
REPORT 8
(1215/52/IM)

**SUBMISSION TO CREATIVE NEW ZEALAND ON PROPOSED
INVESTMENT GUIDELINES FOR ARTS ORGANISATIONS
INCLUDED IN THE ARTS LEADERSHIP INVESTMENT
PROGRAMME**

PUBLIC EXCLUDED

Grounds : Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 – that public conduct of this item would be likely to result in the disclosure of information for which good reasons for withholding would exist under Section 7.

Reason: Section 7.2(c) – the withholding of the information is necessary to protect information which is subject to an obligation of confidence.

1. Purpose of Report

This paper seeks the Strategy and Policy Committee's agreement to the draft submission on Creative New Zealand's provisional investment guidelines and funding formulae for arts organisations included in the *Arts Leadership Investment Programme (Toi Tōtara Haemata)*, attached at **Appendix One**.

The paper also provides background information on Creative New Zealand's review of Recurrently Funded Organisations (the genesis of the proposed funding formulae) and on Wellington's arts and cultural sector as context for the draft submission.

2. Executive Summary

Creative New Zealand (CNZ) started a review of arts organisations funded through the *Recurrently Funded Organisations (RFO) programme* in March 2010.

The review has been conducted in two phases. The first phase of the review sought feedback on changes and improvements to CNZ's funding programmes to better meet the needs of New Zealanders now and in the future considering changes in the demographic make-up of New Zealand, the impact of technology and the ways New Zealanders make, distribute and participate in the arts. The Council made a submission to the first phase of the review on 20 April 2010.

The attached submission responds to phase two of the review and CNZ's 13 December 2010 request for feedback on draft investment guidelines and funding formulae that propose future levels of public funding from national and local sources based on the perceived national or regional benefits arts organisations can provide.

3. Recommendations

Officers recommend that the Committee:

1. *Receive the information.*
2. *Agree to the attached submission at Appendix One on Creative New Zealand's provisional investment guidelines and funding formulae.*
3. *Agree to delegate to the Chief Executive Officer and Portfolio Leader – Arts and Culture, the authority to make any amendments required as a result of decisions made by this Committee, prior to the submission being sent to Creative New Zealand.*
4. *Agree to release this report and the submission attached at Appendix A after any required amendments have been made and the Committee has agreed the content of the submission.*

4. Background

4.1 Creative New Zealand's review of Recurrently Funded Organisations

Creative New Zealand (CNZ) commenced a review of arts organisations funded through the *Recurrently Funded Organisations (RFO) programme* in March 2010.

The primary aims of the RFO review were to:

- a) recommend improvements and changes to CNZ's funding programmes to better meet the needs of New Zealanders today and into the future
- b) respond to New Zealand's changing demographic make-up; the impact of new technologies; and how New Zealanders make, access and distribute the arts.

The review has significance for the Council as:

- seventeen of the thirty-five organisations included in the RFO programme are based in Wellington
- it introduces the idea of a funding formulae - proposing future levels of public funding from national and local sources (based on the perceived benefits they provide at a national versus regional level).

The review has been conducted in two phases:

Phase 1: March – December 2010 - CNZ sought feedback on the RFO review and its preferred approach for investment in the arts. CNZ also determined organisations that met its *Arts Leadership Investment* criteria

Phase 2: December 2010 – February 2011 – The attached submission responds to the second phase of the review looking at the proposed provisional investment guidelines and funding formulae.

4.1.1 Wellington City Council's response to Phase One of CNZ's review

On 20 April 2010 the Chief Executive, on behalf of the Council, made a submission to CNZ's consultation document covering the first phase of the review (attached at **Appendix Two**). The Chief Executive signed off the submission as its content was technical in nature and within current Council policy.

The submission:

- supported the need to be responsive to change
- acknowledged the inflexibility of the current RFO programme and the need to review to remove inconsistencies in funding
- requested that change to funding be managed slowly over time to minimize the potential negative impact of funding changes.

Following completion of phase one of the review, CNZ discontinued the RFO programme, along with the contestable Arts Investment and Sector Investment programmes and replaced them with two new investment programmes:

- a) *Arts Leadership Investment (Toi Tōtara Haemata)* and
- b) *Arts Development Investment (Toi Uru Kahikatea)*

In December 2010, CNZ confirmed those arts organisations that would be included in the Arts Leadership Investment programme (Table 1). It also identified organisations asked to provide further information for CNZ to assess their potential inclusion in the Arts Leadership investment programme (Table 2).

Table 1: Arts organisations confirmed in the Arts Leadership Investment Programme

<ul style="list-style-type: none">▪ BATS Theatre▪ Chamber Music New Zealand▪ DANZ - Dance Aotearoa New Zealand▪ Capital E – National Theatre for Children & Wellington Children’s Festival▪ New Zealand Book Council▪ New Zealand International Arts Festival▪ New Zealand String Quartet▪ Playmarket▪ Taki Rua Productions▪ Toi Māori Aotearoa▪ NBR New Zealand Opera - Auckland based with a Wellington office
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Table 2: Arts organisations asked to provide further information

<ul style="list-style-type: none">▪ Arts Access Aotearoa▪ Choirs Aotearoa New Zealand▪ Circa Theatre▪ Downstage Theatre▪ Footnote Dance▪ Vector Wellington Orchestra

4.1.2 Phase Two: Proposed provisional investment guidelines and funding formulae

CNZ is now seeking feedback on provisional investment guidelines and funding formulae for organisations included in the Arts Leadership Investment programme.

One of the key aims of the Arts Leadership Investment programme is to give arts organisations greater clarity on CNZ expectations and how much public funding support they could expect from both CNZ and other public funders.

CNZ’s RFO review proposed that ‘funding formulae’ be established to:

- a) determine the proportion (in percentage terms) that an organisation should receive in public funding; and
- b) suggest the proportion of that funding that should be provided by central government and the proportion that could be expected from local public institutions including local authorities.

The Council’s Chief Executive received a letter on 13 December 2010 providing details of the proposed investment guidelines and funding formulae. The submission attached at Appendix One responds to CNZ’s draft proposals contained in this letter.

4.2 Wellington’s arts and cultural sector

Over the past two decades Wellington has built a specific marketing brand around its role as an ‘*Arts and Cultural Capital*’. The arts and cultural sector plays a significant role in Wellington - contributing to this brand but also to the city’s sense of identity, distinctiveness, and position as a sophisticated, tolerant and exciting location for residents and visitors.

The sector also makes an important economic contribution to the city and wider Wellington region. At the last census in 2006, the estimated number of people working in the arts sector was around 7,700 or 7.5% of Wellington City's total employment¹.

A recent study of the economic impact of arts organisations to Wellington's economy found that cultural experiences were a key decision-making factor for at least one-third of all international visitors to Wellington. The city's major arts events attract domestic visitors and bring in a significant amount of new spending to the local economy (an estimated total of \$15.1 million for the 2009 World of Wearable Arts and \$23.1 million new spending for the 2010 NZ International Arts Festival).

The direct value added to Wellington City's economy from the arts and cultural sector was estimated at between \$284 million and \$292 million in 2009.

5. Discussion

5.1 The Council's current investment in Wellington's arts and culture

The Council makes a significant investment in local arts and culture. In 2010/11 the Council provided approximately \$14 million to support activity under the Cultural Wellbeing Strategy. This amount will increase to an estimated \$15 million in 2011/12 with the phased increase in funding to the Wellington Museums Trust (that manages key Wellington arts institutions such as City Gallery Wellington, Capital E and the Museum of Wellington City & Sea). In addition to this funding, the Council provides \$950,000 per annum for the biennial NZ International Arts Festival and \$2.25 million per annum for Te Papa through the Council's Economic Development Strategy.

CNZ's draft investment guidelines and funding formulae do not explicitly recognise the full range of contributions made by local authorities to support leading arts organisations. The submission requests that any revised version of the funding formulae:

- a) explicitly acknowledge and take into consideration the other contributions that local authorities make to arts development in New Zealand; and
- b) more clearly indicate how direct financial support to arts leadership organisations (including venue subsidies) will be assessed and accounted for.

5.2 Potential implications of CNZ's proposed funding formulae and investment guidelines

Many of the arts organisations included in CNZ's review and Arts Leadership Investment Programme are important to the health of Wellington's arts 'ecosystem'. There are established linkages and interdependencies between arts

¹ Estimate of number of people employed in the arts sector using occupational data. Sourced from Martin Jenkins and Associates. (2011) *Economy of the Arts in Wellington*

organisations across the sector so it is vital that changes in resourcing are managed carefully.

Depending on the numbers of arts organisations confirmed in the Arts Leadership Investment programme, councils in the Wellington region would need to consider how to fund a potential increase of between **\$58,975**² and approximately **\$916,676**³ under CNZ's proposed draft investment guidelines.

The proposed funding increase would cover the requirements of those organisations included in the Arts Leadership Investment programme but would be in addition to any increases each council required to maintain or develop its local arts and cultural infrastructure and local participation.

As discussed in the submission attached at Appendix One, the proposed funding formulae:

- assume access to a regional funding mechanism
- highlight CNZ's funding priorities that have been developed after an extensive revision of its strategic direction and priorities.

While Auckland can support regionally significant and beneficial entities through the *Auckland Regional Amenities Funding Act 2008* and its new governance structure, local authorities in the Wellington region are not in the same position.

Councils in the Wellington region are currently researching resident willingness to support a regional funding stream, however the development of this mechanism is not guaranteed and it will be exceedingly difficult for the Council to increase its funding levels if the region chooses not to support a regional fund.

It is also difficult to determine appropriate funding levels for different arts organisations until the Council has reviewed and clarified its strategic direction and priorities in relation to the arts and cultural sector. This work will be done through the development of *Wellington 2040*, the proposed Arts and Cultural Policy and the 2012 – 2022 Long Term Plan; however officers are concerned that arts organisations will face uncertainty, and a potential funding shortfall, between the implementation of CNZ's funding decisions (that will come into effect on 1 January 2012) and any potential increase in Council funding, which will occur on 1 July 2012 at the earliest.

² This amount includes funding for those organisations currently confirmed in the Arts Leadership Investment programme where investment levels have been proposed for other public funders (BATS, Taki Rua and Capital E) and the average cost of supporting one 'Medium Centre Theatre' (either CIRCA or Downstage). It does not include an estimate for the NZ International Arts Festival.

³ The potential proposed increase if all Wellington based organisations are confirmed in the Arts Leadership Investment programme and CNZ maintains its proposed funding formulae.

5.3 Consultation and Engagement

Consultation and engagement on the proposed investment guidelines has been restricted as CNZ's proposed draft funding formulae were given to the Council in confidence.

5.4 Financial Considerations

While there are a number of financial considerations related to CNZ's proposed funding formulae and investment guidelines, there are no financial considerations associated with the development and agreement of the draft submission attached at Appendix One.

5.5 Climate Change Impacts and Considerations

There are no climate change impacts that need to be considered from the attached draft submission.

5.6 Long-Term Plan Considerations

There are no Long Term Plan implications from this submission, however if the proposed funding guidelines remain then the Council may need to review its level of investment across Wellington's arts and cultural sector.

6. Conclusion

This paper seeks the Strategy and Policy Committee's agreement to the draft submission on Creative New Zealand's proposed investment guidelines and funding formulae for arts organisations included in the *Arts Leadership Investment Programme (Toi Tōtara Haemata)*, attached at Appendix One.

Contact Officer: *Aroha Rangi, Senior Policy Advisor*

Supporting Information

1) Strategic Fit / Strategic Outcome

The attached submission presents the Council's views on CNZ's proposed investment guidelines and funding formulae. The views are consistent with current Council policy.

2) LTCCP/Annual Plan reference and long term financial impact

While CNZ's proposed funding formulae and investment guidelines may need to be considered as part of the Long Term Plan, there are no financial considerations related to the submission attached at Appendix One.

3) Treaty of Waitangi considerations

There are no Treaty of Waitangi considerations in the attached submission.

4) Decision-Making

The attached submission presents the Council's views on CNZ's proposed investment guidelines and funding formulae.

5) Consultation

a) General Consultation

The proposed funding formulae have been given to the Council by CNZ in confidence as draft, unconfirmed investment guidelines. Council officers have therefore not consulted with others in the development of the attached submission.

6) Legal Implications

There are no legal implications with the attached submission.

7) Consistency with existing policy

The submission is consistent with existing policy.

APPENDIX ONE:

Wellington City Council submission to Creative New Zealand, Arts Council of New Zealand Toi Aotearoa on the proposed investment guidelines and funding formulae - 11 February 2011

1. General comments

Wellington City Council values its ongoing relationship with Creative New Zealand (CNZ) and is pleased that ten⁴ of the twenty two organisations confirmed in the *Arts Leadership Investment (Toi Tōtara Haemata)* programme are based in Wellington City, with a further six⁵ Wellington based organisations being asked to provide additional information to be assessed for potential inclusion in the programme.

The Council acknowledges and values CNZ's funding of these organisations and the major contribution they make to the cultural vibrancy and economic life of the Wellington region.

The Council agrees that these organisations need to be funded appropriately so that they can:

- a) be responsive to New Zealand's changing demographic make-up; the impact of new technologies; and how New Zealanders make, access and distribute the arts
- b) develop and present dynamic, high quality New Zealand work now and into the future.

The Council recognises the desirability of clarifying the respective roles and responsibilities of local and central government in supporting arts organisations, but has a number of concerns about the proposed investment guidelines and funding formulae. These concerns were highlighted in the Council's **20 April 2010** submission on the 'Recurrently Funded Organisations review' and are discussed in more detail below.

⁴ Confirmed Wellington based arts organisations in the Arts Leadership Investment programme: BATS Theatre, Chamber Music New Zealand, DANZ - Dance Aotearoa New Zealand, Capital E – National Theatre for Children and Wellington Children's Festival, New Zealand Book Council, New Zealand International Arts Festival, New Zealand String Quartet, Playmarket, Taki Rua Productions and Toi Māori Aotearoa. NBR New Zealand Opera has also been confirmed. The opera company is based in Auckland with a Wellington office.

⁵ Wellington arts organisations who have been asked to provide further information to be reviewed for potential inclusion in the Arts Leadership Investment programme: Arts Access Aotearoa, Choirs Aotearoa New Zealand, Circa Theatre, Downstage Theatre, Footnote Dance and Vector Wellington Orchestra.

2. Specific comments

2.1 Lack of recognition in the proposed funding formulae of local government investment in the wider arts infrastructure

The proposed investment guidelines and funding formulae do not explicitly recognise the full range of contributions made by local authorities to support leading arts organisations.

The Council provides direct financial support (grants funding and venue subsidies) to many of the city's leading arts organisations, but it also invests in vital arts infrastructure such as performance/rehearsal venues; arts development facilities such as Toi Pōneke Arts Centre as well as funding for Wellington's museums and major arts events.

Regional galleries such as the City Gallery and other similar regional institutions, make a significant contribution to the provision and development of high quality arts practice in New Zealand. However, CNZ has traditionally contributed little in the way of funding to these organisations. Local authorities have provided the largest proportion of public subsidy.

The above contributions represent a real and significant financial contribution by local authorities into the arts infrastructure of New Zealand. In seeking to clarify the respective roles and contributions of central and local government in supporting arts organisations, these contributions should be better recognised.

CNZ staff have said that local authority contributions to Arts Leadership organisations (such as venue subsidies and grants) will be recognised in terms of the funding formulae. However, the detail of how this will be recognised is yet to be worked through.

Wellington City Council asks that any revised version of the funding formulae explicitly acknowledge and take into consideration the other contributions that local authorities make to arts development in New Zealand. The Council also asks that the formulae more clearly indicate how direct financial support to arts leadership organisations (including venue subsidies) will be assessed and accounted for.

2.2 Regional vs. local funding

The proposed funding formulae seem to be based on international models where there are three tiers of public funding available to organisations i.e. central, regional/state and local government funding bodies. These models usually see high standard professional theatre, orchestras or state galleries supported through state or regional funding mechanisms alongside central government agencies. City governments under these models usually focus their support on physical infrastructure and funding education or community focussed activities, rather than supporting professional high quality arts development.

New Zealand does not have the same regional funding bodies for the arts. Local authorities are expected to fund both local and regional arts activity. Auckland City Council developed the *Auckland Regional Amenities Funding Act 2008* to enable it to support regionally significant and beneficial entities with other councils in the Auckland region. Local authorities⁶ in the Wellington region are currently researching resident willingness to support a regional funding mechanism from which arts organisations might benefit. However the development of this potential funding stream is not guaranteed.

At present all councils across the region are working to keep costs and rates as low as possible. If the region chooses not to support a regional funding mechanism, it will be exceedingly difficult for Wellington City Council alone to increase its funding levels to organisations in the leadership programme in line with the proposed funding formulae.

2.3 Wellington City Council's role

Wellington City Council understands that CNZ's review of its funding programmes follows an extensive revision of its strategic direction and priorities.

The Council is currently undertaking its own rigorous review of its strategic direction and priorities. The first stage is underway with the development of a 'City Strategy' called *Wellington 2040*. This will be publically consulted on in the first quarter of this year. Following the final confirmation of this strategy, the Council will develop its 2012 – 2022 Long Term Plan that will subsequently come into effect from 1 July 2012.

This process is relevant to the funding formulae for two reasons. Firstly, the Council's role and strategic priorities in relation to the arts and cultural sector will be reviewed and clarified during this process. At present the new priorities are not clear and so the Council is not able to determine, at a strategic level, appropriate funding levels for different arts organisations.

Secondly, significant changes in funding levels, either through a regional funding mechanism or directly from the Wellington City Council, are only likely to occur in the context of the 2012-22 long term planning process that all local authorities are undertaking. The Council is, therefore concerned that arts organisations will face uncertainty, and a potential funding shortfall, between the implementation of CNZ's funding decisions and any potential increase in local authority funding, which will occur on 1 July at the earliest.

⁶ Wellington City, Hutt City, Upper Hutt City, Porirua City, Kapiti Coast District, South Wairarapa District, Carterton District, Masterton District and Greater Wellington Regional Council.

2.4 Lack of clarity around how the investment guidelines/funding formulae has been developed

The Council is not able to comment fully on the validity of the proposed funding ratios because the basis on which they have been calculated is unclear. Council officers understand that a number of considerations have influenced the setting of the formulae, some of which are outlined in the 13 December 2010 letter. However, the Council has found it very difficult to determine whether the ratios truly reflect the level of local versus national benefit that the organisations provide.

The Council is open to developing a shared view with CNZ on what constitutes a fair and reasonable funding split for arts organisations. However, not having been part of the discussions that lead to the proposed ratios, it is difficult to say whether they are appropriate.

2.5 Some specific comments on the formulae

Despite the above, the Council does wish to comment on some aspects of the proposed formulae.

2.5.1 Differences in population figures

Different population numbers are provided for different artforms. For one artform the population size given to support a 'Moderate Programme' is between 500,000 and 1 million, while the population size provided to meet the 'Medium Centre' criteria for another artform is between 420,000 and 1 million. The Council understands this difference relates to an assessment of what size population is necessary to support the different types of entity.

The Council appreciates this logic but believes that the population base should not be the only determinant of whether an arts entity should be supported to operate sustainably in a particular centre. Other factors that should be taken into consideration include:

- the history and reputation of the entity
- how important the entity is in terms of the locality's identity
- how connected it is with other organisations in the locality
- how it is valued by its community
- the propensity of the population to participate in the organisation's activities
- the availability of sponsorship and other funding support
- the merit and value of the activities it undertakes; and
- the availability of other paid employment for the entity or its employees.

As a consequence, the Council believes each organisation's value and viability should be considered on a case by case basis.

2.5.2 Considering the views of other key stakeholders

The Council also believes that the stakeholders for each organisation should have an opportunity to express how valuable they believe an organisation is to their locality. The Council notes that this opportunity has not been provided for in CNZ's decision making process to date.

2.5.3 Funding for nationally focused organisations

The Council agrees with the proposal that other nationally focussed leadership organisations should not be expected to receive a proportion of their income from local authorities. Of course, this does not preclude local authorities from supporting these organisations to deliver activities of direct and strategic value to their local communities, as Wellington City Council does currently.

3. Conclusion

Thank you for the opportunity to comment on the proposed investment guidelines and funding formulae.

Wellington City Council values the investment that CNZ makes into arts organisations based in the city. The Council is open to developing a shared view with CNZ on what constitutes a fair and reasonable public funding split for arts leadership organisations. However, it believes this should be through direct discussion between the two parties, looking at the circumstances of individual organisations, and with input from other stakeholders where appropriate.

If you have any comments or questions regarding this submission, please contact:

- Martin Rodgers – martin.rodgers@wcc.govt.nz or phone 803 8895 or
- Aroha Rangi on aroha.rangi@wcc.govt.nz or phone 803 8042

On behalf of Wellington City Council:

Celia Wade-Brown
Mayor

APPENDIX TWO:

Wellington City Council submission to Creative New Zealand, Arts Council of New Zealand Toi Aotearoa on the review of Recurrently Funded Organisations - 20 April 2010

1. General comments

Wellington City Council agrees it is timely for Creative New Zealand's Regularly Funded Organisations (RFO) programme to be reviewed so it will better meet the needs of New Zealanders today and into the future. The Council also acknowledges the range of organisations in the programme has evolved over time and there are now inconsistencies between the types of organisations funded within the programme and those funded through other Creative New Zealand programmes. The Council expects that the review will clarify which organisations are best funded through the RFO programme and that new criteria will be applied across all organisations to ensure consistency.

1.1 The vulnerable financial state of arts organisations

The Council wishes to highlight that all arts organisations are facing challenges in terms of their income and therefore their operational viability. Some have experienced a reduction in income from trading activities (e.g. ticket sales, membership fees etc.) and sponsorship. All are reporting significant reductions in income from gaming and community trusts. As a result, many organisations are in a very vulnerable financial state. For this reason, the Council asks Creative New Zealand to proceed with extreme caution while conducting this review. The Council does not wish to see any of the Wellington based organisations in the current RFO programme cease operations and asks that CNZ carefully manage any organisation's transition to a new funding regime in partnership with other stakeholders.

1.2 Working in partnership

The Council welcomes the opportunity to work closely in partnership with Creative New Zealand, and others where appropriate, at each stage of this review. Your contacts in this regard are **Neville Brown, Director, City Services** and **Martin Rodgers, Manager, City Arts**. This said it is not likely that the Council will be able to significantly increase its funding to arts organisations as a result of the review. In response to the financial challenges facing our household and commercial ratepayers, the Council has committed itself to keeping rate rises to a minimum. The only option for the Council would be to redistribute its current funding to arts organisations. Such a response would need to include discussion with the Ministry for Culture and Heritage as we also fund some arts organisations in common with the ministry.

2. Specific comments

2.1 Respective roles of local and central government

Wellington City Council notes that one of the stated aims of the review is to clarify the respective responsibilities of local and central government in supporting arts organisations. The Council welcomes the opportunity to investigate this issue.

Currently, councils across the country have assumed responsibility for providing or funding venues that are used for arts activity. This is often in response to market failure (i.e. the cost of constructing and managing venues is often uneconomic for a private provider) and/or a desire to provide a public good. The provision of venues is also consistent with the provision of other community facilities such as sports fields, pools, recreation centres, community halls etc. In Wellington, the Council has an ownership interest in most of the venues that arts organisations use to present activities. In other cases, the Council has made a financial contribution to the construction of privately operated venues. In addition to this, the Council subsidises access to its venues. It is estimated that in the 2008-09 financial year, the Council provided the current set of organisations in the RFO programme with subsidised access to venues totalling \$99,513 and provided another \$341,800 for 2009 – March 2010.

In addition to this, in the same financial year, the Council provided a total of \$10,854,000 in direct funding to a combination of arts organisations, events and projects. Of this, organisations in the RFO programme received \$1,113,500.

Looking at countries such as the United Kingdom, Canada and Australia, it is apparent that local councils also support the provision of venues and some funding. Notably though, local council funding seems to be mainly targeted to activity of benefit to people located in the immediate vicinity of the arts organisation's base. This may be an outreach programme to local schools or activities that engage local communities as direct participants in projects. Funding of organisations for the delivery of an annual programme of activities accessed by people from across a region or that deliver economic benefit, is usually provided through regional or state government agencies. As you will recognise, New Zealand does not have this middle tier of government and therefore this additional funding mechanism. It is noted that the Auckland Regional Amenities Act went a long way towards providing this regional funding mechanism. As you will know, Wellington City Council has been attempting to establish a regional funding model for the Wellington region from which arts organisations might benefit. It is unlikely however that any regional funding mechanism will be in place by the time recommendations of this RFO review are enacted.

It is noted that, throughout the review process, Creative New Zealand has pointed to the clarity around the role that councils have in funding galleries as an example of a shared funding relationship that is clearly understood. We

would submit that there may be imbalances in this funding partnership as activities undertaken by regional art galleries do contribute to Creative New Zealand's strategic objectives. For many councils, including our own, funding given to the local/regional art gallery is the single biggest investment in arts activity that they make. If Creative New Zealand were to fund more activity taking place in art galleries, this may free up funds for councils to invest in other arts activity.

2.2 Preferred approach for investment in arts organisations

Wellington City Council supports the concept behind the **Sector Development Model** to develop and promote a sustainable arts sector and Creative NZ revisiting the mix of organisations currently provided with RFO funding, however, it believes that change should be managed carefully and suggests a stepped, incremental approach to change.

The Council considers that as the 'identified leading arts organisations of New Zealand' and receivers of secure multi-year funding, it would provide great benefit if new RFOs had a responsibility to deliver work and operate in a manner that considered all parts of the purpose of Creative New Zealand, i.e. to recognise:

- the cultural diversity of the people of New Zealand
- the role of Māori as tāngata whenua
- the arts of Pacific Islands' peoples; and
- uphold the principles of participation, access, excellence and innovation, professionalism and advocacy.

Rather than selecting a single organisation to meet a single purpose, there could be an expectation that selected RFOs would meet all stated purposes (so deliver works that uphold the principles of participation and access, recognise Māori as tāngata whenua and the arts of Pacific peoples etc). This would support greater meaningful collaboration across arts organisations and the sector and the potentially realise other priorities such as increasing participation, developing NZ artists and art forms, increasing the diversity of audiences etc.

2.3 Funding formulae

Wellington City Council does not support the adoption of funding formulae such as those presented in the 1999 Nugent Report. As an instrument - the four categories (national, regional, international and niche) are too blunt and not appropriate for the range of organisations that make up the current RFO portfolio. In addition, the formulae do not fully take into account the:

- different circumstances that the organisations or councils operate within.
- the current contribution councils make to the arts sector in terms of provision of infrastructure (venues) and wider cultural funding.

It is noted that the Nugent Report proposes an increased contribution from central government where the opportunity for an organisation to earn its own income from ticket sales is reduced due to a smaller population. While this

approach makes sense, there are other income imbalances that should be addressed in a similar way. For example, many regional arts organisations receive significant support from their regional community trust. In Wellington however, the community trust has much less funding to distribute, which disadvantages Wellington based entities.

To address such imbalances, the Council recommends that Creative New Zealand discuss funding contributions with each council looking at each arts organisation on a case by case basis. This would also enable the contributions made to the operation of each entity, through venue subsidies etc., to be taken into account rather than just looking at cash funding.

2.4 The unique Wellington environment

The Council is also concerned that a formulaic approach to funding of arts organisations will not recognise the unique environment and opportunities that different centres offer arts organisations. Wellington City Council believes that Wellington offers arts organisations particular opportunities including:

- a Council that values and supports arts activity in many ways including access to venues, funding programmes, support to access Council facilities such as parks and libraries, councillors that visibly support activity and through initiatives such as the Toi Poneke Arts Centre
- access to diplomatic representatives from around the world
- access to research material through the National Library and Archives
- Centres of arts training through the national schools of Drama, Dance, Music and also Victoria University's Institute of Modern Letters, the Film School, Massey School of Fine Arts, Whitireia Polytechnic and Wellington Institute of Technology (WelTec)
- access to resources and support from national arts organisations based here such as the Royal New Zealand Ballet and New Zealand Symphony Orchestra
- a population with positive attitudes to the arts and a propensity to attend new and innovative arts experiences
- an arts community that readily engages with and supports each other
- an environment that facilitates collaboration and experimentation between practitioners and art forms
- a central city that provides complimentary activities (restaurants, bars, cafes accommodation) in close proximity to arts experiences.
- a base at the geographical centre of the country which reduces the cost of extensive touring programmes.

When deciding on the variety and location of organisations to fund through the RFO programme, the Council would expect that these positive aspects of the Wellington environment to be taken into account.

3. Conclusion

Thank you once again for the opportunity to comment on the review of Recurrently Funded Organisations

If you have any comments or questions regarding this submission, please contact:

- Martin Rodgers – martin.rodgers@wcc.govt.nz or phone 803 8895 or
- Aroha Rangi on aroha.rangi@wcc.govt.nz or phone 803 8042

On behalf of Wellington City Council:

Garry Poole

Chief Executive