

2016

Four-year Plan

December 2015

**Manatū
Taonga**

Ministry
for Culture
& Heritage

New Zealand's distinctive culture enriches our lives
Mā tō Aotearoa ahurea ahurei tātou e whakarāwai

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How we use the word ‘culture’

This Four-year Plan uses the word ‘culture’ in a broad way to include Māori culture and the cultures of all New Zealanders. When we refer to culture we see it as including arts, heritage, media, and sport and recreation.

What we include in the ‘cultural sector’ and ‘funded agencies’

When we refer to the ‘cultural sector’ we are referring to the mixed (private and public) economy of producers, distributors, consumers and funders of cultural goods and services. ‘Funded agencies’ refers only to those agencies funded directly through the Ministry under Vote Arts, Culture and Heritage and Vote Sport and Recreation.

Overview of the cultural sector

Culture

- contributes to achieving a wide range of outcomes across other government portfolios
- strongly influences not only how we think and feel about our communities, but our overall sense of who we are as a people
- has wide-reaching social and economic benefits as well as cultural benefits
- is the activities, goods and services of creative and innovative individuals, groups and organisations

Importance of culture

Our distinctive culture is at the core of what makes New Zealand a great place to live. Cultural expression, engagement and understanding are fundamental to a vibrant and healthy society and help define what it is to be a New Zealander. Cultural expression expands individual capacities, helps bind society and provides jobs and innovation in the economy.

Māori culture is central to New Zealand's uniqueness as a place, a society and a nation. Strong partnerships between iwi-Māori and the Crown are essential in ensuring Māori culture is protected and flourishes.

Culture is produced by creative and innovative individuals, groups and organisations. The activities, goods and services they create, produce, distribute and present to the world have a value which is not only cultural but also social and economic.

New Zealand's rapid demographic transformation is being led by

Auckland which is emerging as a vibrant hub that celebrates its strong Pacific and Asian links. Successful cultural activity helps us to connect as a changing nation and to connect within and across our communities.

Government makes a significant contribution to the broad cultural sector each year. The government invests almost \$400 million each year in heritage, arts, media and sport through Vote Arts, Culture and Heritage and Vote Sport and Recreation.

Support for the cultural sector is also provided through other public funding, most notably the education portfolio and local government. Around \$100 million is provided by the NZ Lottery Grants Board to four cultural sector agencies - Sport New Zealand, Creative New Zealand, the NZ Film Commission (in their statutory body capacity) and Ngā Taonga Sound and Vision.

Through partnerships, sponsorship and revenue generation, the Ministry and our funded agencies have increased the level of third-party revenue from \$50 million to \$80 million over the past 10 years in the government funded cultural sector. There is a continued focus on increasing third-party revenue in particular through philanthropy, through fund-raising through trusts and foundations.

How the cultural sector contributes to Government priorities

Responsibly managing the Government's finances	Building a more competitive and productive economy	Delivering better public services	Rebuilding Christchurch
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The cultural sector contributes to the Government's priorities through:

- its economic contribution, estimated at more than 3 percent of GDP
- the benefits of cultural activity for communities suffering the results of natural disaster
- greater sector collaboration including many joint initiatives in the sector and with other partners
- generation of third party revenue with government funding as leverage
- projects to support the shared cultural sector strategy.

The Ministry's role

About the Ministry

The Ministry provides advice to government on where to focus its interventions in the cultural sector. It seeks to ensure that Vote funding is invested as effectively and efficiently as possible, delivering the most collective outcome, and that government priorities are met. It supports the Minister for Arts, Culture and Heritage, the Minister of Broadcasting and the Minister for Sport and Recreation.

The Ministry is responsible for and has a strong track record of delivering high-quality publications (including websites), managing significant heritage and commemorations, and acting as guardian of

New Zealand's culture and kaitiaki of New Zealand's taonga. The Ministry's work prioritises cultural outcomes and also supports educational, economic and social outcomes, linking with the work of a range of other government agencies.

The Ministry has a baseline operating budget of around \$15 million each year. We currently have additional funding for specific projects related to the centenary of the First World War. With this set to return to baseline in 4 years (and reduce over this time), following a stream of significant projects over the past 5 years, the Ministry will need to make challenging choices in order to manage cost pressures at the same time as funding is reducing.

We have a current complement of 115 FTEs across cultural policy and monitoring of funded agencies, heritage services (including publishing, commemorations and Pukeahu), and corporate services.

The Ministry will continue to carefully choose the activities we engage in and consideration will be focused on ensuring activities and projects offer the best value for money.

The Ministry's role in the cultural sector

A vibrant cultural sector demands durable policy settings and a level of investment to support thriving cultural activity. The Ministry has policy, legislative, delivery, regulatory, funding and monitoring responsibilities throughout a cultural sector that is extraordinarily diverse.

The Ministry is well placed to have an overview of the full range of cultural sector activities and issues, and to inform thinking, within government and the sector, on how support for culture can contribute to government's goals.

As well as direct government funding, the Ministry wants to work with key non-government groups in the cultural sector to ensure that the government's interventions are the right ones in driving the increasing contribution to its goals for the cultural sector as a whole.

The creative sector's economic contribution is rising at twice the rate of the overall economy and we want to ensure that the regulatory and policy environment in New Zealand supports this growth.

The Ministry's role with funded agencies

The Ministry funds, monitors and supports 15 cultural agencies that deliver a range of high-quality cultural products and services. The Ministry heads this cluster of directly funded agencies, based on voluntary collaboration.

We are working with funded agencies to develop a consistent approach across different streams of government funding. Funded agencies engage on specific policy, research, partnerships and development areas, including the activities being undertaken through the WW100 programme.

Agencies collaborate on a range of initiatives to improve value for money and develop new sources of funding outside government, including aligning some funding strategies. The Ministry works with our funded agencies to ensure they remain fit for purpose in a rapidly changing environment. This includes shared services where it is appropriate, with the screen agencies for example sharing premises and finance and facilities resources.

Our Outcomes Framework

New Zealand's distinctive culture enriches our lives					
Government priorities	Responsibly managing the Government's finances	Building a more competitive and productive economy	Delivering better public services	Rebuilding Christchurch	
Cultural Sector Strategic Framework Medium term sector shifts	Fostering inclusive New Zealand identity New Zealanders have a strong shared sense of attachment to New Zealand, value diversity and are actively participating in our cultural life and democracy. New Zealand identity is strong globally.	Supporting Māori cultural aspirations Iwi/Māori, Manatū Taonga Ministry for Culture and Heritage and cultural sector organisations have strengthened capacity to advance Māori cultural aspirations for the benefit of Māori and for all New Zealanders.	Front footing transformative technology New Zealand creative practitioners and organisations have mastered skills and capabilities to better utilise technological innovation. New Zealand is recognised as a leader in enabling ease of access to, and re-use of, creative content.	Improving cultural asset sustainability Our most valuable cultural assets are identified and measures are adopted to ensure their protection and, where appropriate, development. There is greater transparency on how the sector is prioritising investment in cultural assets.	Measuring and maximising public value Decision making and choices in resourcing cultural infrastructure and cultural activity are better informed by data, evidence and understanding of the public value of culture.
Sector outcomes	Create - Cultural and sporting practitioners and organisations create, produce and distribute a broad range of cultural works, experiences and activities, distinctively 'New Zealand' in form, voice and/or content. Creative talent and innovation enhance our way of life and make a valued contribution to the economy and society.	Preserve - Cultural practitioners and organisations collect, record, protect and present taonga for the benefit of present and future New Zealanders.	Engage - New Zealanders and international audiences increasingly access and engage with taonga and other cultural works, places and activities with enjoyment and understanding.	Excel - High achieving, talented and innovative cultural and sporting practitioners inspire high achievement in others, leading to enhanced social and economic well-being and community and national pride.	
Ministry for Culture and Heritage outputs What we do	Advise <ul style="list-style-type: none"> Provide advice to support decision making by Ministers on government policy relating to arts, heritage and media Advise on and process Board appointments Negotiated services to support Ministers including speeches and correspondence 	Deliver <ul style="list-style-type: none"> Maintain war graves and access to memorials and other places of national significance Collect and preserve oral history and digital stories Promote cultural events and significant commemorations Information on and communication of New Zealand and Māori history, society and culture Delivery of international cultural diplomacy projects Delivery of the First World War centenary operating legacy projects 	Regulate <ul style="list-style-type: none"> Administer legislation to protect Māori and New Zealand's cultural heritage Ensure legislation and policy settings remain fit for purpose in relation to fast moving technological advancements 		
	Fund and Monitor • Performance monitoring and development of arts, heritage, media and sport Vote-funded agencies				
Funded agencies					

Strategic direction

Where do we want our sector to be?

Our distinctive culture is core to what makes New Zealand a great place to live. Cultural expression, engagement and understanding are fundamental to a vibrant and healthy society and help define what it is to be a New Zealander.

The Ministry is committed to building an even stronger cultural sector for the future, so that:

- people here and abroad are increasingly demanding and accessing New Zealand stories told by New Zealanders
- our national identity is created by us and embodies our distinctive values, traditions and beliefs
- a strong, creative and inclusive culture strengthens the nation and is an enabler of creativity, innovation, productivity, social cohesion and wellbeing
- arts, heritage, media and sport play an increasingly important role in our lives and work, and are a growing part of the economy and our nation's reputation as a sophisticated, innovative, creative and culturally diverse nation producing world-class artists and content
- we use an increased range of qualitative and quantitative measures to measure the public value of cultural investment, in order to make decisions that maximise the value generated from the government's investment
- there is increasing participation in the arts, culture, heritage and sports sectors and we can monitor their economic and social value.

Where do we want the Ministry to be?

We want to continue to be collaborative in the way we work with our funded agencies and beyond in the cultural sector.

A key strength of the Ministry is our ability to take opportunities as they arise and deliver on them well. This strength has been acknowledged and reflected in our PIF results. We want to build on this strength and become very deliberate in the opportunities we select for delivery, measured against the Cultural Sector Strategic Framework. Ultimately, this will become a new way of working for all our staff, managers and sector agency partners.

We want the Cultural Sector Strategic Framework to drive how we make decisions about the work we engage in. It will have an impact on all staff as we embed a portfolio approach to our operating model. The Ministry leadership team will visibly lead the way by first introducing change at the governance level and role modelling the new behaviour to the rest of the Ministry.

Rather than a single change 'event', implementation will be broken into stages and expectations will be clearly set about the length of time it will take to fully implement this new model.

The Cultural Sector Strategic Framework outlines five medium-term priorities our environmental analysis and consultation show we must focus on in order to improve outcomes for New Zealanders over the next four years. The priorities draw on evidence of the pressures currently experienced within New Zealand but also reflect the global challenges faced in all jurisdictions. They are accompanied by a set of sector shifts towards a desired future state.

The next few pages outline the work the Ministry is undertaking to

achieve our desired shifts.

They outline the work the Ministry has planned (not including the interventions from our funded agencies). We are working on incorporating a wider picture of all the interventions from government investment, and building a more deliberate approach to developing these interventions. We hope that in four years, our progress in being more intentional in our work will result in even greater impact against our strategic priorities.

Delivering the strategy

We are working towards a greater impact through:

- identifying partners and working with the cultural sector agencies and other central government agencies, iwi/Māori, regional and territorial local authorities, NGOs, the private sector and the wider community
- leveraging the most from these partnerships by increasing our stakeholder management capabilities
- strengthening our advice to support Ministers' decision making regarding investment in the cultural sector
- delivering high-quality commemorations and publishing programmes
- assessing investments and proposals and how they serve our four enduring outcomes and the five medium-term sector priorities, as set out in the Cultural Sector Strategic Framework.

Our impact is largely determined by our ability to influence the strategic direction of funded agencies and the cultural sector as a whole (and through them achieve national outcomes). Our funded agencies are responsive and high performing.

Through our policy function and our funded cultural agencies we are able to influence these broader outcomes. In order to achieve this, collaboration is essential.

Building better information on public value and a comprehensive body of evidence and comparable examples is a challenge across the global sector. We are continuing to develop the measures we require to assess the shifts we are trying to achieve. This is not holding us back from implementing the interventions that we have underway. However, over time, the structure and form of these interventions may

change as better information becomes available.

Better information and evidence will inform our decision making about the range of services to be supported and our advice on levels of funding to best benefit New Zealanders.

Through collaboration and the use of *Value and Culture: An Economic Framework*, cultural decisions can be supported by better information about public value. To maximise this we are:

- refining our portfolio approach so resource shifts can be effected between different activities
- taking an active/adaptive 'real-time' learning approach to boost monitoring and evaluation and feed that learning into policy and coordination
- working to be more receptive and responsive to public preference.

We facilitate and influence by:

- providing advice to Ministers on policy settings and issues in the cultural sector, including funded agencies' performance
- providing advice on and administration of regulation
- funding cultural activity through Crown entities operating at arms' length
- leveraging relationships with other departments and funders (for example: NZ Lottery Grants Board, other government agencies, local government, private sector partners, sponsors and philanthropists)
- delivering of programmes, including commemorations and publishing projects.

Managing change

The Ministry and our funded agencies are experiencing and adapting to a range of significant change drivers including digital technology, legislative change and fiscal pressures. Managing the risks and opportunities associated with these changes will be an ongoing challenge for funded agencies and for the Ministry as a policy and funding provider.

New media

Public demand for audio/visual content on multiple platforms is expected to increase, supported by improvements in broadband speeds and accessibility. There are many examples of creative new media use by funded agencies.

These changes are providing challenges for existing legislation which was written before the effects of digitisation and convergence were apparent, and which now needs to be reviewed to ensure it remains fit for purpose.

Fostering inclusive New Zealand identity

Sector Shift

2014: Cultural 'infrastructure' has not kept pace with the renewed rapid rise in the diversity of the population, along with a continued urbanisation. This dynamic requires a coordinated approach that binds our sense of what it means to be a New Zealander.

2018: New Zealanders have a strong sense of attachment to New Zealand, value diversity, and are actively participating in our cultural life and democracy. New Zealand identity is strong globally.

What are we doing?	
Authoritative cultural resources	Produce and promote significant cultural information, using a range of media, including digital and print projects aligned with the commemorations programme.
Commemorations programme	Support New Zealand's commemorations programme including First World War centenary (2014-2019) and 250 years since Cook landings (2019) as well as 125 years since women's suffrage (2018).
Distinctive national destinations	Work with other agencies to investigate opportunities for integrated management of heritage sites, including the protection, preservation and development of Watts Peninsula in Wellington.
Pukeahu governance and management	Identify the long-term governance arrangements for Pukeahu and ongoing management of the Pukeahu precinct, including the Great War Exhibition.
Provision of military heritage in New Zealand	Deliver a business case exploring the options for provision of military heritage in New Zealand, including a permanent national museum.
Advice on civics, nationhood and identity	Support cross-government work on nationhood. Promote constitutional organisations and civics and citizenship education in the capital city.
Protection of significant heritage	Manage the maintenance of war graves in New Zealand and abroad and administering legislation to protect symbols of nationhood and movable and found heritage.
Broadcasting to the Pacific	Work with other agencies and Crown entities to ensure high quality, representative and relevant New Zealand content is available to the Pacific Islands.

How will we know if the desired shift is being achieved?	
Increasing sense of belonging to New Zealand	Data not available until 2016
Increasing ease of expressing identity in New Zealand	86.3 percent able to express their identity
Increasing positive global perceptions of New Zealand	Index 62.16
Increasing NZers who report active participation in arts and culture	89 percent of NZers
Increasing numbers of NZers who report active participation in sport and recreation	74 percent of NZers
Increasing participation in Māori cultural activities	Data not available until 2016
Increasing use of Māori language	Data not available until 2016

Supporting Māori cultural aspirations

Sector Shift

2014: Cultural agencies are committed to working with iwi-Māori to support Māori cultural expression. Iwi are at varying stages in the Treaty settlement process and positioning to advance their own cultural aspirations. Iwi demand a higher level of responsiveness from government and its agencies.

2018: Iwi-Māori, Manatū Taonga Ministry for Culture and Heritage and cultural sector organisations have strengthened capacity to advance Māori cultural aspirations for the benefit of Māori and for all New Zealanders.

What are we doing?	
Te Taiwhakaea Treaty Settlement Stories	Produce a comprehensive, historically rigorous account of the recent history of Treaty of Waitangi settlements from all perspectives, including online content.
Managing post-Treaty relationships	As one of the core group of government agencies to support the Treaty settlement process, we have over 50 relationship agreements which will rise to 100 by 2017. Actively manage our relationships with key iwi to ensure these needs are met. Provide guidance to iwi in the development of their cultural plans to support their cultural aspirations in a post-Treaty environment.
Protection of taonga	Ongoing conservation of newly found taonga. Examine the government's obligations with regard to care and ownership of taonga.
Auckland volcanic landscape	Explore the feasibility of establishing the Auckland volcanic landscape as a World Heritage site of Outstanding Universal Value, working with the Department of Conservation and the Ministry of Foreign Affairs and Trade.
Supporting Māori cultural talent	Targeted initiatives to address gaps and opportunities in the delivery of support for Māori practitioners, including Te Matatini. Work with iwi to investigate preferred options for provision of services.
Protection of taonga tūturu	Manage the care of newly found taonga tūturu and the process of assigning ownership.
Working with the cultural sector	Lead the cultural sector in delivering more than our legal obligations and building recognition that iwi/Māori culture is intrinsic to New Zealand's identity.

How will we know if the desired shift is being achieved?	
Increasing proportion of iwi with whom Manatū Taonga has an 'active' relationship	Data not available until 2016
Increasing number of publicly funded cultural agencies with co-designed iwi initiatives	Data not available until 2016
Increasing te reo capability programmes in publicly funded cultural agencies	Data not available until 2016

Front-footing transformative technology

Sector Shift

2014: New Zealand creative practitioners and organisations have the skills and capability to deliver quality cultural experiences but uptake of transformative technologies to enhance production, distribution and access is variable.

2018: New Zealand creative practitioners and organisations have mastered skills and capabilities to front-foot technological innovation. There is greater scope to select and manage production, distribution and access. New Zealand is recognised as a leader in enabling ease of access to, and re-use of, creative content.

What are we doing?	
Content Regulation in a Converged World	Review and update media policy and legislation, to ensure they remain fit for purpose and reflect the changing digital environment.
Convergence	Work with central government agencies to respond to convergence, including leading public consultation and discussion of the overall work programme. Support the cross-Government convergence work programme, including a study of the copyright and other regimes that govern content.
Supporting funded agencies	Work with cultural agencies to support the innovative and cost-effective use of digital technologies to create work and engage with audiences.
Sector skills development	Help creative industries increase competitiveness and productivity, raise the value of exports and create jobs for New Zealanders.
Access to government funded material	Work in partnership with other agencies to improve public access to Crown-funded and owned material.
Digital cultural content	Invest in digital content including Te Ara and NZHistory.net to provide authoritative cultural content for New Zealanders.

How will we know if the desired shift is being achieved?	
Increasing choices available to consumers in provision of cultural content	Data not available until 2016

Improving cultural asset sustainability

Sector Shift

2014: Many of New Zealand's cultural facilities are largely dependent on local government resourcing outside the main urban areas and vulnerable to declining rating bases. The Canterbury earthquakes have highlighted the challenges all communities face in maintaining cultural assets, skills and capabilities.

2018: There is greater clarity on the most valuable cultural assets and priorities for investing in cultural infrastructure (tangible and intangible) over time within available resources.

What are we doing?	
Monitoring funded agencies	Provide advice to Ministers on the performance and financial strength of key cultural and media sector agencies.
Landmarks	Develop the National Historic Landmarks List in partnership with Heritage NZ, the Department of Conservation and MBIE Tourism.
Supporting income diversification in the cultural sector	Conduct research and provide advice on opportunities to augment public spending, in particular through philanthropy, informed by research findings. Support the sector to raise more revenue from non-government sources.
Protected Objects Act review	Undertake a broad review of the Act to ensure it is fit for purpose. This includes updating operational guidelines to ensure it is administered efficiently.
Supporting the Canterbury recovery	Support the recovery from the Canterbury earthquakes by contributing to a range of cultural initiatives in greater Christchurch, and progressing two recovery programmes.
Conservation of significant heritage	Provide advice on significant heritage assets, including support for earthquake strengthening of heritage buildings, where seismic strengthening of private and publicly owned heritage buildings is a challenge across the country.
Review of museums strategy	Review the Government's museums investment strategy and undertake a stocktake of current funding models and strategic outcomes for the sector.
Media sector leadership	Facilitate appropriate engagement with agencies working across media issues, including copyright and convergence.
Maintaining vitality in the performing arts	Difficult choices are needed to allocate government support across the range of performing arts activities and entities throughout the country, particularly given the shifting regional demographics of New Zealand. We need to prioritise government funding as well as generating efficiencies and augmenting public funding.

How will we know if the desired shift is being achieved?	
Progress on establishing national historic landmarks	Data not available until 2016
Increasing proportion of sector funding obtained from non-government sources	Data not available until 2016
Increasing equity of NZ's largest cultural institutions	Data not available until 2016
Increasing household expenditure (real) on cultural products and services	107.20
Increasing arts and recreation business net births	Data not available until 2016

Measuring and maximising public value

Sector Shift

2014: Decision-making and choices in the cultural sector rely on expert judgement but there is an underdeveloped understanding of the public value of culture.

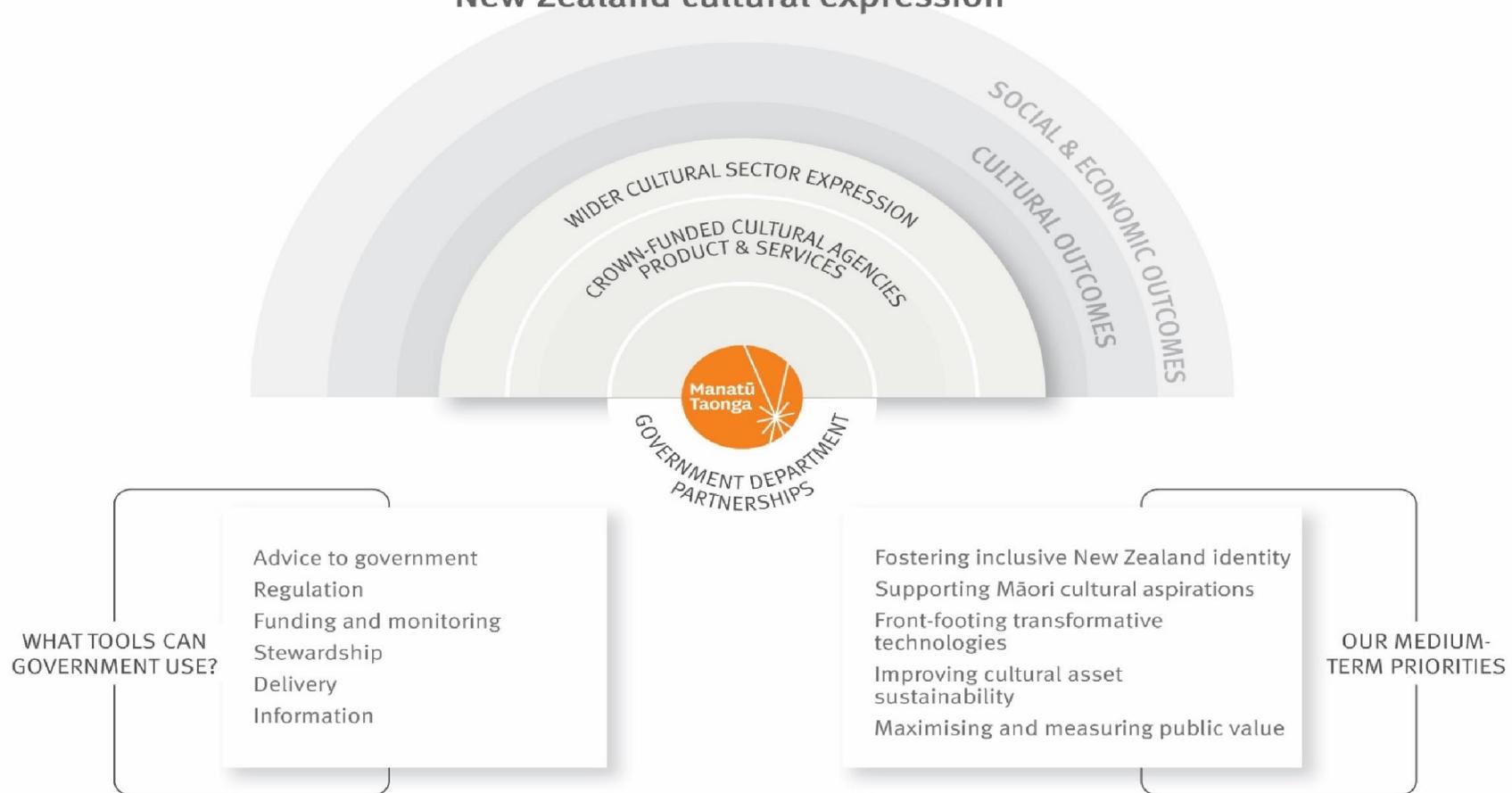
2018: Decision-making and choices in resourcing cultural infrastructure and cultural activity are better informed by data, evidence and understanding of the public value of culture.

What are we doing?	
Value and culture framework	Embed the concepts in <i>Value and Culture An Economic Framework</i> as a way of assessing cultural value in decision-making.
Ministerial servicing	Provide support to Ministers across three portfolios, to enhance decision making.
Co-ordinating research across the sector	Co-ordinate research across the sector and beyond to maximise the availability of data available to support cultural and media decision making.
Cultural Sector Strategic Framework	Embed the use of the Cultural Sector Strategic Framework as a decision-making tool across the cultural and media sector.
Creative sector study	Support a study of regimes in the creative sector to maximise innovation and productivity.
Review of Heritage New Zealand	Undertake a review to identify specific areas of organisational practice and performance at Heritage New Zealand that need improvement to deliver on the agency's objectives.
Promoting New Zealand internationally through cultural diplomacy, screen co-productions and Pacific broadcasting and sport	<p>Deliver International Cultural Diplomacy Programme to achieve broader government objectives.</p> <p>In partnership with the Ministry of Foreign Affairs and Trade, we are actively engaged in negotiating international screen co-production agreements for film and television in a variety of countries, including Brazil, and Canada.</p>

How will we know if the desired shift is being achieved?	
Use of evidence about public value in decisions about funded cultural investments	Data not available until 2016
Public subsidy per unit of cultural consumption	Data not available until 2016

Summary of MCH strategy

Maximising the extent to which **New Zealand's distinctive culture enriches our lives**
by
creating, preserving, engaging and excelling in
New Zealand cultural expression



Organisational capability and workforce delivery in the Ministry

This section looks at the Ministry's own workforce capability and delivery. For more information on the funded agencies, please refer to the section on funded agencies in this Plan.

About the Ministry

The Ministry has around 130 people across 115 FTEs, spread across Heritage Services, Cultural Policy, Monitoring, Ministerial Services and support services.

Organisational culture

We have developed a draft culture statement in collaboration with staff. We are working towards embedding this statement, for example, through internal improvement programmes and communications.

We believe strongly in the importance of what we do which drives our commitment to excellence and high quality work. We value what each person brings to the organisation.

We treat each other as whole people, giving ourselves space for other important things in life. We have a can-do attitude and love trying new things through our openness to ideas.

We'd like to learn to strengthen the balance between our opportunistic and can-do nature against our commitment to achieving our long term goals. We work best collaborating with others, be that within or outside the Ministry, and our approachability from the CE right through the organisation helps us deliver in this collaborative way.

We take pride in our work and we have fun doing it. Our work gives us the opportunity to grow professionally, which we'd like to do more. We are committed to becoming a bi-cultural organisation, given our central role in supporting Aotearoa New Zealand to achieve its cultural aspirations. We work to show

this through what we do and how we do it.

Communication of our common purpose

A key strength of the Ministry is our ability to take opportunities as they arise and deliver on them well. This strength has been acknowledged and reflected in our Performance Improvement Framework (PIF) results.

We want to build on this strength and become very deliberate in the opportunities we select for delivery, measured against the cultural sector strategic framework outlined on the previous pages. Ultimately, this will become a new way of working for all our staff, managers and sector agency partners.

Given the nature of this change we will break it up into stages of maturity which can be implemented over a period of time. This will reflect the portfolio approach of our operating model.

The first stage has been to directly reflect our five strategic priorities in some aspects of our reporting and governance. As part of our new operating model, a decision making framework will continue to evolve to ensure our choice of work programme is best placed to achieve our strategic priorities.

Strategic decisions need to be made to deliver either a different configuration of work, or the same work in a different way. These decisions will impact on the Ministry's workforce capacity, capability and configuration in ways which are not foreseeable at this point.

The next stage will be to engage all Ministry staff in aligning the work they do directly to the priorities and to encourage good quality decision-making in this context. This is being supported by the communications around the Ministry's culture as highlighted above.

The final stage will be to work with our funded agencies to demonstrate

the fit between their activities and the overall strategic framework. This is likely to mean updating and adjusting the framework where there are inconsistencies or where new information is identified. This will assist in demonstrating how the broader Crown-funded cultural sector is delivering against the strategy.

Talent management

The staff engagement survey results highlighted that career development opportunities at the Ministry are not meeting people's expectations. In addition, we are working with the State Services Commission (SSC) on tier two and tier three talent management across the public sector, as part of the Leadership Insight programme.

A talent management approach will provide our people with career development opportunities in line with their career aspirations, whether they are in the cultural sector or the wider public sector.

It will also increase mobility of talent across the cultural sector, supporting collaboration and better outcomes as identified in the cultural sector strategic framework.

In addition, talent management will create succession planning opportunities from both of these key talent pools. Succession planning will be an important element of our talent management process, particularly as 15 percent of Ministry staff are over 60 years of age, and we need to consider critical positions with incumbents in the later years of their career.

Change leadership

The PIF review and staff engagement survey results demonstrate the strong relationship staff have with their manager and immediate team, but there is work to do to help people understand and connect with the bigger picture.

We want the Cultural Sector Strategic Framework to guide how we make decisions about the work we engage in. It will have an impact on all staff as we embed a portfolio approach to our operating model.

The Ministry Leadership Team will visibly lead the way by first introducing change at the governance level and role-modelling the new behaviour to the rest of the Ministry.

Rather than a single change 'event', implementation will be broken into stages and expectations will be clearly set about the length of time it will take to fully implement this new model.

Iwi/Māori engagement

Te Arataki (our Māori Engagement Strategy) has been refreshed to reflect the Ministry's updated role in engaging with iwi/Māori, with regard to post-settlement protocols. The Ministry has an ongoing responsibility to deliver cultural outcomes for New Zealand as our Māori heritage is what makes our culture unique in the world.

We are building specific workforce plans into our work programme to ensure we are able to deliver on expectations. We know this will involve growing and recruiting a higher level of capability to support iwi/Māori engagement.

Te Arataki Wānanga

The purpose of the recently established Te Arataki Wānanga is to provide us with support and lead the development of Te Arataki and the cultural sector framework to support Māori cultural aspirations.

Te Arataki Wānanga is a forum of crucial friendship where issues are discussed candidly and constructively through a different lens. The wānanga will advise us on the monitoring and evaluation of portfolios to help identify issues, find solutions and progress opportunities.

Workforce capacity

We will review the work we are doing and how we are delivering it to ensure our workforce configuration aligns with our strategic framework.

Workforce capability

The capability requirements of the Ministry are:

- influencing and communication skills
- project management
- proficiency in engaging with iwi/Māori.

These are the key areas of capability we have identified as critical to meet our strategic priorities. We have plans in place to grow these capabilities over the next four years.

Quality Policy Advice

In addition to these broad people and capability development areas, there is an ongoing project to improve the quality of policy advice. This initiative is focused on:

- improved business processes for commissioning, peer review and audit
- online support resources for policy advisers, tailored where appropriate for cultural policy
- team and individual staff capability building, including monthly policy clinics focusing on identified areas of need.

Additional data analysis capability is being built to support better evidence for policy and monitoring.

The Quality Policy Advice work to date has delivered the technical tools and capability required for our policy team to operate more effectively. We need to support and embed the work of the Quality Policy Advice initiative and the challenge now is to achieve long-term behavioural change in order to get the desired impact.

Improving agency monitoring and evaluation

The Ministry's PIF review noted that '...monitoring is generally regarded as compliance focused rather than performance focused, and not adding value to the oversight provided by entity boards'.

The Ministry has responded to this challenge by initiating a review of its performance monitoring function. As part of this review, funded agencies have provided feedback on the outcomes and specific improvements they would like to see as a result of the review.

ICT capability

The Ministry has moved to a more mobile infrastructure with laptops provided to everyone to allow flexible working across different offices and increase our ability to restart operations in the event of a major incident.

We have moved to Infrastructure as a Service (IaaS), as part of the common capabilities across government. Discussions with ICT representatives across the sector have identified improved resilience as a key outcome from future collaboration. Other benefits from aligning with this all-of-government initiative include the potential of simpler cross-agency collaboration to deliver joined-up services to the public, and increased resilience.

In the event of isolated information system failures, the Ministry is in a position to recover relatively quickly with local system redundancy, service contracts and in-house support capability.

In the event of a major disaster the Ministry's requirement to recover quickly is low, as we do not provide essential services required at such times.

What are we doing?	
System improvements	
Improving programme/project management disciplines	We intend to build project and programme management skills as a core capability for the Ministry. This will help us set up the scope of a project or programme before it begins.
Refining information management	Consolidation of all tools for records into an online security system and implement a retention and disposal plan for all files.
Improving agency monitoring and evaluation	Reviewing our performance monitoring function to move towards a performance focused rather than compliance focused service, to add value to the oversight provided by entity boards.
Improving people capability	
Talent management	Implementing a more structured talent management framework, in line with the SSC led programme across second and third tier.
Embedding the results of the Publishing Review	After finalising the ongoing structure of the publishing function, we need to embed the behavioural change to realise the potential of our services.
Quality of Policy Advice	The Quality Policy Advice work to date has delivered the technical tools and capability required for our policy team to operate more effectively. We need to support and embed the work of the Quality Policy Advice initiative and the challenge now is to achieve long-term behavioural change in order to get the desired impact.
Engaging with iwi/Māori	
Te Arataki Wānanga	The purpose of the recently established Te Arataki Wānanga is to provide us with support and lead the development of Te Arataki and the cultural sector framework to support Māori cultural aspirations.

How will we know if we are successful?	
Improving levels of staff engagement to 30 percent engaged to 10 percent disengaged	Current performance: 21 percent engaged to 16 percent disengaged

Challenging choices

The focus of the cultural and media sector is effectiveness in the delivery of core cultural activities within existing government funding (which is declining in real terms), while demand and supply for cultural goods and services are changing rapidly.

Through partnerships, sponsorship and revenue generation, the Ministry and our funded agencies have increased the level of third-party revenue from \$50 million to \$80 million over the past 10 years in the government funded cultural sector.

Crown funding will always be needed to generate some cultural activity, provide core administration and bolster capability, and to leverage other sources of funding. However, we need to test the priorities for that expenditure and work collaboratively towards a more sustainable cultural sector.

Our focus is to ensure the overall network of policy, legislation, regulation, funding, service delivery and advice supports the sector in not only meeting but in maximising the desired sector outcomes of create, preserve, engage and excel.

The Ministry is continuing to support cultural agencies to deliver cultural activities in new ways, such as collaboration, strategic partnerships and responsive service delivery.

In this context, the Ministry's big choices centre on the key areas below.

Funding policy:

- Managing the tension between who decides and who benefits – improving the legitimacy and transparency of investment through public involvement, and establishing clear measures of public value in priority setting and decision-making.

- Balancing the mix of supply-side and demand-side strategies – with increased creative output and ease of distribution, greater attention has to be paid to supporting the demand side of educators, schools, researchers and the public. This is central to sustainability for producers.
- Identifying investment opportunities for private partners, sponsors and philanthropists to augment public funding.

Regulatory settings and regulatory agencies:

- Making sure media legislation and practice are fit for purpose so that freedom of creative expression is platform neutral.
- Using heritage statutes and tools to make prioritisation choices.

Better public services through:

- Ensuring agencies operate at the limits of efficiency and have options to remain a 'going concern'.
- Adopting from the outset, multi-platform, combined agency and, where appropriate, Creative Commons policies.
- Identifying the Ministry's value proposition to support iwi/Māori cultural plans and aspirations.

What are our challenges and choices?

With a relatively small investment from government, the cultural sector continues to deliver high-quality cultural products and experiences to a diverse range of New Zealanders. The Ministry and its funded agencies have together continued to maximise efficiencies across the cultural sector, delivering many of our outputs within declining baselines (in real terms).

We face several key strategic challenges:

- The cultural sector is tasked with delivering high-quality cultural products and experiences to an increasingly diverse population, with diminishing resources.
- There is a variable uptake of transformative technologies across the sector.
- Over the next four years we need to respond to the large number of Crown-iwi protocol agreements to which the Ministry is committed, and support iwi and Māori aspirations.
- Cultural agencies are under strain. Further meaningful efficiency gains are becoming increasingly difficult to achieve and there is limited scope to control increased costs. Agencies also face a limited pool of corporate support, increasing pressure on ticket sales and difficulties in increasing levels of third party funding.
- Disparities exist in the distribution of cultural services across New Zealand between different communities.

Through initiatives and partnerships these challenges can be met by the sector in a number of ways, including:

- using the Cultural Sector Strategic Framework to adapt and prioritise funding across the sector as new pressures and opportunities arise
- developing skills and capabilities across the sector to ensure a breadth of proficient and successful technological innovation
- collaborating within the sector and across the wider public and private sectors to maximise the sector's contribution to positive outcomes for New Zealand (innovative partnerships such as the television programme *The Secret Lives of Dancers*, and the WW100 programme, demonstrate our sector's ability to draw on wider resources to achieve our goals).

- exploring more targeted interventions across the sector that deliver more through collective impact
- utilising new technology to overcome distribution barriers
- assisting potential audiences to travel to larger centres and identifying local interests to partner in diversifying functions and revenue streams for cultural venues
- ensuring our legislation is fit-for-purpose in a changing environment, to support the sector in taking advantage of new opportunities.

Managing cost pressures

Ministry for Culture and Heritage

Continuing to operate in an environment which necessitates delivering more for less, the Ministry is facing challenges in meeting ongoing cost pressures, particularly in relation to staffing, property and legislative requirements.

In response to this, the Ministry is likely to review its activities to ensure that we are most effective and efficient in our work. It is likely that over the next four years we will need to reduce the number of staff we employ in various areas.

The Ministry has previously benefited from contributions to overheads from a series of separately funded significant major projects, partnerships for specific pieces of work with other government and non-government agencies, and surpluses from careful management of major projects.

The Ministry is facing important decisions in regard to future levels of activity. These are due to a number of factors that are particularly challenging to a small agency, including:

- increased costs, particularly staff and property costs

- a desire to increase capability and capacity to enable the Ministry to deliver a greater impact through policy advice and sector leadership
- an increased focus on monitoring government's investment in the cultural sector and the provision of cultural information.

The impact of these issues increases in outyears, including beyond the four years discussed in this plan. There are also a number of strategic opportunities for investment in the cultural sector, which would significantly improve our ability to achieve the desired sector shifts, but there is insufficient funding within baselines to reprioritise to these significant investments.

Funded agencies

The Ministry funds 15 Crown entities and non-government organisations (NGOs) in the arts, heritage, media and sport sectors.

The Ministry provides around \$320 million of Crown funding to these cultural agencies each year. The major beneficiaries of this funding are NZ On Air (41 percent of the total), Sport NZ (25 percent) and Te Papa (13 percent).

One of the major assumptions the Ministry has made in developing this Four-year Plan is that our funded agencies (as well the Ministry) will be able to continue to make efficiency savings and supplement Crown investment, in order to deliver services within our existing baselines (which are declining in real terms).

The organisational form and primary function of the funded agencies are summarised in the following table.

	Service Provider	Funder	Regulator
Crown entity	Te Papa Heritage New Zealand* NZSO Radio New Zealand International Radio New Zealand (through NZ On Air)	New Zealand On Air Sport NZ Creative New Zealand NZ Film Commission	Broadcasting Standards Authority Drug Free Sport New Zealand
NGO	Royal New Zealand Ballet Ngā Taonga Sound & Vision Antarctic Heritage Trust New Zealand Music Commission Te Matatini		

Note: Heritage NZ is also a regulator, and NZ Music Commission and Te Matatini are also funders.

Crown funding

Crown funding as a percentage of total agency revenue has remained largely static at around 66 percent over the past nine years. However, this disguises considerable variation amongst funded agencies – some are far more reliant on Crown funding than others.

Crown funding has increased by an annual average six percent over the past nine years, with increases in Lottery funding and other revenue. This is due to increases in the output required, rather than increases in funding for existing outputs. Once again, this disguises

considerable variation across the portfolio. Most of the increase in Crown funding has gone to Sport NZ (+\$45 million) and NZ On Air (+\$34 million) – the rest have achieved very little growth in Crown funding.

Lottery Grants Board funding

Four funded agencies benefit from the receipt of agreed proportions of Lottery Grants Board funding. The sector also benefits from Lottery funding received via specialist and/or regional distribution committees.

Lottery grant funding increased significantly over the past eight years, to \$105 million in 2013/14, which has helped to relieve some of the pressure from increasing costs in the sports, screen and arts sectors. However, only four cultural agencies receive a fixed share of funding from the Lottery Grants Board – Sport New Zealand (which receives 20 percent of the Lottery grants allocation), Creative New Zealand (15 percent), the NZ Film Commission (6.5 percent) and Ngā Taonga Sound & Vision (0.5 percent), so these increases have not been shared equally across the sector. There are also indications that this increase is not going to be sustained and Lottery funding may fall to lower levels over time, as it dropped to \$90 million in 2014/15.

As part of the approach to managing government’s investment across the cultural sector, the Ministry conducts ‘shared priorities’ discussions with Creative New Zealand and the New Zealand Film Commission on the possible allocation of any additional unanticipated funding they receive from Lottery profits to maximise collective impact across the sector.

Therefore, statutory agencies responsible for funding activity in the cultural sector face different challenges from those in the sector who are primarily operational and service delivery agencies.

Maintaining agency vitality

Although the operational agencies, and in particular the performing

arts and heritage agencies funded through the Ministry, earn a proportion of third-party funding, estimates from current trends indicate that, within the next two years, some agencies will not be able to continue their current level of work. In some cases they have already reduced their output over recent years to manage within existing baselines.

The funded agencies have by necessity become more professional and successful at fundraising and adjusting their business models to increase productivity and reduce cost pressures. NZ On Air secured its first international shared fund with the Canada Media Fund, which adds to the available amount of digital media funding.

However, it is becoming increasingly difficult for funded agencies to make further efficiency gains and secure higher levels of non-Crown revenue. This impacts directly on the ability of funded agencies to maintain quality, innovation and audiences, and places at risk the range of cultural, social and economic outcomes delivered to New Zealanders.

Achieving (labour) productivity gains can be particularly challenging for performing arts agencies such as the New Zealand Symphony Orchestra and Royal New Zealand Ballet, whose programmes regularly include standard international repertoire, as the minimum number of musicians and dancers required to perform Beethoven's *Symphony No.5* and *Swan Lake* respectively, is the same as when these works were created.

In most cases, the costlier activities are the delivery of services to more isolated regions. The cost pressures have therefore resulted in a lower level of service for already less well-served communities, as well as a drop in overall output. Often activities in large urban centres are more viable, and companies are therefore forced to concentrate in

those areas, already relatively well-served. International operations offer greater markets and often international tours are cost neutral.

Many of the productivity gains available to conventional businesses over time, through advances in technology, are not available to such performing arts organisations. Therefore, the NZSO and RNZB have sought efficiency gains in other areas where possible, such as travel, scheduling, collaboration, and sharing and re-staging productions.

For further information on how the funded agencies are delivering on the cultural sector priorities within baselines and the choices they have to make, see the section on funded agencies at the end of this Plan.

Working with other government agencies

Many initiatives undertaken by the Ministry at a central government level involve partnerships with other agencies, with the Ministry acting in either a lead or subsidiary role. This ensures that our work complements that of other departments in achieving government's objectives. The table below outlines some of the key institutional relationships the Ministry and funded agencies have with other parts of government.

Agency	Activity supporting the cultural sector
Canterbury Earthquake Recovery Authority	Christchurch recovery
Department of Conservation	Heritage sites; world heritage, Landmarks, Heritage property rationalisation
Department of Internal Affairs	Gaming and lotteries; local government; National Library; Archives New Zealand; First World War centenary; nationhood
Department of Prime Minister and Cabinet	Heritage, nationhood
Ministry of Business, Innovation and Employment	Film; broadcasting; convergence of telecommunications and content, copyright and intellectual property; radio spectrum; trade/cultural diplomacy; tourism; major events
Ministry of Education	Cultural opportunities in curricular and co-curricular learning experiences; UNESCO; nationhood.
Ministry of Justice	Elections interface; convergence of telecommunications and content; Treaty Settlements, nationhood
Ministry for the Environment	Resource management.
Ministry of Foreign Affairs and Trade	Repatriation; international law; cultural diplomacy; First World War centenary, broadcasting to the Pacific
Ministry of Health	Sports strategy, Disability Action Plan
Ministry of Pacific Island Affairs	Pacific Island Language Strategy
New Zealand Defence Force	Commemorations including First World War centenary, provision of military heritage
Office of Disability Issues	Disability Action Plan
Office of Treaty Settlements	Settlement protocols
Office of Veterans' Affairs	Commemorations including First World War centenary; war graves
Statistics New Zealand	Cultural sector research and measurement
Te Puni Kōkiri	Broadcasting; archiving of broadcast content; Māori Language Strategy; other support for Māori culture and heritage

Funded agencies

The Ministry funds 15 Crown entities and non-government organisations (NGOs) in the arts, heritage, media and sport sectors. These agencies are primarily involved in the provision of cultural services to New Zealanders.

Improving agency monitoring and evaluation

The Ministry's Performance Improvement Framework review noted that '...monitoring is generally regarded as compliance focused rather than performance focused, and not adding value to the oversight provided by entity boards'.

The Ministry has responded to this challenge by initiating a review of its performance monitoring function. As part of this review, funded agencies have been asked to provide feedback on the outcomes and specific improvements they would like to see as a result of the review.

Functional lead expectations

None of the Ministry's funded Crown entities are subject to the direction issued on 22 April 2014 in relation to ICT. However, Creative New Zealand is working in partnership with the Ministry to explore the feasibility of common IT infrastructure which will benefit both organisations and will be consistent with this directive. There is indication that other funded agencies may benefit from this arrangement if it is established.

As a Crown agent, Sport NZ is subject to the direction issued by the Minister of Finance and Minister of State Services on 22 April 2014 in relation to property management. Sport NZ is working with the Property Management Centre of Expertise to give effect to the direction.

Details of funded agencies

The next section outlines in more detail the strategic choices and challenges facing the individual agencies that we fund through Vote Arts, Culture and Heritage and Vote Sport and Recreation.

As previously highlighted, a number of these agencies are facing very difficult choices in order to manage their funding pressures.

Performing arts agencies in particular are having to reduce their level of output to match their reduced funding. This has other implications for their ability to generate non-government revenue, including sponsorship and philanthropy.

Arts Council of New Zealand Toi Aotearoa (Creative New Zealand)

Agency profile

Creative New Zealand (CNZ) is New Zealand's arts development agency, working to encourage, promote and support the arts for the benefit of all New Zealanders (section 3, Arts Council of New Zealand Toi Aotearoa Act 2014).

Governed by the Arts Council, CNZ's vision is for 'dynamic and resilient New Zealand arts, valued in Aotearoa and internationally', where New Zealanders participate in the arts, high-quality New Zealand art is developed, New Zealanders experience high-quality arts, and New Zealand arts gain international success.

An autonomous Crown entity, CNZ supports arts development through investing in artists, arts practitioners and arts organisations; building the arts sector's skills and capability; and advocating for the arts to decision- and policy-makers.

Strategic intentions and risks

CNZ's Statement of Intent 2016–2020 will set out the medium-term strategy for the organisation. The Arts Council has begun the process of developing this strategy, which will be a fresh articulation of the Council's future strategic directions.

The strategic documents currently in force outline how CNZ is delivering to its purpose, vision and outcomes, along with its key service delivery areas. Two priority areas for improvement are also described: improving CNZ's internal operations, and its influencing agenda.

Under the first, a key project has been implementing a new Grants

Management System and Client Relationship Management System which provide for online funding applications and client reporting. System roll-out is now well underway, and CNZ is already seeing reduced timeframes and costs around processing grant applications (both for applicants and for CNZ), shorter decision-making timeframes and more transparent decision-making.

On the influencing agenda, CNZ has continued to build the evidence base for the value of the arts, including publishing its comprehensive triennial New Zealanders and the arts research. CNZ is also working to ensure the arts remain at the heart of rebuilding Christchurch, and to help meet the challenges of Auckland's rapid growth and increasing diversity.

CNZ's funding environment is the main strategic risk to the organisation delivering to the sector. CNZ receives \$15.689 million of Crown funding through Vote Arts, Culture and Heritage; this has remained static since 2009/10 at \$15.689 million.

More variable is the revenue from the New Zealand Lottery Grants Board (NZLGB), which makes up around two-thirds of CNZ's overall revenue. The NZLGB grant is currently set by Cabinet agreement at 15 percent of the funds received by the NZLGB for distribution (ie, the profits generated by the New Zealand Lotteries Commission). While the NZLGB grant has increased steadily over time (rising from \$21.310 million in 2006/07 to \$37.379 million in 2013/14), it fell for the first time in 2014/15 to \$31.074 million (see below).

CNZ has a workforce of around 50 FTEs, which has remained at this level for many years (50.4 FTE in 2009/10; 49.16 FTE in 2014/15). There are no significant risks in meeting workforce needs to address

the strategy outlined in the accountability documents referenced above.

Challenges and choices

It is not known whether the decline in NZLGB revenue is a short-term dip or the start of a trend. Given the variable nature of the NZLGB grant, CNZ budgets conservatively into out-years based on the current year's revenue forecasts. Because of this, a \$4.7 million deficit is budgeted for 2015/16.

Through prudently managing its finances, CNZ's investment in the arts will still reach a historically high level in 2015/16. This is not sustainable, however, as the effects of declining NZLGB revenue begin to be felt. To help mitigate the risk to the arts sector, in its three-year budget the Arts Council agreed to:

- use CNZ's financial reserves to minimise the impact of the revenue decline on the sector, especially for investment clients who have long planning cycles and long-term commitments (reserves are being reduced to a minimum level of 10 percent of revenue by

2017/18)

- prioritise existing financial and contractual obligations across its funding programmes and initiatives, and ensure that artform and other policy initiatives are delivered (including recent reviews of CNZ support for literature, opera and multi-disciplinary arts)
- not commit to extending any pilot projects beyond their scheduled end date, unless material improvement occurs in its revenue from the NZLGB (eg, the Sector Development Incentives ending in 2014/15, and the Regional Pilots Programme in 2016/17)
- keep operating expenses at the same level as long as possible.

A static or reduced funding environment will inevitably have consequences for the arts sector, which has been the earlier recipient of funding growth. It will be important for CNZ to actively support improved sustainability within the sector, including support for arts organisations to broaden and grow their revenue base. To provide a richer offering to the sector (eg, improving philanthropy through matched funding), additional resource would be required.



Royal New Zealand Ballet

Agency profile

The Royal New Zealand Ballet (RNZB) is an intrinsic part of New Zealand's national heritage; formed in 1953 it now receives a proportion of its operating income from the government. The company is an NGO and operates as a Charitable Trust. It is a versatile company with 34 dancers in 2016, and tours regularly to ten centres around New Zealand with the education programme taking work into communities nationwide. The RNZB is one of New Zealand's most exciting and creative performing arts company states 'we are a compelling expression of New Zealand's creative spirit'.

Strategic intentions and risks

The RNZB is part way through its five year strategic planning cycle 2013 - 2017.

In 2015 the RNZB signalled it was at a strategic crossroads arising from escalating touring costs and a largely fixed income from major funders. Over the previous two years, the RNZB had adopted a strategy to maintain outputs but to fund activity from reserves, with an aim to test the public appetite through ambitious audience growth targets.

Disappointingly box office revenue did not reach its target resulting in income generation not meeting increased costs, leaving reserves eroded and at unsustainable levels. Despite the financial challenges, their current Goals and Outcome statements are still very relevant. Where their priorities lie and where they invest to reach those goals will be re-examined through a strategic overview in 2016.

Challenges and choices

The Board is committed to rebuilding reserves in the medium term on the proviso that a surplus budget is delivered for each of the forthcoming years. In response to the RNZB's financial challenges the company has committed to continue to look at all aspects of their activities to seek whatever improvements are available. Through a range of cost saving measures, a small surplus budget has been produced for 2016.

Strategic choices have been made to enable the RNZB to work within existing funding levels; with the following areas of operations being addressed and reduced: number of employees, repertoire choices, scale of touring circuits, live music provision.

Operating costs

There are limited opportunities to reduce operation costs which were \$6.008 million in 2015. Of this total, 60 percent is artistic and production department costs and these costs directly link to the quality of the production. Only 16 percent is marketing and development, which is to be reviewed but the challenge here is the link between investing in marketing in order to earn more income.

Earned income

The RNZB is proud that it continues to generate over 60 percent of its income from non-government sources (63 percent in 2015 and 62 percent in 2016), but to increase earned income in a small market that is saturated with international product will not be an easy task. Excluding income raised for international touring, each member of the RNZB Marketing and Development team raises on average \$1m each.

In summary, challenges include:

Diminishing trust funding

Finding new corporate funding is the New Zealand arts sectors biggest challenge. The RNZB has prioritised moving corporate sponsorships to multi-year agreements, minimising risk and freeing up staff time for new approaches.

Philanthropy income relies on building relationships with regular ticket purchasers; limited access to ticket data and the lack of resources to change this is a significant barrier.

Box office income (though representing a proportionally greater part of income than most performing arts organisations) remains an area where strengthening is needed; a fresh audience development strategy with greater emphasis on client relationship management and data is needed.

Artistic

Whilst the new streamlined company will reduce expenditure in the short term, box office income generating opportunities are limited i.e. no large scale classical ballets such as *The Sleeping Beauty*.

No investment in an apprenticeship scheme means the brand and audience growth opportunities (for example children's ballets) attributed to this output no longer exist

Going forward, all new full-length productions will need to attract co-producers to reduce production costs.

Live music provision

CNZ have confirmed their financial support towards orchestral provision for two years. From 2017 this funding will not be available to the RNZB creating a further annual reduction in financial support.

Domestic touring

Touring is crucial for the RNZB as it offers: performance opportunities, brand growth, sponsorship profile and accessibility for all New Zealanders. It is not therefore the company's intention to cut outputs in this area. National touring costs continue to rise and despite a revised, more effective structure will still make a considerable loss.

New Zealand Symphony Orchestra

Agency profile

The New Zealand Symphony Orchestra (NZSO) is the nation's full-size, full-time professional orchestra. Established in 1946, the NZSO is now a Crown Entity and operates under the New Zealand Symphony Orchestra Act 2004. The NZSO's purpose is encapsulated in its Vision 'providing world class musical experiences that inspire all New Zealanders' and its Mission 'deepening and expanding musical connections and engagement with our communities'.

The Vision and Mission guide and shape the NZSO's activities. These are subject to a single overarching imperative of excellence in all that the Orchestra does. Excellence in performance is a critical determinant of its core business of symphonic music making.

Strategic intentions and risks

The NZSO's Statement of Intent 2015-2018 outlines its operating and strategic environments. The Orchestra operates on a calendar financial year.

The Vision, Mission and Values of the NZSO were developed in an organisation-wide process in 2013. It plans to review these strategic statements when the NZSO moves to its proposed new permanent home in the Wellington Town Hall.

Unlike other major professional symphony orchestras internationally, the NZSO is also the national touring orchestra under the requirements of its legislation. As a result, a key strategy is to maximise live audiences. Analysis shows that there has been a steady decline in NZSO activity levels over the period 2000 to 2015, as the orchestra has

adjusted outputs to live within its means in the context of decreasing 'real' levels of government funding. This is manifest in a reduction in the NZSO's ability to present live concerts for New Zealand communities.

The response has been to adopt strategies to maximise revenue from all sources to support concert activity. The NZSO has been effective in boosting non-government revenue and has partially offset the impacts of a fixed appropriation since 2008. However, as non-government revenue accounts for around 30 percent of total revenue, these sources do not have the capacity to provide sufficient and secure long-term funding.

An increase in the appropriation will enable a significant increase in live performances in New Zealand communities and generate a full return on the ongoing investment by New Zealanders in an international standard symphony orchestra. The main risks should the appropriation remain fixed, causing further reductions in activity levels, will be a constrained ability to build audiences and to retain and recruit high quality professional musicians. Given New Zealand's small and dispersed population, the NZSO has established that the fixed artistic resource model it operates is the most secure way of maintaining an international standard symphony orchestra as prescribed in its legislation.

Audience development is a key ongoing strategy for the NZSO. Part of the strategy is reliant on funding to enable increased multiple visits to regional centres. Such visits enable a more structured approach to audience development, including subscription marketing which builds familiarity and connection with the Orchestra. Other initiatives focus on the concept of music for everyone with sales initiatives for both younger and older demographic groups as well as families and students.

Securing a suitably appointed permanent home for the NZSO is also a key strategy. The NZSO is working on a joint project with the Wellington City Council and the New Zealand School of Music at Victoria University. This aims to establish a major national music hub on the Civic Campus with the Wellington Town Hall as the NZSO's permanent home. Such a home will provide opportunities for new sources of income, new performance products, new digital services in the dissemination of the Orchestra's music to wider audiences and improvements to operational flexibility. A significant risk to realising this project is sourcing the additional funding required to set up the new premises.

Building strong artistic leadership is a major priority. The strategy for the NZSO has been to make an internationally significant appointment to the position of Music Director. This has been achieved and the new Music Director, maestro Edo de Waart, is an experienced orchestra builder and commenced his inaugural season in 2016.

Recommendations in the Orchestra Sector Review suggested that the orchestra sector establish a leadership body and that the NZSO take a leadership role in the sector. The leadership body has been established with a marked increase in collaboration and information sharing around the annual provision of orchestral services in New Zealand. The orchestras are also developing joint projects including a strategy for audience development in the sector.

Challenges and choices

Managing within baseline has been accomplished by reducing activity over the long term. The rate of decline has been mitigated by one off commercial contracts and other windfall income in some years.

The Orchestra will continue with strategies to increase non-government

income to maximise activity to the greatest extent and increase efficiency and productivity. These strategies include ongoing improvements to management capability and upgrading systems and processes as well as productivity improvements through the streamlining of player employment agreements.

In late 2015, the NZSO completed an innovative interest-based bargaining process for the renewal of the Players' Collective Employment Agreement ("CEA"). The new CEA will enable more effective and efficient deployment of the orchestral resource, but the NZSO requires additional financial resources in order to leverage these improvements. The NZSO has identified that it can progressively increase the effective and efficient deployment of the Orchestra provided funding increases are greater than \$600,000. A funding increase of 13 percent (\$1.694m) can produce a 40 percent increase in orchestral utilisation and a 30 percent increase in live audiences.

<i>Funding Increase</i>	<i>Increase %</i>	<i>Activity Impact Additional Concert Outputs</i>	<i>Audience Impact Additional Attendances</i>
0-\$0.600m	4	Limited or none	Limited or none
\$0.900m	7%	c.10 -11	+7,000-10,000 (10%)
\$1.300m	10%	Up to 21	Up to 17,000 (15%)
\$1.550m	12%	Up to 34	Up to 27,000 (25%)
\$1.694m	13%	Up to 40	Up to 35,000 (30%)

The NZSO faces ongoing cost pressures and by managing activity levels it achieved a modest surplus of \$114,000 in 2015 against a budgeted deficit of \$125,000. The 2016 Statement of Performance Expectations budgets for a deficit of \$278,000. The NZSO board has established a year-end equity threshold of \$1.5m and is budgeting for the equity balance to remain above that limit at the end of the 2016 financial year.

Te Matatini

Agency profile

Te Matatini Society Incorporated, branded as Te Matatini Kapa Haka Aotearoa is the recognised national organisation of Māori traditional performing arts. Their governing body comprises senior Kapa Haka representatives from 13 regional rohe, and sets the strategy for 'fostering, developing and protecting traditional Māori performing arts in the pursuit of excellence'. Administration at a national level is led by an executive director and team of four to five staff.

Te Matatini has a 45 year history of competitive Kapa Haka, first begun in 1972 when it was established as the Polynesian Festival Committee. They have now shifted their focus to the management of a biennial Māori Traditional Performing Arts festival with a competitive forum for Kapa Haka groups. The organisation underwent further changes resulting in its current structure as Te Matatini Society Incorporated in 2004, that is an NGO, and a not-for-profit organisation registered under the Incorporated Societies Act 1908 and the Charities Act 2005.

Since 2006/07 Te Matatini has received annual funding of \$1.248 million from Vote Arts, Culture and Heritage. It will receive an appropriation increase of \$700,000 in 2016/17 bringing its annual funding up to \$1.948 million. The Ministry for Culture and Heritage monitors the organisation's financial and non-financial performance. Other main funding comes from ticket sales, grants and sponsorships derived from the biennial national festival, and contracts from government agencies for specific Kapa Haka related projects.

Strategic intentions and risks

Te Matatini provides funding and support each year for the local, regional and national development of Kapa Haka. They work with Kapa Haka committees, strategic partners and government funders to promote and lift the profile of Kapa Haka in schools, and through public festivals and significant cultural events here and overseas.

"To many we are simply seen as the kaitiaki of the national festival. This is not surprising given the national festival's profile and place on the Māori cultural landscape. The national festival is the contest of the 'best of the best': It is the world championships of Maori traditional performing arts."

Their work to foster and showcase Kapa Haka has grown in response to the importance of the national festival, and the ongoing challenge of securing funds and support for the development of Kapa Haka more generally. In addition to their core administrative responsibilities, over the last six years they have:

Fostering the future

- contributed funding support, judging and guidance to primary and secondary schools' Kapa Haka regional and national festivals.
- trialled digital platforms to reach new audiences and engage them in the very best Kapa Haka to offer.

New partnerships

- forged strategic and sponsorship partnerships with NZ Post, Kiwibank and The University of Waikato, Te Puni Kokiri and the Ministry of Education.

Cultural diplomacy

- Te Matatini has worked with the Ministry and New Zealand’s top artists and composers to create the theatrical production *Arohanui* as part of the 2011 Real New Zealand Festival programme of events; and delivered showcase performances at the New Zealand themed 2012 Frankfurt Book Fair.
- Supported Team New Zealand’s 2013 America’s Cup Challenge in San Francisco.

NZ Inc

- Performed at the 2014 Edinburgh Military Tattoo alongside NZDF personnel.
- Performed in the 2016 Royal Edinburgh Military Tattoo in Wellington and Melbourne
- Performed in the 2016 Merrie Monarch Festival in Hilo, Hawaii
- Performed in the 2016 South Pacific Festival in Guam
- Delivered the Haka show for the 2014 Edinburgh Fringe Festival.
- Regular performers at the South Pacific Festival held every four years.
- Represented Oceania in Bangkok at the 2014 Inaugural Olympic Awards recognising the 12 best Olympians from London and

Sochi Olympic Awards.

- World Expo 2010 Shanghai China.
- Performed at the 2009 Venice Biennale.
- Completed a number of trade mission delegation as the cultural component.

Te Matatini’s operating model hinges on the ongoing ‘supply’ of compositions, performers and artistic innovation from regional members; and the provision of showcase opportunities that resonate with members and partners. The high level model is illustrated below:

Local and regional		National administration	
Composers, tutors and performers	Talent and content pipeline	Reputation & Brand	Biennial National Festival (rotated to each region)
Fundraising, facilities and administration	Financial contributions	Funder & sponsor relationships	Broadcast and online audience reach
Whānau, hapū and local communities	Regional participation	Audience & market development	New showcase initiatives & products

The following framework outlines the Te Matatini draft strategic intentions and outcomes. Because their baseline has not changed for a number of years and this forecast is based on existing funds and not proposed funds, they see no foreseeable financial risk to the current business model. We manage within our means!

KAUPAPA: To foster, protect and develop kapa haka through the pursuit of excellence			
Taumata Tirohanga: Kapa haka is an expression of national identity we can all engage with, take pride in, and be shaped by.			
PRIORITY AREAS AND OUTCOMES:			
WHĀNGAI Kapa haka Excellence The pursuit of excellence drives high quality performances and productions.	MANAAKI Knowledge Protection Kapa haka knowledge is protected and preserved for the enjoyment of all.	WHAKATIPU Kapa haka Growth Kapa haka growth is stimulated through increased engagement and investment.	PŪĀWAI Audience Growth Kapa haka excellence is showcased to a wide and diverse audience.
Enabling Initiatives (current)			
<ul style="list-style-type: none"> • Promote standards of performance excellence and share best practice • Support programme and new composition development • Create a model of excellence for kapa haka productions • Foster and protect Te Matatini's reputational capital and brand excellence. 	<ul style="list-style-type: none"> • Maintain mātauranga, and third party IP, compliance systems. • Develop Te Matatini's kapa haka archive. 	<ul style="list-style-type: none"> • Strengthen relationships with public, private and community sector strategic partners • Work with MCH to build an evidence base on the economic impact and contribution of kapa haka to social, cultural and economic outcomes • Foster direct merchandise and other commercial revenue streams for re-investment in kapa haka. 	<ul style="list-style-type: none"> • Deliver the organisation's premiere showcase: the biennial national Te Matatini Festival • Support the delivery of the 13 regional (qualifying) festivals • Provide funding and support for national primary and secondary school kapa haka competitions • Ensure all New Zealanders can access festival performances through free-to-air broadcasting.

New Zealand Music Commission

Agency profile

The New Zealand Music Industry Commission Te Reo Reka o Aotearoa (trading as the New Zealand Music Commission) is a trust based in Auckland. The stated vision of the Music Commission is to be ‘a successful music industry in New Zealand’. Its mission is to ‘support the growth of the music industry in New Zealand, culturally and economically, at home and abroad’.

The Music Commission receives \$1.578 million per annum through Vote Arts, Culture and Heritage, and \$0.287 million per annum through a contract with the Ministry of Education.

Strategic intentions and risks

The Music Commission works to increase the capability of New Zealand musicians, and the businesses behind them, to make a professional living from creating, performing and distributing music. This in turn enables New Zealanders to access high-quality New Zealand popular music that shines through in a crowded international marketplace. The Music Commission delivers services in the advocacy of New Zealand contemporary popular music, music education, and business and market development.

The Music Commission has achieved strong industry support over the last six years by having a matched funding export development scheme that grows artist capability to earn forex income (its Outward Sound scheme over the past three years totals \$1.25 million while reported offshore earnings of recipients during the same period is \$5.68 million); adding value to small business expertise; championing an annual New Zealand Music Month to raise the profile of New Zealand music; and building a Board with credible expertise and industry engagement.

The Music Commission has recently completed a significant consultation process with the music industry to support the development of its new four-year plan, implemented from July 2016. This included a focus on the Domestic Outlook for the New Zealand music industry, the International Outlook, a Young People feedback session and a Four Year Forecast of the Opportunities, Risks and Ideal Support Model for the growth of the New Zealand music industry. The strongest themes to emerge from feedback were:

- New Zealand music businesses need to be globally focused to be sustainable and need to have the skills, access and contacts to operate in a global environment. This will create growth in opportunity, business stability and forex earnings but will need more resource to be optimised.
- Enable, and invest in, businesses and artists through supporting sectoral, capability and international growth to develop the export ready musicians and companies of the future (for example, the industry has strongly voiced the need for supporting emerging professionals via an apprenticeship/intern scheme for managers and labels, and a need to focus on audience development at home and offshore).

As the Music Commission is now the sole government-funded music agency that supports both the business development and export needs of the New Zealand music industry, it is important for the upcoming four-year plan to be a proactive programme that addresses the issues, and opportunities, for the sector, whilst managing the increasing demand for the Music Commission’s services.

Challenges and choices

The Music Commission has experienced increased pressure and demand for the services it provides as a result of growth in opportunities for the economic and cultural potential of the contemporary popular music sector. Static funding and a \$1.238 million reduction in music investment by other agencies has compounded this pressure.

Overall, the government investment in New Zealand music has decreased from \$8,265,000 in 2009 to \$7,027,000 in 2015 – approximately a 15 percent decline.

The Music Commission has scaled its work programme in line with available resources for the past eight years, reducing and streamlining costs wherever possible. The organisation is now at the stage where no more rationalisation can be undertaken nor efficiencies found.

The Music Commission has been utilising its reserves to maintain service delivery for the past four years. These reserves have now been depleted to the margin of fiscal responsibility. Additionally, the Music Commission office lease will expire mid-2016, so additional provision must be made to service the life of the lease (please note, full three-year provision will need to be made again in Budget 2019/20).

These factors mean the Music Commission urgently requires cost pressure relief of \$198,000 per annum.

Without cost pressure relief, the Music Commission will need to discontinue 10 percent of its work programme. For a small organisation (7.73 FTE) with high output, this will have a significant impact on service delivery, what it provides for the music industry and the wider New Zealand public. Options could include:

- halving the volume of international music market development grants available (demand is already at 260 percent of available funds)
- diminishing investment in NZ Music Month

Heritage New Zealand



Agency profile

Heritage New Zealand Pouhere Taonga (Heritage NZ) operates under the Heritage New Zealand Pouhere Taonga Act 2014. Heritage NZ's purpose is to promote the identification, protection, preservation and conservation of the historical and cultural heritage of New Zealand. Heritage NZ receives \$12.988 million of funding from the Crown through Vote Arts, Culture and Heritage.

Strategic intentions and risks

As set out in its latest Statement of Intent, over the next 15 months the focus will be on

- establishing the National Historic Landmarks List
- building public support for heritage through engagement and by working together with the community, property owners and heritage volunteers
- focusing on the most significant places
- working with iwi to conserve Māori heritage
- improving the regulatory environment for heritage

Earthquake-prone building policy continues to be a key focus of Heritage NZ's work with owners and local government, and has required considerable policy input with government departments developing new approaches to ensuring public safety in the wake of the Canterbury experience. Heritage NZ is embarking on two major capital projects for which capital campaigns to fund are underway. The first project is to redevelop the Melanesian Mission site to improve the heritage setting and commercial viability of this property. Earthquake-strengthening of selected properties is now a priority as resources allow. Secondly planning is

underway to rebuild the Timeball Station Tower in Lyttleton following the careful deconstruction of this iconic place after the Canterbury Earthquakes. The timing of this project depends on road access to the site. Heritage New Zealand is working with SCIRT (Stronger Christchurch Infrastructure Rebuild Team) to reduce the impact on residents and other roading repair works.

Heritage NZ aims to generate around 20 percent of its income through membership fees, property income, grants, interest and bequests. In 2014/15 self-generated income was 21 percent of its total funding; its estimated self-generated income for 2015/16 is 22 percent.

Post-settlement Treaty obligations are increasing for Heritage NZ. As no additional funding has been provided for these increased obligations Heritage NZ will need to prioritise these alongside other statutory obligations it is also required to deliver.

The workforce comprises 107 FTEs around the country in mostly property management and operational roles, providing conservation advice to owners of heritage properties. The workforce increases significantly by using fixed term and casual staff during the summer periods when Heritage NZ properties are open for tourism activities and other events. Workforce risks are outlined in Heritage NZ's Statement of Intent.

Challenges and choices

The significant cost pressures facing Heritage NZ relate primarily to personnel costs, which account for approximately 55 percent of its total costs. Even at a prudent 1 percent CPI adjusted salary, approximately \$100,000 is required to be absorbed within a fixed base-line on an annual basis. This makes no allowance for performance adjustments or ability to move from a lower-quartile paying employer, meaning recruitment and retention is becoming a much greater risk to the organisation.

Museum of New Zealand Te Papa Tongarewa

Agency profile

Te Papa was established by the Museum of New Zealand Te Papa Tongarewa Act 1992 which defines Te Papa's purpose as:

- a forum for the nation to present, explore and preserve the heritage of its cultures and knowledge of the environment, in order to:
 - better understand and treasure the past
 - enrich the present and
 - meet the challenges of the future.

Te Papa is an autonomous Crown entity under the Crown Entities Act 2004. It also has responsibilities under the Public Finance Act 1989.

In 2014/15, Te Papa received \$29.574 million in funding from the Government and earned \$29.988 million from non-government sources. As at 30 June 2015, Te Papa had 332 full time equivalents and a total head count of 540 people.

Over 1.5 million people visited Te Papa during 2014/15, with an additional 639,926 visitors to international touring exhibitions and 157,511 visitors to domestic touring exhibitions.

Strategic intentions and risks

Te Papa's Statement of Intent 2014 – 2018 (SOI) defines its strategic intentions and the impact it is seeking to achieve in order to support its vision of 'Changing Hearts, Changing Minds and Changing Lives'.

In 2015, Te Papa determined its priorities for the medium term. These are:

- Museum renewal and revenue growth: redeveloping long-term exhibitions and the commercial side of Cable Street, so that all the aspects work together to deliver a superb experience and to create new offerings for visitors.
- Iwi engagement: implementing an ambitious programme of Treaty settlements and exhibition renewal.
- Digital: being at the forefront of telling stories and reaching New Zealanders via digital channels and technologies.
- Te Papa Manukau: exploring ways to enable both deep and accessible collection storage, interactive learning areas, exhibition sites and commercial enterprises.

The diversity of Te Papa's stakeholders, economic forecasts and the evolving nature of the Culture, Heritage and Arts sector means that Te Papa's risk management strategies are focused on:

- ensuring New Zealand's national treasures are safe for future generations
- active review of and response to opportunities and exposures (both financial and non-financial)
- workforce planning and development in response to a dynamic work programme and the evolving needs of Te Papa's stakeholders.

Challenges and choices

Te Papa is a world renowned museum - currently the top museum in the South Pacific and ranked as 23rd in the world. In 2014/15 Te Papa had its third highest number of visitors since opening in 1998. Maintaining and aiming to exceed this high level of performance requires nimble, innovative approaches while maintaining confidence in the effective use

of public funds.

The journey Te Papa is embarking on over the next several years means change, both for the organisation and for the public. The large scale renewal of offerings, whether through exhibitions, technology, or commercial opportunities will create disruption. Delivering its core functions well, while implementing these changes, requires well-planned evidence-based investment.

Robust governance and high quality, timely advice is vital to ensuring decision-makers are well informed throughout the various stages of this complex programme of work.

Ngā Taonga Sound & Vision

Agency profile

Ngā Taonga Sound & Vision (Ngā Taonga) was formed in August 2014 from the merger of the New Zealand Film Archive, Sound Archives Ngā Taonga Kōrero and the Television New Zealand Archive. Established as a charitable trust in 1981 as the New Zealand Film Archive, its constitution and name was amended to 'The New Zealand Archive of Film, Television and Sound Ngā Taonga Whitiāhua Me Ngā Taonga Kōrero' in June 2014. Ngā Taonga is developing cohesive new ways of working and communicating that will realise the full potential of the re-formed organisation, the collections it cares for and the audiences it reaches. Ngā Taonga now holds over 750,000 items and titles.

Ngā Taonga's mission is to collect, protect and connect New Zealand's audiovisual heritage with the widest possible audience, based on four core values: audience-focused, standards-based, collaborative and excellent value for money. Ngā Taonga is a kaupapa-based organisation built on the principles of the Treaty/te Tiriti and is a storehouse/he pātaka tūturu of mostly New Zealand audiovisual materials/taonga whitiāhua me taonga korero (film, television and radio/sound) and associated documentation dating from 1895 to today.

Ngā Taonga provides professional audiovisual collection management, preservation and digitisation services to a broad range of depositors, stakeholders and Crown agencies. It aims to grow access to its collections and public appreciation of New Zealand's audiovisual heritage through increasing online access and a range of public programmes (cinema and community screenings and education activities).

There are 87 staff located across four sites in Wellington, Lower Hutt,

Christchurch and Auckland. In addition to storage capacity at its Wellington, Lower Hutt and Christchurch sites, it owns or leases additional off-site storage facilities at Plimmerton, Titahi Bay, Wellington and Auckland.

Strategic intentions and risks

A. Establishing a cohesive and sustainable national audiovisual archive: to achieve significant improvements in New Zealand's audiovisual archiving by consolidating expertise and resources.

Risks:

- Impediments to integration, caused by delays in extraction of ICT services from TVNZ and RNZ and incomplete database consolidation of three databases.
- Recruitment of fundraising manager to work on three-year fundraising strategy, including an online giving programme
- The need for seismic strengthening for its Wellington headquarters, Te Anakura.

B. Digitisation, with the aim of greatly increasing the comprehensiveness, security and accessibility of the collection

Risks:

- Late start of TV digitisation project
- Initial insufficient information about TVNZ collection and equipment (particularly head life) resulting in delayed decision-making
- Initial insufficient technical and financial resources devoted to a comprehensive and ongoing digitisation programme for the

collections and in particular for the RNZ and TVNZ Archive collections.

C. Building Māori capacity to ensure an effective kaupapa-based partnership.

Risks - during 2014-2015 there were a significant number of persistent staff vacancies in the Taha Māori Department responsible for engagement with Iwi. Three significant vacancies were filled at the start of 2015-16 and Ngā Taonga is confident an effective kaupapa-based partnership will be achieved. Nevertheless, past experience has shown the difficulty in recruiting suitably qualified staff to key Māori roles in the organisation.

D. Collaboration through working closely with other organisations in the sector.

Risks - None identified, only opportunities.

E. Rehousing the Sound Collection following the Christchurch earthquakes.

Risks - A delay in completion by 2018 of the Archives New Zealand-led co-location project and the securing of a long-term solution to the accommodation and storage needs of the Archive's sound archiving operations in Christchurch.

Challenges and choices

A detailed Seismic Assessment report on its Taranaki Street building confirmed its earthquake-prone status. The Archive has engaged architects to project manage a seismic strengthening and redevelopment project. It has received three strengthening options, of which the preferred option will achieve 100 percent of NBS at a cost of around \$1 million. The Archive will also enhance the building's public facilities, (in

particular the cinema), and work spaces for staff and has allowed for an additional \$2 million for this work.

The Archivist will undertake a comprehensive survey of the TVNZ Archive collection to allow planning for the most efficient digitisation of the collection, for preservation and access; and continue the digitisation of the sound collection. From analysis of the TVNZ Archive collection undertaken thus far the likely priority will be a two-year digitisation programme of a minimum 100,000 archives, in conjunction with Australian-based DAMSmart, at a cost of \$5 million.

Working closely with other agencies, the Archive will improve the management of New Zealand's audiovisual heritage, in particular strengthening the availability of online content, through a new website to be launched in early 2016. The Archive will also be working to ensure that rights clearance processes are efficient, to serve requests from broadcasters and the public for access to its film, television and sound collections.

With new Māori leadership and a re-structured approach to Māori priorities and workflows, it will develop a strategic approach to the ongoing acquisition of Māori broadcast material and meet its commitments to archive Māori language broadcast material on behalf of the Ministry and Te Māngai Pāho.

To address its long-term accommodation needs in Christchurch, the Archive has agreed a co-location plan with Archives New Zealand on a site at Wigram. Archives New Zealand's Christchurch co-location business case has been accepted and funding for the capital work confirmed in the 2015-2016 Budget. The project is expected to be completed at the end of the 2018 calendar year.



Antarctic Heritage Trust

Agency profile

The Antarctic Heritage Trust (the Trust) is an independent charitable trust, incorporated under the Charitable Trusts Act 1957 NZ and registered as a charitable entity under the Charities Act 2005 NZ

The Trust was established in 1987. The Trust's mission is to conserve, share and encourage the spirit of exploration. The Trust cares for the legacies of early Antarctic explorers including, Norwegian Carsten Borchgrevink, British explorers Robert Falcon Scott and Ernest Shackleton and New Zealand's Sir Edmund Hillary; five expedition bases and 20,000 objects.

Strategic intentions and risks

The Trust's new vision of 'inspiring explorers' embraces the challenge of engaging with and encouraging young people to explore today's world whilst conserving the legacy it cares for of the famed explorers. The new mission of 'conserving, sharing and encouraging the spirit of exploration' is supported by the new 2015-2020 strategic plan, with four measurable goals, supported by defined strategies:

- Conserve Antarctica's heritage under the Trust's care for future generations.
- Share the world's greatest polar exploration stories.
- Encourage youth to explore the physical world to educate and inspire them.
- Improve financial sustainability and independence.

Challenges and choices

Government provides funding for the Trust's operational costs. This allows the Trust to leverage third party funding domestically and internationally to support both its programme of conservation in New Zealand's Ross Dependency and its programme of outreach, education and engagement.

As guardians of global heritage, the Trust operates internationally. The Trust will continue to focus nationally and internationally to receive funds for its front line projects, whilst continuing to endeavour to absorb operational cost pressures impacting on its core operations, noting baseline funding has been static since 2008.

New Zealand Film Commission

Agency profile

The New Zealand Film Commission (NZFC) is an autonomous Crown entity established under the New Zealand Film Commission Act 1978. It has statutory responsibility to 'encourage and participate and assist in the making, promotion, distribution and exhibition of films' that reflect New Zealand and New Zealanders, or are produced and creatively controlled in New Zealand.

The NZFC provides grants, loans and equity financing to New Zealand filmmakers to assist in the development and production of feature films and short films. The NZFC is active in the marketing of New Zealand films here and overseas, and is a key provider of funding for training and professional development within the industry. The NZFC is the competent authority for New Zealand's international film co-production agreements and administers the Government's production incentives scheme titled the New Zealand Screen Production Grant (NZSPG).

The NZFC receives around two-thirds of its revenue from the Lottery Grants Board, as well as significant public funding through the Ministry for Arts, Culture and Heritage. Additional revenue is derived from sales of funded films.

NZSPG grants for New Zealand productions are funded via the Ministry to the NZFC, which then passes the grant on to the applicant. NZSPG grants for international productions are paid directly to the applicant by the Ministry of Business, Innovation and Employment (MBIE) after the applications are approved by the NZFC panel.

In June 2014, the NZFC announced the formation of Screen New Zealand, a new 'virtual agency' for collaboration between the three

screen agencies – the NZFC, screen locations agency Film NZ (funded by MBIE) and television funder NZ On Air. On 1 August 2015 the NZFC assumed Film NZ's role to attract international productions to New Zealand.

Strategic intentions and risks

The NZFC assists the growth of an industry that brings cultural and economic benefits to New Zealand and New Zealanders. It supports filmmakers to make films that audiences, critics and prestigious international festivals appreciate. It contributes production financing to between eight and 12 new feature films each year.

While helping feature films get made and seen remains a core priority, the NZFC is now placing more emphasis on supporting career development and helping filmmakers travel and meet with the right people to get their next projects made. NZFC staff attend an expanding number of key markets and festivals each year in order to support screening films and to maintain and build on relationships with sister agencies, festival and market selectors, sales agents and individual producers and financiers. Asia, and in particular China has become a key market for the NZFC.

Growth of the screen industry is another priority and in 2014 the NZFC selected four screen sector businesses for multi-year financing through a new initiative called the Business Development Scheme (BDS). In 2015 the NZFC introduced Boost, a more modest business development scheme designed to accelerate the slates of active producers and enable successful screen businesses to move films from their slates more quickly into production. Through this scheme five producers were

supported.

The NZFC receives \$5.4 million Crown funding through Vote Arts Culture and Heritage, and a fixed proportion (6.5 percent) of Lottery Grants Board income which varies each year (2014/15: \$13.46 million, down from \$16.2 million in 2013/14). A small amount of income is also generated from film investments (2014/15: \$650,000). The NZFC also administers around \$12 million a year (on average) for the New Zealand Screen Production Grant (NZSPG) which is managed through a multi-year appropriation and fluctuates greatly based on the number of eligible productions.

The workforce who currently comprises 31 FTEs (29 based in Wellington and 2 in Auckland) who manage the funding allocation and operate targeted interventions to assist the screen sector such as talent development and marketing. The introduction of the NZSPG has created additional responsibilities and work pressure for the NZFC, but the agency is actively managing its workforce needs to cope with the additional demand. There are no significant risks at this time.

Challenges and choices

In August 2015 the NZFC assumed the responsibilities of locations agency Film NZ and five staff relocated to the NZFC premises joining the international, incentives and marketing teams. Over the next 12 months a key focus will be the full integration of the two organisations.

NZFC staff have submitted a 2016/17 budget bid to MBIE to ensure that adequate Crown funding is available over the next four years to continue to expand on the key functions previously undertaken by Film NZ.

Over the last three years the NZFC has been able to manage growing demand for its funds by gradually running down its accumulated equity. After the end of the 2016/17 financial year it is expected that accumulated equity will have dropped to a level at which no further depletion would be

prudent. In future years the NZFC will need to run balanced budgets. This can be achieved, but will involve regular reviews of funding programmes, staffing levels and a likely reduction in certain industry support initiatives.

NZ On Air (Broadcasting Commission)

Agency profile

NZ On Air has a public media mission: contestable investment in quality New Zealand content, focused directly on audiences, that the market cannot provide. The agency plays a major role in brokering and backing a wide range of multimedia local content on many different platforms, in effect creating a space for local content amid a sea of global content. There is no equivalent cultural organisation in the world.

NZ On Air's contestable model means it is not tied to any one medium, platform, content creator or outlet: the agency is free to follow the audience.

Content and service investments range from drama and comedy, children's, specialist current affairs, documentary and factual; to music, public and Pacific broadcasters, specialist websites, and podcast and radio community programming in over 40 languages. Captioning and audio description services for audiences with hearing and sight disabilities are also funded.

NZ On Air is an autonomous Crown entity established under the Broadcasting Act 1989.

Strategic intentions and risks

Mission: To champion local content that engages, stimulates and satisfies intended audiences.

NZ On Air has an over-arching strategy which will be reviewed by its Board in 2016 as part of preparing a new SOI.

NZ On Air's core strategic objectives are to:

- invest in diverse, relevant local content
- maximise available funding through skilful investment and collaboration opportunities
- explore and maximise digital opportunities.

The agency requires all funded content to be online immediately for a free-access period of at least one month and preferably more. Once any commercial opportunities for the producer have been exhausted, most content is then expected to be permanently online.

Funded aggregator NZ On Screen is available to assist: <http://www.nzonscreen.com/>. Other free-access sites may also be used.

NZ On Air conducts rolling reviews of its strategies and investment activities. Current reviews include children's content funding, and regional media. Both reviews will be concluded by April 2016 with new strategies introduced for 2016/17

Reviews beginning in 2016 include NZ On Air's digital strategy <http://www.nzonair.govt.nz/document-library/digital-strategy-2012/> and its music strategy <http://www.nzonair.govt.nz/document-library/music-strategy-2014/>.

The main risk facing NZ On Air is its ability to make a difference with a static baseline, rising production costs and increasing demand. NZ On Air has not received a general baseline increase since 2007. While audience behaviour is changing, the agency is equipped to deal with this via the change to its legislation in 2008 that enabled NZ On Air to consider online investments.

Challenges and choices

NZ On Air will continue to minimise its own overheads to maximise funding available for investment. Just 3 percent of its revenue of \$130m is applied to operating costs: the agency has 18 staff and a shared services arrangement with the Broadcasting Standards Authority.

Each year the agency assesses more than 2,000 proposals, and manages more than 400 contracts. Therefore its people and systems need to be focused, efficient and effective. As the number of proposals needing assessment continues to increase, due to more platforms and intensifying competition, NZ On Air will need to review eligibility criteria in an effort to manage volume.

NZ On Air has exited various funded content and services in recent years in response to a static baseline. These decisions have been made carefully and communicated in a way that has generally not resulted in publicly-expressed dissatisfaction. However unsuccessful applicants for funding are becoming more vocal.

More importantly, the opportunities for genuine innovation are constrained. To introduce anything new and substantial NZ On Air now needs to cease support for an existing successful project and/or further reduce television hours. Television remains the medium with the largest audiences and also provides the most co-investment.

To meet current baseline, and continue to roll out necessarily-modest digital media initiatives, options include reduced support for community broadcasting, reduced or no music promotion on commercial radio, and reduced television hours. NZ On Air intends to continue actively exploring new collaboration opportunities and partnerships in an effort to maintain production (such as its inaugural Canada-New Zealand

Digital Media fund: <http://www.nzonair.govt.nz/digital/what-we-fund/canada-new-zealand-digital-media-fund/>.

Broadcasting Standards Authority

Agency profile

The Broadcasting Standards Authority (BSA) provides the public with a free and independent complaints service.

The BSA's purpose is to oversee New Zealand's broadcasting standards regime so it is fair to all New Zealanders by balancing the broadcaster's right to freedom of expression with their obligation to avoid harm.

The BSA is a tribunal established as an independent Crown entity by the Broadcasting Act 1989.

Strategic intentions and risks

The BSA's vision is for fairness and freedom in broadcasting.

Its overarching goal is to ensure New Zealanders have increased confidence that the broadcasting standards regime fairly balances the broadcaster's right to freedom of expression with their obligation to avoid harm.

The BSA's Statement of Intent 2014-2018 sets out its strategic framework in more detail.

The New Zealand media environment is changing rapidly and this has meant the BSA's governing legislation is increasingly outdated. The risk in this uncertain context is the challenge to remain relevant and responsive and to ensure the system continues to work as effectively as it can.

Challenges and choices

The BSA is cognisant that it continues to operate in a tight fiscal environment. Against this background, the BSA continues to review its services to ensure they are efficiently and effectively provided.

The BSA is funded through a combination of government funding and broadcaster levies. As broadcaster levy returns may vary from year to year, the BSA monitors and manages reserves closely. The BSA returned some funding to Treasury in the last two years as levy returns had risen. But in our fluid environment it is not possible to predict levy returns will remain at current levels, and the BSA will continue to manage any fluctuations.

Assuming volume of work remains steady and there are no changes to the size and scale of the BSA's operation, the BSA expects any cost pressures will continue to be able to be absorbed within baseline expenditure.

Radio New Zealand Limited

Agency profile

Radio New Zealand (RNZ) is a Crown entity company established under the Radio New Zealand Act 1995. The Minister of Broadcasting and the Minister of Finance are RNZ's shareholding Ministers and appoint the Board.

RNZ's statutory functions are to provide innovative, comprehensive and independent broadcasting services of a high standard, as more specifically detailed in the Charter provisions of the Radio New Zealand Act. A revised Charter has been enacted in 2016.

RNZ also provides the Radio New Zealand International (RNZI) service to the Pacific. This service is required, among other objectives, to promote links between Pacific communities in New Zealand and in the region, broadcast programming which encourages an understanding of New Zealand policies in relevant areas, and broadcast news and programming of interest to the Pacific region.

Public funding for RNZ's domestic networks is routed through NZ On Air but direct funding for RNZI operations is provided through the Ministry.

Strategic intentions and risks

RNZ's funding has been static since 2008 and this is requiring the organisation to think creatively in order to maintain service delivery levels within baselines, while continuing to develop its multi-media presence.

Sport New Zealand

Agency profile

Sport New Zealand (Sport NZ) is a Crown entity, operating under the Sport and Recreation New Zealand Act 2002 to 'promote, encourage and support physical recreation and sport in New Zealand'. Its functions are set out in Section 8 of the Act.

Funded by both Government appropriations and New Zealand Lottery Grants Board revenue, Sport NZ invests directly in the sport and recreation sector, and leads the country's sport system in working towards achieving the following strategic outcomes:

More kids in sport and recreation	More New Zealanders involved in sport and recreation	More New Zealand winners on the world stage
Progress in all areas of a world-leading sport system		

High Performance Sport New Zealand (HPSNZ) is a wholly owned Crown Entity Subsidiary of Sport NZ. Its purpose is to provide a one-stop shop to support high performance athletes in their endeavours to win on the world stage.

Strategic intentions and risks

The new Sport NZ Group Strategic Plan 2015-20, launched earlier this year, covers all areas of Sport NZ's work. It is accompanied by the existing High Performance Strategy and the new Community Sport Strategy. These strategic documents chart a course for the next five

years, to ensure Kiwis continue to both participate and win in sport, and that sport continues to inspire and enrich our lives.

Strategic intentions are further outlined in the Sport NZ Statement of Intent 2015 to 2020, including how success will be measured along the way.

Sport NZ remains focused on getting more Kiwis, especially kids, into sport, and producing more winners on the world stage. However, the new strategic intent indicates a shift in how this is achieved, from a supply/partner focus to a participant focused, system-led approach. This requires a greater understanding of the changing needs of participants – what today's participants want - rather than what the sport system has traditionally supplied. It also requires prioritisation of work around the areas of the sport system that can best impact participation and winning.

Sport NZ believes that if New Zealanders are to continue to participate and win in sport we need all young people to develop the skills and confidence needed for life-long involvement. We need strong clubs and strong competition pathways, and we need to reduce barriers to participation. And we need Kiwis to continue to win on the world stage, so future generations are inspired to do the same. For this reason, Sport NZ's focus areas are:

- Young People
- Local Delivery (particularly in low-participation communities)
- Competitive Sport (including Talent Identification)
- Leading High Performance.

Strategic Risks

The operating environment along with key risks (and their mitigations) to delivering strategy identified by Sport NZ are outlined in the Statement of Intent (Appendix 2, page 32 & 33).

Challenges and choices

Reduced Revenue

Sport NZ receives 20% of net profits from Lotto NZ, funded via the NZ Lotteries Grant Board (LGB). In 2014/15, this accounted for 33% of core revenue. It funds 100% of all Community Sport investments (excl. KiwiSport) and provides a top-up to High Performance investments.

Since 2014/15, Sport NZ has experienced lower-than-forecast LGB revenue. For the period 2014/15 to 2017/18, a total reduction of \$15.7m over previous forecasts is expected; the first reduction in over 10 years.

Forecast Outlook to 2020

Without correction, the impact of the successive LGB revenue downturns along with increasing costs attributed to the success of the current high performance programme, will result in a forecast deficit equity position of \$1.3m as early as 2017/18, with a shortfall to 2020 of \$13.7m. Cash flow pressures will begin in 2016/17 as reserves currently held for high performance infrastructure become fully depleted.

The forecast incorporates a requirement to reduce operating expenditure across Sport NZ of more than \$0.6m per annum (+2.5%), through greater efficiencies and reprioritisation.

Current reserves allow Sport NZ to protect and deliver its financial commitments in 2015/16. However, changes to the current operating environment will be required if lottery surpluses do not revert to the higher forecast levels and/or alternative revenue is not forthcoming.

Managing within baselines

Sport NZ is therefore taking proactive steps to manage within this reduced baseline, with the following plans in place:

- Cost review – continue to review operating expenditure across the Group to ensure expenditure is aligned to priorities. This was last undertaken in September 2015.
- Organisation fit-for-purpose - A PIF Self-Review is scheduled in March/April 2016. The review will look at the current state of the Group to determine how well placed it is to deal with the potential challenges and issues in the next four years. It will look at the areas where Sport NZ most need to focus and where possible, where prioritisation will achieve greatest impact.
- Alternative Revenue Streams – work across a number of opportunities to gain additional revenue for the Group and/or wider sector. The main activity in this space is the Black Gold (philanthropic) programme. To-date, this has secured a total of \$9.069m of philanthropic funding into the sector of which \$2.25m directly funds HPSNZ (innovation) and Community Sport (investment). Further options for commercialisation of the collective Sport NZ and HPSNZ brands are also being explored along with other alternative revenue streams.
- Prioritisation – if necessary there are a number of areas where a greater level of prioritisation and targeting can be achieved. In the first instance, Sport NZ are looking to protect current investment levels into their community sport sector partners whilst looking for internal opportunities to reprioritise and create further efficiencies.

Additional HPSNZ cost pressures

Sport NZ has a challenge to ensure the high performance programme can maintain current investment levels and seek further improvement

toward achieving success in Tokyo 2020. Tokyo will offer a new set of challenges including increasingly competitive nations that are well resourced across our targeted sports and pressure to retain our world-leading staff as they are head hunted by our competitors.

One-off Lotteries funding of \$5m has been invested in the Rio 2016 campaign to ensure no stone is left unturned in achieving medal targets. A further \$2m per annum of LGB revenue is incorporated to support high performance programmes.

With no guarantee of additional one-off Lotteries funding, Sport NZ forecasts a \$3.7m per annum deficit from the end of 2016 to maintain high performance programmes at current levels. This is not withstanding there is a diminishing return on investment as the international costs of running high performance programmes increase.

If required to do so, HPSNZ will reduce budgets by \$10.2m out to 2020 to stay within their funding baseline. Options include either further narrowing of targeted sports (fewer sports/ athletes funded) or reducing core investment in existing targeted sports. Both will likely impact on our ability to achieve our medal targets in Tokyo and beyond.

The success of the high performance sport system in New Zealand has largely been driven by a top-down targeted investment strategy, in which sports with the greatest medal potential receive the support required to win on the world stage within our financial constraints. The same investment strategy will continue over the next five years.

Drug Free Sport New Zealand

Agency profile

Drug Free Sport New Zealand (DFSNZ) is an Independent Crown entity whose functions are set out in the Sports Anti-Doping Act 2006. DFSNZ aims to:

- ensure that sporting competition in New Zealand, or involving New Zealanders, is not influenced by doping;
- implement the World Anti-Doping Code (the Code).

DFSNZ manages New Zealand's representations to the World Anti-Doping Agency on the review of the Code and associated mandatory International Standards. It consults with the New Zealand Olympic Committee, Paralympics New Zealand, National Sporting Organisations (NSOs), Player Associations, athlete groups and other interested parties.

Strategic intentions and risks

DFSNZ has annual Crown funding of \$3.239 million and manages a comprehensive anti-doping programme with three primary pillars: Education, Regulation, Influence (national and international). It has a small team of 8.5 FTEs and a small amount of contracted accounting services.

As well as conducting its own testing programme, DFSNZ helps NSOs and International Federations by conducting additional tests under contract. Organisations running international events in New Zealand are required by their international federations to conduct a significant amount of expensive testing, for which they contract DFSNZ. Contract testing budgets are designed to break even and turn over around \$300,000 pa.

For many years, the organisation has carried a high level of reserves to manage the risk of high legal costs that may accrue from a high profile defence of a DFSNZ decision. This created the risk of high legal costs draining DFSNZ's reserves. DFSNZ's cash reserves have been eroded over recent years however additional funding received for 2016/17 and out years should prevent further erosion.

DFSNZ has strong support from the sport sector and elite athletes. DFSNZ manages the risk of losing that support by building strong working relationships with elite athletes and continuing to seek feedback from athletes and NSOs on the quality and delivery of DFSNZ services.

Challenges and risks

DFSNZ is confronted by three major challenges:

- the global response to doping in sport is now focused on strengthening compliance work so that all anti-doping organisations worldwide are held accountable to deliver robust anti-doping programmes
- the cost structure of the modern anti-doping environment is more complex and costly than ever before
- concerns that current testing volumes are too low to have a credible deterrent effect to doping in sport.