often leads to an overly large emphasis on producing outputs without focussing on the intended results for New Zealanders.

The changes we are proposing are intended to directly align the Tōtara and Kahikatea programme funding with the

diversity and reach, dynamic arts and resilient arts sector features of the Investment Strategy.

To achieve this the **key changes** we are proposing for the Investment programmes are:

- to require organisations in the programme to demonstrate delivery to the features of the Investment Strategy (all three features for Tōtara and at least one feature for Kahikatea)
- to replace the current Tōtara key roles with three categories (General New Zealand Arts; Maori-led Arts; Pasifika-led Arts) plus two opportunities to deliver to identified infrastructure gaps (Arts by, with and for Young New Zealanders; National Touring)
- to simplify the funding formulae guidelines for the Tōtara programme and reduce the number of formulae from 15 to five
- to only open the 2019 Investment programmes funding round to organisations that have a 2019 funding contract for either Tōtara or Kahikatea. The Arts Council will then consider if there are gaps and whether to invite proposals from new entrants in 2020, for either or both the programmes.
- to apply priorities to the investment portfolio to ensure the balance of the overall portfolio is aligned to the Investment Strategy.

More detail on the above and other changes are outlined in the rest of this paper.

We intend to look across the portfolio to examine the extent to which our funding is achieving a balanced mix of arts infrastructure that is providing support for the growing diversity of New Zealand (eg, across artforms, cultural traditions, regions, etc) and how the portfolio complements the infrastructure and programmes funded by central and local government.

This paper provides information on our proposals for the two Investment programmes and includes a survey on the key changes. Your views and suggestions on all proposals will be carefully considered before any changes to the programmes are agreed by the Arts Council and announced in November 2018.

Programme names

The Toi Tōtara Haemata (Arts Leadership) Investment Programme and the Toi Uru Kahikatea (Arts Development) Investment Programme will be called the Toi Tōtara Haemata and the Toi Uru Kahikatea Investment Programmes.

We are dropping the leadership and development terms from the programme names in recognition of the widespread view that the programmes should be complementary, and that leadership and development is evident in both programmes.

Leadership expectations

In 2015/16 we worked with Tōtara organisations to clarify our (Creative New Zealand's and the sector's) understanding of sector leadership. As a result, a set of sector leadership expectations for organisations supported through the programme was adopted. In future we will include these expectations as appropriate in the assessment of the outcomes we seek under the features of the Investment Strategy.

Length of contracts

Tōtara contracts will be for six rather than five years with a funding review at three years. Kahikatea contracts will be for periods of either two or three years, rather than the current contract period of one year to three years.

Changes to the Tōtara programme

The purpose of the Tōtara programme will be modified to read:

The purpose of the Tōtara programme is to provide multi-year funding (for periods for up to six years) to established organisations, to support arts sector development, build stronger arts communities and arts organisations, and facilitate greater public engagement in the arts.

The number of current key roles for the Tōtara programme is large, and currently prescribes specific activities and artforms. We propose to replace the key roles with a simpler structure in three categories that are aligned to our assessment processes:

- i. **General New Zealand Arts:** Presentation of and participation in New Zealand arts for the benefit of New Zealanders.

Proposals may be multidisciplinary and /or single artform.

- ii. **Māori-led Arts:** Presentation of and participation in Māori arts for the benefit of New Zealanders.

Proposals may be multidisciplinary Māori Arts and/or single artform (including customary and/or contemporary practice).

- iii. **Pasifika-led Arts:** Presentation of and participation in the arts of the Pacific Island peoples of New Zealand for the benefit of New Zealanders.

Proposals may be multidisciplinary, and/or single artform (including heritage and/or contemporary practice).

This does not necessarily mean a reduction in the number of organisations in the Tōtara programme; rather the focus is moving away from a specific artform focus to broader outcome-focused categories.

In addition to the General New Zealand Arts, Māori-led and Pasifika-led Arts categories above, we plan to call for proposals to fill two identified gaps in New Zealand's arts infrastructure. These may be delivered through General New Zealand arts or they may also be Māori-led or Pasifika-led proposals.

The two new requests for proposals will be for delivery of:

- i. **New Zealand arts by, with and for young New Zealanders:** Development, presentation and participation opportunities, including capacity building and resource development.

Proposals to cover all artforms; the applicant(s) may partner with other agencies and organisations in order to increase national access to high quality arts for young New Zealanders. Proposals will be required to complement programmes funded through Tōtara and Kahikatea and by other agencies (eg, Ministry of Education and New Zealand Music Commission programmes).

- ii. **National touring of New Zealand performing arts in New Zealand**

Proposals to cover management and support of regional and national touring of New Zealand performing arts in order to build audiences for and increase access to high quality performing arts;

facilitate collaboration between New Zealand arts organisations; provide advisory services for touring in New Zealand.

Questions

Q1 Do you agree with the proposal to replace the current Tōtara key roles with three categories (General New Zealand Arts; Māori-led Arts; Pasifika-led Arts) and the two opportunities to deliver to identified infrastructure gaps (Arts by, with and for Young New Zealanders; National Touring)?

Q2 What changes or improvements, and why, do you think we should make to the proposal?

Direct alignment to the Investment Strategy through the investment features and outcomes

Organisations will need to explain the intentions, scope and scale of their programmes, as they have done under the current key role settings, but will also need to actively align them to the Investment Strategy as part of their proposal. The focus is now on presentation and participation outcomes that support diversity/reach, dynamism and demonstrate resilience.

We propose that all organisations funded through Tōtara will be required to demonstrate how they will deliver to **at least one** of the outcomes under each of the investment features below.

Investment feature	Outcomes
Diversity & Reach	<ul style="list-style-type: none"> ▪ Arts practices reflect New Zealand’s growing diversity. ▪ Communities across New Zealand participate in and experience the arts. ▪ New audiences in New Zealand and internationally are engaged with New Zealand arts. ▪ Participation and audiences are grown through digital channels.

	<ul style="list-style-type: none"> ▪ Under-represented communities engage with New Zealand arts. ▪ International opportunities expand New Zealand arts practices and demand for New Zealand art.
Dynamic Arts	<ul style="list-style-type: none"> ▪ Innovation in contemporary New Zealand arts practice. ▪ New Zealand arts develop in New Zealand and internationally.
Resilient Arts Sector	<ul style="list-style-type: none"> ▪ Long-term capacity for the arts sector is built, including new models of value creation that drive resilience. ▪ Relevance to current and changing communities is demonstrated.

Changes to the Kahikatea programme

The flexibility of the Kahikatea programme inherently provides for change in the portfolio, with more frequent entries and exits to date than for the Tōtara programme. We propose to retain the broad permissive purpose and link it directly to Creative New Zealand’s top-line strategic outcomes that is:

To provide two-year or three-year funding to established New Zealand artists, arts practitioners and arts groups and organisations, to support regular or continuous programmes of arts activity to build stronger arts communities, artists and organisations, and/or facilitate greater public engagement in the arts.

Individuals as well as organisations may apply for the programme provided they can satisfy accountability requirements.

Alignment of the Kahikatea programme to the Investment Strategy

Delivery to the Investment Strategy for Kahikatea will be through the requirement to address at least one of the outcomes for one of the features on the next page.

Investment feature	Outcomes ¹
Diversity & Reach	<ul style="list-style-type: none"> Arts practices reflect New Zealand's growing diversity. Communities across New Zealand participate in and experience the arts. Under-represented communities engage with New Zealand arts.
Dynamic Arts	<ul style="list-style-type: none"> Innovation in contemporary New Zealand arts practice. New Zealand arts develop in New Zealand and internationally.
Resilient Arts Sector	<ul style="list-style-type: none"> Long-term capacity for the arts sector is built, including new models of value creation that drive resilience.

Questions

Q3 Do you agree with the proposal to require delivery to the features of the Investment Strategy? (all three features for Tōtara and at least one feature for Kahikatea)

Q4 What changes or improvements, and why, do you think we should make to the proposal?

Funding formulae guidelines

The purpose of existing funding formulae guidelines was to signal to the sector:

- the level of funding that may be available from Creative New Zealand for particular types of organisations
- the levels of support Creative New Zealand anticipates an organisation may need to obtain from other funding sources
- the importance of obtaining revenue from a variety of sources, in order to improve an organisation's financial sustainability.

¹ These outcomes are identified in the Investment Strategy as areas the Kahikatea programme is to maintain or develop.

This purpose continues to be important and also aligns with Principle 7 of the Investment Strategy:

Our investment is grown through partnerships and co-investment with other arts and community funders, in New Zealand and internationally.

The recent consultation showed there was agreement with the general principles behind the formulae, but specific formulae were subject to question and there was a lack of clarity about the rationale underlying individual formulae.

In response to sector feedback, it is proposed to reduce the number of formulae from 15 to five. The new formulae have been guided by the revenue/cost/risk profile of different types of organisations and the principles that:

- lower levels of revenue potential are likely to require higher levels of Creative New Zealand subsidy
- higher levels of revenue potential are likely to require lower levels of Creative New Zealand subsidy.

Proposed new Tōtara funding formulae guidelines

The new funding formulae ranges proposed for different types of organisations are as follows:

- Festivals** – Creative New Zealand will usually contribute **10% to 20% of total revenue**. The increased level of support in recognition of the high cost/high risk profile of commissioning and presenting new New Zealand work. High levels of support for festivals are available from other funders/sponsors, and festivals can generally achieve higher levels of earned revenue relative to other Tōtara organisations.
- Metropolitan Orchestra and main centre theatres** – Creative New Zealand will usually contribute **15% to 25% of total revenue** – with an expectation of a similar level of contribution being made from territorial authorities in which the orchestra/theatre is based. These types of organisation can generally achieve higher levels of revenue, relative to other organisations currently in the Tōtara programme.
- City Orchestras** – Creative New Zealand will usually contribute **25% to 35% of total revenue**. Our support is targeted at the professional service required to offer a regular programme of activity – for example, management and administrative services.

There will be an expectation that other funders, such as local government and/or philanthropic trusts, will also contribute 20% to 30% of a Tōtara City Orchestra's revenue.

- **Other producing/presenting organisations** – for example, a chamber music ensemble, a theatre development company, a choral organisation, an opera company, a touring agency: Creative New Zealand will usually contribute **30% to 40% of total revenue**.

There is an expectation that other funders and supporters will also contribute to the revenue of the organisation. For example, local government agencies where a company performs/ is based, philanthropic trusts, sponsors, fundraising.

- Dance companies, service organisations, organisations focussed on delivery to under-represented communities, Māori-led arts organisations, Pasifika-led arts organisations, visual arts and craft/object art presenters. Creative New Zealand will usually contribute between **55% to 70% of total revenue**.

This higher level of subsidy recognises earned revenue limitations – for example, via low income audiences or low-market take-up. The expectation remains that Creative New Zealand will not be the sole revenue source for the organisation and that between 30% and 45% of revenue will need to be earned and/or contributed by other agencies or supporters – for example, local government, sponsors, fundraising or philanthropic contributions, contracts with other government agencies, box office revenue, sale of services.

Creative New Zealand anticipates contributing at a higher point in an organisation's formula range where:

- limitations on earned revenue exist (eg, where delivery to low income audiences or communities is a significant focus of an organisation's programme)
- Creative New Zealand has agreed that touring work internationally is integral to the organisation's programme.

General Funding Formulae Guidelines

The new formulae will apply to Tōtara programme clients from 1 January 2020.

In addition, the following changes are proposed.

- Funding formulae would cease to apply to the Kahikatea programme (ie, to city orchestras and festivals in the Kahikatea programme).
- When applying the new funding formulae guidelines, no organisation in the Tōtara programme will receive a reduction in their current level of funding, due to the application of the new formulae, for three-years (ie, the mid-point of a six-year funding agreement).
- The formulae are guidelines and Creative New Zealand anticipates that there may be instances where organisations filling a Tōtara funding category may be offered funding levels that may be below, or above, a stated range.
- All funding decisions are constrained by the amount of money Creative New Zealand has available to support its funding programmes and initiatives.
- City Orchestras, whether funded through the Kahikatea or Tōtara programme, will be expected to align with the joint policy and funding framework agreed as part of the 2013 Ministry for Culture and Heritage New Zealand Professional Orchestras Review. This included the expectations that City Orchestras be professionally managed, have a regular programme of activity, deliver quality performances, raise a significant part of their revenue from ticket sales and sponsorship and receive support from the relevant territorial authority.

Questions

Q5 Do you agree with the proposed changes to the funding formulae guidelines for the Tōtara programme?

Q6 What changes, or improvements, and why, do you think we should make to the proposal?

Eligibility requirements for the 2019 funding round

It is proposed to only open the 2019 funding round to organisations that are contracted in 2019 to deliver to the Tōtara and Kahikatea programmes. We think it is important

to provide opportunity to organisations currently funded via the programmes to adjust and align to Creative New Zealand's Investment Strategy. The Arts Council will then consider, in the second half of 2019, whether to open programmes to new entrants in 2020. Until the resulting infrastructure can be fairly assessed for its delivery to the Investment Strategy and gaps identified, it would be premature to invite proposals from new entrants. In 2020 Creative New Zealand will be better placed to specify the areas we will target for new investment.

Questions

Q7 Do you agree with the proposal to pause opening the investment programmes to new entrants until gaps in the arts infrastructure are identified?

Initial priorities for investment across the two Investment programmes

This review provides the opportunity to take account of the national provision of infrastructure and funding support and to begin to address identified gaps in the infrastructure. Some respondents to our first round of consultation thought there was a good mix in our support for arts infrastructure. Others thought that there were gaps and some duplication.

The Investment Strategy principles are now the guide to adopting the priorities for investment. Areas for maintenance and development for the programmes are documented in the Investment Strategy.

It is proposed that, following assessment of proposals, initial priorities will be applied across the Investment programmes in the 2019 funding round. The initial priorities are as follows.

- Support and development of Māori-led organisations.
- Support and development of Pasifika-led organisations.
- Diversity of arts practice that reflects New Zealand's growing diversity.
- Regional delivery of access to New Zealand arts.

These priorities reflect some of the 'develop' elements of the Investment Strategy's Tōtara and Kahikatea investment statements, particularly around the following investment principles:

- Principle 3 – Our investment recognises in the arts the role of Māori as tangata whenua, and advances ngā toi Māori
- Principle 4 – Our investment recognises the arts of the Pacific Island peoples of New Zealand
- Principle 5 – Our investment reflects the demography of New Zealand.

Creative New Zealand assessment processes for proposals received will continue to use external peer assessors and internal moderation processes, with final decisions made by the Arts Council.

Details of the assessment processes will be provided in the Request for Proposals to be provided by February 2019 to those with an existing Tōtara and Kahikatea funding agreement.

Following assessment of proposals and consideration of recommendations for funding, the Arts Council will review remaining gaps in infrastructure, capacity and practice and options for addressing them. Options will include establishing new priorities to address gaps in infrastructure.

We have appended a summary of the process to show how the elements flow together.

Questions

Q8 Do you agree with the initial priorities that will be applied to the investment portfolio to ensure the balance of the overall portfolio is aligned to the Investment Strategy?

Q9 What changes or improvements, and why, do you think we should make?

Transitional arrangements

We are confident that New Zealand arts organisations already deliver well. We know too that the sector is ambitious to do more. We will do our best to make any changes as straightforward as we can for both established organisations and well as for those at a developing stage.

Once Council has considered this second stage consultation, any final changes will be agreed and updated information on eligibility requirements will be provided. Application forms/ Requests for Proposals for Tōtara and Kahikatea will be available in February 2019 .

How to provide your feedback

We invite feedback on the changes proposed, and responses to the questions we've raised, from organisations supported by the Investment programmes, other funders, individual artists and practitioners, and others with an interest in the New Zealand arts infrastructure.

Your feedback needs to reach us by **5.00 pm on Monday 1 October 2018**.

You can provide your feedback by:

- answering the questions posed by completing the online survey at: www.surveymonkey.com/r/Oinvestment
- emailing your responses to the questions asked and any other feedback to: totaraandkahikateareview@creativenz.govt.nz
- sending us a letter with your views – please address your written response to:

Tōtara and Kahikatea Review
Creative New Zealand
PO Box 3806
Wellington 6140

No individual or organisation will be identified in any documents that analyse the responses. However, anonymised responses could be disclosed to others under the Official Information Act 1982, should they be requested.

Summary of proposed 2019 Investment programmes funding round

