



Art Council of New Zealand

Annual General Report 2007

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COUNCIL AND BOARD MEMBERS

ABOUT CREATIVE NEW ZEALAND



Arts Council

Peter Biggs (Chair)
Paddy Austin
Peter Brunt
James Ng
Alick Shaw
Ngahuia Te Awekotuku
Waaka Vercoe

Arts Board

Alastair Carruthers (Chair)
Judith Fyfe
Graeme Gorton
Marilyn Kohlhase
Helen Schamroth
Terry Snow
Lydia Wevers

Te Waka Toi

Elizabeth Ellis (Chair)
Sandy Adsett
Suzanne Ellison
Patu Wahanga Hohepa
Keri Kaa
Marina Sciascia

Pacific Arts Committee

Marilyn Kohlhase (Chair)
Tiso Fiaola
Rev. Suamalie Naisali Tafaki Iosefa
Stephanie Oberg
Albert Refiti
Mele Vete
Glenda Vilisoni
Tarisi Vunidilo

Arts Council of New Zealand Toi Aotearoa Annual Report 2006–2007 Creative New Zealand is this country’s leading arts development organisation. It works in a range of ways to foster and promote New Zealand’s arts and artists, both in New Zealand and internationally.

A crown entity, Creative New Zealand was established under the Arts Council of New Zealand Toi Aotearoa Act 1994. Its funding comes from the Government through Vote Arts, Culture and Heritage (\$14.9 million excl. GST in 2006/2007) and the New Zealand Lottery Grants Board (\$18.5 million excl. GST in 2006/2007).

Its governing body is the Arts Council and its funding decision-making bodies are Te Waka Toi, the Arts Board and the Pacific Arts Committee. Staff of Creative New Zealand are based in the national office in Wellington, the Auckland Office (Northern Arts Services) and the Christchurch Office (Southern Arts Services). They offer a range of services, including specialist artform and funding advice, professional development opportunities, arts advocacy, research, communications and information services.

Creative New Zealand develops a new strategic plan every three years. This plan articulates the organisation’s priorities, guiding its annual business plan and funding decisions. It works in partnership with the arts sector, central and local government, the business sector and communities to enhance resources and increase opportunities for New Zealand arts and artists.

For more information about Creative New Zealand’s work and to order or download its publications and other resources, visit its website. You can also contact any of the three offices and staff will send you information.

CHAIRMAN'S REPORT



Lloyd Jones' The Book of Fame deservedly won the Deutz Medal in the 2001 Montana New Zealand Book Awards. It's the story of the 1905 All Blacks and their legendary tour of Britain and France. But it's not a book about rugby. It's about a nation discovering its true identity and about New Zealand's gift to the world: the creative power to see things differently—to "re-invent, challenge, change", as the narrator so compellingly expresses it at the end of the novel.

Leading the way are New Zealand's artists, who are constantly challenging and inspiring us to see ourselves and the world anew. Enabling us to present ourselves, in the words of poet Allen Curnow, as "something different, something/Nobody counted on".

Being—or creating—"something different", something that confronts, re-interprets or disputes accepted reality or opinions, requires great courage. Nurturing and celebrating our artists also means living with the discomfort that their talents and perceptions cause us. We must accept this as a necessary part of being a creative country, one that's prepared to lead and to push boundaries.

Creative New Zealand is very much aware of this context as we endeavour to bring to life our vision for the arts in New Zealand as excellent, distinctive and essential in the lives of all New Zealanders, set out in our new Strategic Plan: Te Mahere Rautaki 2006–2007.

Advocating for the importance of New Zealand arts and artists to society underpins all of Creative New Zealand's work and we're looking to build on the current interest in our dynamic arts sector. Writers, performing artists, filmmakers, visual artists and craft/object artists are presenting their work up and down the country—often with the support of Creative New Zealand.

It's important to acknowledge and celebrate these talented and innovative artists, who make significant contributions to New Zealand's cultural, social and economic wellbeing. One of the ways we do this is by presenting annual awards. In 2006, we presented Te Waka Toi Awards, Arts Pasifika Awards and the Prime Minister's Awards for Literary Achievement. We also sponsored the Montana New Zealand Book Awards and the Creative New Zealand Artistic Excellence Award as part of the Montana World of WearableArt™ Awards.

A highlight of this financial year was the success of Aotearoa New Zealand's presence at the 9th Festival of Pacific Arts in Belau, the Micronesian republic of Palau. More than 100 Māori and New Zealand-based Pacific artists and officials formed the delegation that took part in this four-yearly celebration of indigenous cultures of the Pacific. It was an opportunity for artists from the 27 participating Pacific nations to share their cultures, skills and knowledge with each other.

Creative New Zealand supported New Zealand's participation in both the 9th Festival of Pacific Arts and the 51st Venice Biennale, which opened in June 2007 and continues until November. I was fortunate to be able to attend the opening of the New Zealand exhibition, et al.'s the fundamental practice. I found it incredibly powerful and challenging in its exploration of fundamentalist belief systems – a subject that couldn't be more pertinent in today's world.

Initial comments by international art critics and visitors reflected extremely well on both the exhibition and the huge effort by et al. and the project team. We were delighted at the international response to the exhibition but we also acknowledge that a range of opinions has been expressed in New Zealand. The Arts Council undertook to support this major initiative for at least three Biennales and the 2007 event was the third. As with all of our initiatives, there will be an external review of New Zealand's participation in the Venice Biennale before a decision is made about our future representation at this event.

I'd like to thank Creative New Zealand Chief Executive Elizabeth Kerr for guiding the organisation through both a rewarding and challenging year. Her wise counsel, deep knowledge of the arts and commitment to the sector are remarkable. Under her leadership, Creative New Zealand has extended its advocacy role, built strategic partnerships,

and supported professional artists and arts organisations to become more sustainable.

I'd also like to acknowledge the contributions made by members of the Arts Council, Arts Board, Te Waka Toi and Pacific Arts Committee. In particular, my sincere thanks to those who have moved on: Fulimalo Pereira, Taualeo'o Stephen Stehlin and Moana Tipa. And I welcome the following new members: Tiso Fiaola, Albert Refiti, Marina Sciascia, Terry Snow and Waaka Vercoe.

As we head into the next year, I look forward to continuing our work with the arts sector and our other partners in the public and private sectors to achieve our vision of New Zealand arts.

Kia hora te marino, kia whakapapa pou-namu te moana, kia tere kārohirohi.

A handwritten signature in dark ink, reading "Peter Biggs".

Peter Biggs (Chair)
Creative New Zealand

AUDITOR’S REPORT

for the year ended 30 June 2005

The Auditor-General is the auditor of the Arts Council of New Zealand Toi Aotearoa. The Auditor-General has appointed me, Ajay Sharma, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements of the Arts Council of New Zealand Toi Aotearoa, on his behalf, for the year ended 30 June 2005.

Unqualified opinion

In our opinion the financial statements of the Arts Council of New Zealand Toi Aotearoa on pages 9 to 51 and 57 to 72:

- comply with generally accepted accounting practice in New Zealand and fairly reflect;
- the Arts Council of New Zealand Toi Aotearoa’s financial position as at 30 June 2005;
- the results of its operations and cash flows for the year ended on that date and its service performance achievements measured against the performance targets adopted for the year ended on that date.

The audit was completed on 27 October 2005 and is the date at which our opinion is expressed.

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

Basis of opinion

We carried out the audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements did not have material misstatements, whether caused by fraud or error. Material misstatements are differences or omissions of amounts and disclosures that would affect a reader’s overall understanding of the financial statements. If we had found material misstatements that were not corrected, we would have

referred to them in our opinion. The audit involved performing procedures to test the information presented in the financial statements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied and determining whether all financial statement disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements.

We evaluated the overall adequacy of the presentation of information in the financial statements. We obtained all the information and explanations we required to support our opinion above.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit, we have no relationship with or interests in the Arts Council of New Zealand Toi Aotearoa.



STATEMENT OF RESPONSIBILITY

for the year ended 30 June 2007

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the Arts Council of New Zealand Toi Aotearoa as at 30 June 2005. They must also fairly reflect the results of its operations and cash flows and service performance achievements for the year ended on that date. The Council's responsibilities arise from the Public Finance Act 1989 and the Arts Council of New Zealand Toi Aotearoa Act 1994.

We are responsible for expressing an independent opinion on the financial statements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and the Public Finance Act 1989.



Ajay Sharma
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit report relates to the financial statements of the Arts Council of New Zealand Toi Aotearoa for the year ended 30 June 2005 included on the Arts Council of New Zealand Toi Aotearoa's web-site. The Council is responsible for the maintenance and integrity of the Arts Council of New Zealand Toi Aotearoa's web site. We have not been engaged to report on the integrity of the Arts Council of New Zealand Toi Aotearoa's web site. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 27 October 2005 to confirm the information included in the audited financial statements presented on this web site.

Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

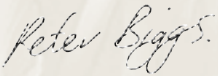
The Council and management of Creative New Zealand accept responsibility for the preparation of the financial statements and the judgements used in them.

The Council and management of Creative New Zealand accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In the opinion of the Council and management of Creative New Zealand, the annual financial statements for the year ended 30 June 2007 fairly reflect the financial position and operations of Creative New Zealand.



Elizabeth Kerr
Chief Executive
27 October 2007



Peter Biggs
Chair
27 October 2007

STATEMENT OF ACCOUNTING POLICIES

for the year ended 30 June 2007

Reporting entity

The Arts Council of New Zealand Toi Aotearoa was established on 1 July 1994 by the Arts Council of New Zealand Toi Aotearoa Act 1994. Its purpose, as defined under the Act, is to encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders. The Council has chosen to operate under the name Creative New Zealand.

These financial statements are prepared in accordance with the requirements under section 11 of the above Act and the Public Finance Act 1989.

Measurement base

These financial statements have been prepared on an historical cost basis, modified by the revaluation of certain fixed assets.

Accounting policies

The following particular accounting policies, which materially affect the measurement of financial performance and financial position, have been applied.

Recognition of revenue and expenditure

Funding from the Government and the New Zealand Lottery Grants Board is recognised as revenue on an accrual basis. Grants made by the Council but not uplifted at balance date are shown as a liability in the Statement of financial position.

When grants that were committed by the Council in previous years are no longer required for the purpose for which they were committed, they are retired and treated as revenue in the current financial year.

Revenue received from third parties on the condition that it be used for a particular purpose is matched with expenditure for that purpose and the difference is included in accumulated funds at balance date, as restricted equity. During the year funds may be set aside for Council or board-led projects, known as initiatives. If these funds are not fully expended at the end of the financial year they are carried forward to the next financial year as restricted equity.



Budget figures

The budget figures are those approved by the Council at the beginning of the financial year.

They have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

Good and services tax (GST)

All items in the financial statements are exclusive of GST, with the exception of accounts receivable and accounts payable, which are stated with GST included.

Income Tax

The Council is approved exempt from income tax in accordance with the Income Tax Act 1994.

Property, plant and equipment

Land and buildings are stated at fair value as determined by an independent registered valuer. Fair value is determined using market-based evidence. Land and buildings are revalued every three years. Additions between revaluations are recorded at cost.

The results of revaluing land and buildings are credited or debited to an asset revaluation reserve for that class of asset. Where a revaluation results in a debit balance on the revaluation reserve, the debit balance will be expensed in the Statement of financial performance.

All other fixed assets, or groups of assets forming part of a network, which are material in aggregate, are capitalised and recorded at cost. Any write-down of an item to its recoverable amount is recognised in the Statement of financial performance.

Cost of service statements

The cost of service statements, as reported in the Statement of service performance, report the net cost of services for the outputs of the Council and are represented by the costs of providing the output less all the revenue that can be allocated to these activities.

The Council has only one output class, which includes a number of key activities.

Depreciation

Depreciation is provided on a straight line basis on all fixed assets, other than freehold land, at a rate which will write off the cost (or valuation) of the assets to their estimated residual value over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Building	50 years	2%
Building improvements	10 or 50 years	10% or 2%
Furniture, equipment and fittings	5 years	20%
Computer equipment	4 years	25%
Motor vehicles	5 years	20%

Accounts receivable

Accounts receivable are stated at their expected realisable value after providing for doubtful and uncollectable debts.

Employee entitlements

Provision is made in respect of the Council’s liability for annual, long service and retirement leave. Annual leave and other entitlements that are expected to be settled within 12 months of reporting date are measured at nominal values on an actual entitlement basis at current rates of pay. Entitlements that are payable beyond 12 months, such as long service leave and retirement leave, have been calculated on an actuarial basis based on the present value of expected future entitlements.

Grants committed

This amount disclosed in the Statement of financial position represents financial grants to New Zealand artists and arts organisations committed by the Council relating to the 2005/2006 financial year or prior years, but not paid out at year end.



Investments

Investments are stated at the lower of cost and net realisable value. Any write-downs are recognised in the Statement of financial performance.

Works of art

Works of art are valued every three years. The results of revaluing works of art are credited or debited to an asset revaluation reserve for that class of asset, in the same way as land and buildings.

Operating leases

The Council leases office premises in Christchurch and Auckland, photocopiers, facsimile machines and printers.

These leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified as operating leases. Operating lease expenses are recognised on a systematic basis over the period of the lease.

Financial instruments

The Council is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short-term deposits, long-term deposits, debtors and creditors. All financial instruments are recognised in the Statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the Statement of financial performance.

Foreign currency exchange differences

Monetary assets in foreign currencies at balance date are translated at the exchange rates ruling at balance date. Exchange differences arising on the translation of monetary assets in foreign currencies are recognised in the Statement of financial performance.

Changes in accounting policies

There have been no changes in accounting policies since the date of the last audited financial statements. All policies have been applied on a basis consistent with previous years.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2007

BUDGET	NOTE	ACTUAL	ACTUAL
2007		2007	2006
\$000		\$000	\$000
PUBLIC EQUITY			
2,298	Revaluation reserve	4,284	2,656
(32)	Accumulated funds	895	823
2,266	Total public equity	5,179	3,479
Represented by:			
ASSETS			
Current assets			
100	Cash and bank	71	164
6,336	Short-term deposits	8,891	8,747
–	Prepayments	63	140
304	Interest receivable	3	7
–	GST receivable	76	–
57	Accounts receivable	115	60
6,797	Total current assets	9,219	9,118

Non-current assets			
3,507	Fixed assets	4,869	3,360
1,920	Works of art	2,276	2,276
5,427	Total non-current assets	7,145	5,636
12,224	Total assets	16,364	14,754
LIABILITIES			
Current liabilities			
271	GST payable	–	301
450	Accounts payable	1,459	966
173	Employee entitlements	252	249
9,064	Grants committed	9,474	9,759
9,958	Total current liabilities	11,185	11,275
9,958	Total liabilities	11,185	11,275
2,266	Net assets	5,179	3,479

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



Elizabeth Kerr
Chief Executive
27 October 2007



Peter Biggs
Chair
27 October 2007

STATEMENT OF CASH FLOWS

for the year ended 30 June 2007

BUDGET	NOTE	ACTUAL	ACTUAL
2007		2007	2006
\$000		\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
14,869	Crown revenue	14,869	13,536
18,553	New Zealand Lottery Grants Board	18,553	18,553
861	Third-party revenue	816	348
392	Net Goods and Services Tax	(377)	350
377	Interest received	559	736
35,052		34,420	33,523
Cash was applied to:			
3,370	Payments to employees	3,309	3,149
29,168	Payments of grants	28,919	25,915
2,482	Payments of operating expenses	2,069	1,841
35,020		34,297	30,905
32	Net cash flows from operating activities	123	2,618

250 CASH FLOWS FROM INVESTING ACTIVITES

Cash was applied to:

255	Purchase of fixed assets	77	93
(255)	Net cash flows from investing activities	(77)	(93)
–	Net cash flows from financing activities	–	–
27	Net increase (decrease) in cash held	46	2,525

Add opening cash brought forward:

	Cash	164	7
6,409	Short-term investments	8,747	6,376
–	Long-term investments	–	–
–	Effect of exchange rate fluctuations on cash	5	3
6,436	Balance at end of year	8,962	8,911

Represented by:

Closing cash carried forward:

100	Cash and bank	71	164
6,336	Short-term investments	8,891	8,747
6,436		8,962	8,911

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

Pictures are sourced from graphic design server.
Design and layout by Jo Liu
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For educational purposes only.

