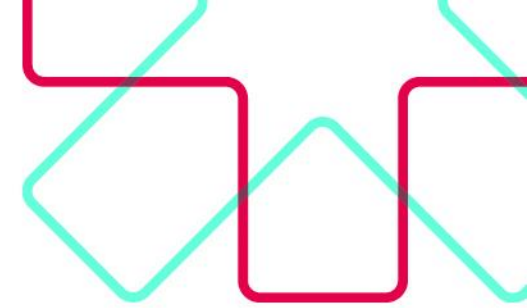# Rātā Foundation Arts and Heritage Sector Scan

December 2016

Prepared for Rātā Foundation by

Martin Jenkins

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PREFACE

This report has been prepared for the Rātā Foundation by EeMun Chen and Mark Tamura from MartinJenkins (Martin, Jenkins & Associates Limited). Input and peer review has also been provided by Angela Davies and Karyn McLeod from Rātā Foundation.

We would like to acknowledge the contribution of the key informants to this project.

MartinJenkins advises clients in the public, private and not-for-profit sectors, providing services in these areas:

- Public policy

- Evaluation and research

- Strategy and investment

- Performance improvement and monitoring

- Business improvement

- Organisational improvement

- Employment relations

- Economic development

- Financial and economic analysis.

Our aim is to provide an integrated and comprehensive response to client needs – connecting our skill sets and applying fresh thinking to lift performance.

MartinJenkins is a privately owned New Zealand limited liability company, with offices in Wellington and Auckland. The company was established in 1993 and is governed by a Board made up of executive directors Kevin Jenkins, Michael Mills, Nick Davis and Nick Hill, chaired by independent director Sir John Wells.

DISCLAIMER

While every effort has been made to ensure the information in this report is accurate, MartinJenkins does not accept any responsibility or liability for error of fact, omission, interpretation or opinion that may be present, nor for the consequences of any decision based on this information.

Cover image: New Zealand's largest public sculpture, Fanfare, 2004/15 by Neil Dawson now stands at Chaney's Corner, at the northern entrance to Christchurch. Rātā Foundation supported its upgrade and installation, as a new landmark for the city. Photo courtesy of Rātā Foundation.

EXECUTIVE SUMMARY

In April 2016, Rātā Foundation implemented a new funding framework. This includes four key areas of funding Learn, Support, Connect and Participate, with associated funding priorities, and two new funding programmes. In moving towards a more transparent and evidenced informed funding practice, Rātā Foundation has commissioned MartinJenkins to undertake an environmental scan focusing on the not-for-profit arts and heritage sectors in its four funding regions of Canterbury, Marlborough, Nelson and Chatham Islands.

The intention of this environmental scan is to support funding policy development work within the new funding framework specifically relating to the arts and heritage sectors.

The environmental scan uses a 'PEST/O' framework, covering: **p**olitical and legislative, **e**conomic, **s**ocial, **t**echnological and **o**rganisational. The environmental scan included a literature review and eight (8) semi-structured telephone interviews with key informants from the arts and heritage sectors across Rātā Foundation's funding regions.

Through the environmental scan, it is concluded that the single most important issue for the not-for-profit arts and heritage sectors is organisational sustainability. While Rātā Foundation is working on capacity-building initiatives across its funding framework, we recommend that it could also consider how it can support arts and heritage organisational sustainability through funding for:

- Development and/or delivery of training, capacity and capability building to strengthen the broad sector in the areas of
    - governance,
    - management,
    - evaluation,
    - new income streams and delivery models, and
    - new organisational structures.
- Supporting the adoption of new technologies and social media models.

Additionally, this environmental scan has identified areas Rātā Foundation could prioritise its funding under its four key areas in the following way:

Learn

- Supporting funding for transfer and exchange of knowledge in relation to curatorial standards and tikanga Māori.
- Projects that encourage arts or heritage education for children or young people, either in or out of school.

Support

- Arts or heritage projects that focus on people's health and wellbeing, including that of older people.

Connect

- Arts or heritage projects that reflect and connect their communities with place, fostering community cohesion and identity.
- Arts or heritage projects that foster closer working, collaboration or networking, including those with partnership aspects such as a focus on shared services.
- Arts or heritage projects that enable engagement with Māori and/or Māori expertise.

Participate

- Projects that encourage children and young people to participate in arts or heritage.

- Projects that enable access and participation in the arts and heritage by older people.

- Projects and organisations that promote ethnic diversity, and other diversities, of audiences and participation.

INTRODUCTION

In April 2016, Rātā Foundation implemented a new funding framework. This includes four key areas of funding - learn, support, connect and participate:

- Learn – we place importance on the great start in life provided by quality education, post-school learning and the need to support people as they move through different life stages

- Support – at times, people need support to overcome challenges, build self-reliance and resilience, and for some people long-term support is needed

- Connect – healthy communities have opportunities for people to interact, form relationships and share experiences

- Participate – taking part in sport and recreation, cultural activities, or improving the environment, can help people to lead full and happy lives.

The new funding framework has two new funding programmes:

- Small grants funding programme –Rātā Foundation supports grassroots initiatives in the community, including organisational running costs and organisations can request $20,000 or less.

- Large grants funding programme –Rātā Foundation supports organisations that form part of the fabric of communities and projects, which provide wider community benefit. Organisations can request over $20,000.

Rātā Foundation has two additional funding programmes:

- Building projects – for building projects (requests over $100,000) which foster community connections, increase community participation or are of regional significance.

- Community loans – an additional funding practice which aims to build sustainability for community organisations.

Rātā Foundation wishes to adopt a more transparent and evidenced-informed approach to how it funds.

In moving to this new, desired approach, Rātā Foundation has commissioned MartinJenkins to undertake an environmental scan focusing on the not-for-profit arts and heritage sectors to inform its funding priorities in these sectors.

The process

This environmental scan uses a 'PEST/O' framework, covering

- **P**olitical and legislative: international strategic direction; national strategic direction; what the current and future political and legislative issues are; regional and local government

- **E**conomic: wider economic contribution of the sectors; the funding landscape; current trends in arts and heritage funding

- **S**ocial: the role of the arts and heritage sector in meeting social objectives; impact of demography; urbanisation; arts and heritage participation

- **T**echnological: digitisation; new technologies; social media

- **O**rganisational: review of Rātā Foundation funding; what makes a sustainable and resilient arts and heritage sector organisation.

These elements will inform the development of Rātā Foundation's funding priorities for the arts and heritage sectors by providing an overview of context, key trends and emerging issues in Rātā Foundation's four funding regions of Canterbury, Nelson, Marlborough and Chatham Islands. Rātā Foundation's four funding regions differ from regional council boundaries:

- Canterbury – covers Christchurch City, Waimakariri District, Selwyn District and Hurunui District

- Nelson – Nelson City and Tasman District

- Marlborough – Marlborough District and Kaikōura District

- Chatham Islands Territory.

To further inform this scan, semi-structured telephone interviews were held with key informants from the arts and heritage sectors across Rātā Foundation's funding regions (eight in total).

How to read this report

Each element is considered in terms of key trends, available research and key informant perspectives. The analysis shows that the arts and heritage sectors share some common themes and trends. Where there are differences the discussion in each element will be separated by sector.

We then provide recommendations for Rata Foundation's funding policy development work.

Assumptions

The discussion of the PEST/O elements are based on the current Rātā Foundation Strategic Purpose, Vision and Funding Framework.

POLITICAL/LEGISLATIVE

International strategic directions

A scan of selected international government arts or heritage organisations' strategic documents illustrates key themes both in focus and priorities, and these are compared in Table 1 alongside New Zealand's Ministry for Culture and Heritage.

Participation and access, contribution to health and wellbeing, the value of culture, and internationalisation all feature in the arts and heritage strategies of the United Kingdom, Canada, Australia and New Zealand.

These themes have emerged in each jurisdiction due to specific strategic outcomes respective governments seek to influence.

In Canada, the two strategic outcomes are (Canadian Heritage, 2016):

- Canadian artistic expressions and cultural content are created and accessible at home and abroad

- Canadians share, express and appreciate their Canadian identity.

To support these outcomes, Canadian Heritage has a number of programmes which seek to increase participation and access, improve arts training, focus on youth, focus on aboriginal peoples, support the next generation of heritage workers, and help these sectors adapt to the digital environment.

Table 1: Strategic themes

	United Kingdom	Canada	Australia	New Zealand
Participation and access	✓	✓	✓	✓
Value of, and valuing, culture Contribution to health and wellbeing	✓	✓	✓	✓
Children and young people	✓	✓	✓	✓
Arts education	✓			
Capability development and career pathways	✓		✓	✓
Workforce and creative works reflects national diversity	✓	✓	✓	
Technology	✓	✓		✓
Internationalisation	✓	✓	✓	✓
Organisational and sector resilience	✓		✓	✓
Indigenous groups and arts/heritage		✓	✓	✓
Excellence		✓		✓
National identity		✓		✓

Sources: Shaping a new future, Strategic plan 2016–21 (Canada Council for the Arts, 2016); Canadian Heritage: Report on plans and priorities 2016–17 (Canadian Heritage, 2016); Cultural sector strategic framework 2014–2018 (Ministry for Culture and Heritage, 2014); The culture white paper (Department for Culture, Media & Sport, 2016); A culturally ambitious nation: Strategic plan 2014 to 2019 (Australia Council for the Arts, 2014); Strategic direction: Discussion document (Creative New Zealand, 2016a); Australian heritage strategy (Australian Government, 2015).

In the UK, the government's white paper on culture has four statements which outline the approach to public support for art and culture (Department for Culture, Media & Sport, 2016):

- Everyone should enjoy the opportunities culture offers, no matter where they start in life
- The riches of our culture should benefit communities across the country
- The power of culture can increase our international standing
- Cultural investment, resilience and reform.

These statements support the focus on children and young people, arts education, organisational and sector resilience and internationalisation.The vision for Australia's heritage places is (Australian Government, 2015, p. 15):

> Our natural, historic and Indigenous heritage places are valued by Australians, protected for future generations and cared for by the community.

This vision is supported by three outcomes:

- national leadership
- strong partnerships
- engaged communities.

Within the heritage strategy there is also a focus on protecting indigenous heritage, and promoting greater awareness, knowledge and engagement with national heritage.

The Australia Council for the Arts' strategic plan has four goals:

- Australian arts are without borders
- Australia is known for its great art and artists
- The arts enrich daily life for all

- Australians cherish Aboriginal and Torres Strait Islander arts and cultures.

Accordingly, support is focused on participation and access, internationalisation, indigenous groups, the value of art and children and young people.

We speculate that the difference in funding priorities in countries like the UK and Canada compared to Australia and New Zealand may reflect the greater philanthropic funding in the former jurisdictions. This may mean there are lesser, or different, demands on government funders, which enables these governments to prioritise funding for difficult-to-engage or under-represented demographics.

Of interest is the focus on children and young people (particularly from disadvantaged backgrounds), and arts education by the UK Department for Culture, Media and Sport as a potential emerging trend. The UK government has recognised that in order to instil a lifelong relationship with culture, positive messages and education should start when people are young.

When discussing with the key informants from across Rātā Foundation's funding regions on these trends, regardless of whether they were in the arts or the heritage sector, they placed most emphasis on the strategies and policies of their main funders, rather than looking internationally. For example, if they were funded primarily through Creative New Zealand, more attention was placed on central government policy; if their primary funder was their local council, local government policy and decisions were the most influential.

In general, the key informants interviewed for this environmental scan did not place any focus on the strategic policy directions of other countries. One key informant noted however, that large funding cuts to the Australia Council for the Arts led to significant reductions in funding and the closure of some organisations. However, under its new priorities funding was provided to

other organisations it had not previously funded, including Aboriginal Arts organisations

Further discussion of these trends are found in the Social, Technological and Organisational sections.

National strategic direction

Manatū Taonga, the Ministry for Culture and Heritage, works to enrich the lives of all New Zealanders by supporting 'our dynamic culture and preserving our heritage'. It is the government's advisor on cultural matters. The *Cultural Sector Strategic Framework 2014–2018* (Ministry for Culture and Heritage, 2014) sets out the Ministry's approach to leading with and working with the sector. The Ministry uses 'culture' broadly, to include arts, heritage, media, and sport and recreation. Their framework has four intended outcomes (as in Table 2) and five sector priorities (Table 3). When considering the international themes outlined previously in Table 1, arts education and a workforce which reflects the diversity of the nation, do not appear to be priorities in the New Zealand context.

Table 2: Enduring cultural sector outcomes

Create	Engage
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.	New Zealanders and international audiences increasingly access and engage with taonga and other cultural works, places and activities with enjoyment and understanding.
Preserve	**Excel**
Cultural practitioners and organisations collect, record, protect and present taonga for the benefit of present and future New Zealanders.	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.

Source: Ministry for Culture and Heritage, 2014

Table 3: Sector priorities 2014–2018

Priority	Description
Fostering inclusive New Zealand identity	New Zealand's demographic profile is changing in terms of age, ethnicity and location. There is a new sense emerging of what it is to be a New Zealander, how we see ourselves and how we present to others as an attractive place to live, work and visit. The Ministry is working with other departments and cultural agencies to support examination and expression of what it means to be a New Zealander, to foster an inclusive New Zealand and a positive identity internationally.

Priority	Description
Supporting Māori cultural aspirations	Māori culture and heritage is a defining feature of New Zealand identity in the world. The preservation and expression of Māori language, arts, culture and heritage needs to be well supported. Cultural agencies are committed to working in partnership with iwi/Māori to advance their long term-cultural aspirations for the benefit of Māori and all New Zealanders. In the post-settlement environment, iwi are better positioned to advance their own cultural aspirations and will demand a high level of responsiveness from government and its agencies.
Front footing transformative technology	New Zealanders want access to the best of what the world has to offer and high quality New Zealand content which shines through in a crowded, borderless global environment. Changing technology continues to impact on traditional business models and to provide new opportunities for all cultural agencies. Cultural goods and services are increasingly able to be produced, distributed and accessed at low cost to almost everyone. Through the development of digital skills, online rights policies, trans-media, new mobile applications and other innovative business solutions, New Zealand creative talent and organisations are positioning themselves to control and manage their endeavours to reach a wider audience. The Ministry is working to support an environment where skills, infrastructure and intellectual property rights support innovation and creation.
Improving cultural asset sustainability	New Zealand's cultural activity is sustained by an infrastructure of tangible and intangible cultural assets built over time. With static or declining baselines for public funding, the Ministry, cultural agencies, iwi and local government are working together to plan and prioritise investment and to increase revenue from non-government sources. Success will require the development and maintenance of new partnerships and identification of smarter ways of operating.
Measuring and maximising public value	Cultural expression contributes to a vibrant and healthy democratic society. The cultural agencies are working together to better understand and increase the public value of our cultural goods and services, including their economic and social benefits. This will ensure better decisions and choices can be made to maximise public benefit from the government investment in the sector.

Source: Ministry for Culture and Heritage, 2014

Strategic priorities for arts in New Zealand

Creative New Zealand's strategic direction is operational in nature, that is, how it will operate to encourage, promote and support the arts in New Zealand for the benefit of all New Zealanders (Creative New Zealand, 2016). Its strategic direction is set out in its *Statement of Intent 2016-2021*. However, it does align with the national cultural strategic framework in that the organisation intends to support:

- Māori, Pasifika and New Zealand's growing diversity

- Artistic quality and renewal

- Audience focus

- International success

- Digital expertise.

Strategic priorities for heritage in New Zealand

The strategic priorities for heritage, as set by the Heritage New Zealand Board are (Heritage New Zealand, 2015):

- Establishing the Natural Historic Landmarks List

- Building public support for heritage through engagement and by working together with the community, property owners and heritage volunteers

- Focusing on New Zealand's most significant places

- Working with Iwi to conserve Māori heritage

- Improving the regulator environment for heritage.

Heritage New Zealand's Statement of Intent 2015-2019 also acknowledges that Heritage New Zealand works within the context of the government's cultural sector strategic framework.

National strategic direction has a bearing on what organisations and projects are funded and supported by Crown-funded agencies.

Rātā Foundation and national strategic direction

As a funder Rātā Foundation occupies a space in the funding landscape between government funding (which can be risk averse) and private/family philanthropy (which is often guided by specific funding preferences), it can be less risk averse than government and less prescriptive than private/family philanthropy in who and what it funds (see Figure 1).

Figure 1. Rātā Foundation and the funding landscape
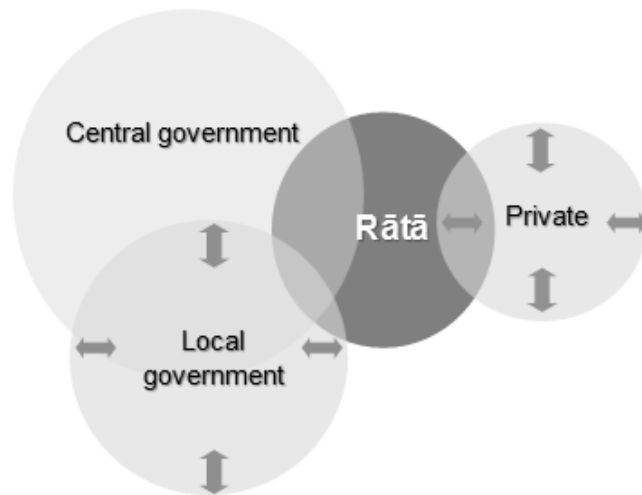
The space occupied by private/family philanthropy and local government funding varies from place to place. Rātā Foundation wishes to set out its key priorities, but also retain the ability to respond to changes in the local context. In addition, ensuring there is some alignment with national direction

would aid in creating critical mass in funding, giving organisations and projects the best possible chance of success.

This need for flexibility in priority setting is illustrated by the following key informant's comment that priorities for their community can often change very quickly, depending on particular influencers:

> *A local change can have a big effect on our activities; for example, we're very busy with schools at the moment. A change in principal at a neighbouring school means that we started getting them visiting us a lot. This has had a snowball effect with other schools and now we're getting a lot of activity from that area.*

Arts sector key informant

Government policy and legislation

A number of government policy and legislative changes have recently been put in place, or are in progress, that have an impact on the arts or heritage sectors.

Copyright and designs

Copyright is a set of rights provided to authors and producers of original works, including the right to copy the work. The types of works which are protected include literary works, films, sound recordings, artistic works, and many more.

The not-for-profit arts or heritage sectors are affected by copyright in a number of ways.

- Organisations are likely to own copyright, and may wish to ensure it does not get used by others without their permission

- Not-for-profit organisations may wish to copy a work (including photocopying); perform, play or show a work in public; translate text

from one language to another; make a dramatic work of a literary work or vice versa; or make an arrangement or transcription of a musical work. In most of these cases, permission will need be sought from the copyright owner.

- The current Act specifies certain circumstances where organisations can use all or a substantial part of a copyright work without the copyright owner's permission. These "fair dealing" exceptions include research or private study and criticism/review.

- There are also some exceptions for educational use.

The Ministry of Business, Innovation and Employment (MBIE) is currently undertaking a study to gain a better understanding of the creative sector and how it interacts with the copyright and designs regimes.

No decision to review the Copyright Act has been made as yet – the study will help the government determine what shape any potential review will take.

The current copyright settings were not reported by any of the key informants of this environmental scan as creating significant challenges, or leading to additional costs. However, changes to the copyright regime may impact on the ability of Rātā Foundation's funded organisations to adequately license and/or monetise their works and may support/hinder their ability to manage and monitor their own copyright.

Health and safety

The Health and Safety at Work Act 2015 came into force on 4 April 2016 (Ministry of Business, Innovation and Employment, 2015). Under the Act, a "person conducting a business or undertaking" (known as a PCBU), has the primary duty to ensure the health and safety of its workers and others, so far as is reasonably practicable. A PCBU will usually be a business entity, such as a company, rather than an individual person. A person might be a PCBU if they are a sole trader or a self-employed person. A voluntary organisation that has one or more employees is a PCBU. These legislative changes

mean that individual arts practitioners, and arts and heritage organisations generally, are included in the scheme requiring a primary duty of care to workers, and those that they influence and direct in carrying out their work including volunteers (volunteer workers).

The Act also prescribes increased liabilities of trustees and chairpersons that are in many cases unpaid positions. Under the Act, while volunteer officers, and other certain officers, are exempt and cannot be held liable if they fail in their due diligence duty; however, the PCBU still has a duty of care to ensure, so far as is reasonably practicable, the health and safety of its workers. This is a separate and different duty to the duty of due diligence for individual officers.

A volunteer organisation that does not have any employees is termed a volunteer association under the Act, and the Act does not apply to it.

Without organisational resources to either appropriately manage risks to individuals or provide remuneration, it was felt by some key informants that this may make it harder to recruit trustees and directors in a voluntary capacity.

While the costs associated with meeting health and safety requirements were noted as being of concern by some key informants, it formed part of larger picture of *growing administrative burden and associated costs*. This wider picture included changes to reporting standards for charities, and proposed accounting and auditing requirements under the Incorporated Societies Bill.

Incorporated Societies Bill

The aim of the Incorporated Societies Act 1908 is to give guidance to the volunteer sector in running societies. Submissions on an exposure draft of the Incorporated Societies Bill closed 30 June 2016 (Ministry of Business, Innovation and Employment, 2015)

One of the key changes is the introduction of basic duties for "committee members" more akin to directors' obligations under the Companies Act 1993.

The key informants interviewed for this scan who identified themselves as being from larger organisations, were of the view that health and safety legislation and requirements of the Incorporated Societies Bill were unlikely to have a significant impact for them because their organisations already have permanent resources dedicated to administrative and management practices. However, there was concern expressed that smaller organisations without such dedicated resource may struggle to satisfy the requirements of both health and safety legislation and the Incorporated Societies Bill.

Creative New Zealand has developed a number of resources (Nahkies, 2014) and workshops/training in the areas of governance and volunteer management (Creative New Zealand, 2016b). The Office of the Auditor-General has also issued a report and board assessment framework on the governance of the arts, culture and heritage sector (Office of the Auditor-General, 2015).

Earthquake-strengthening standards and the heritage sector

The Building (Earthquake-prone Buildings) Amendment Act 2016 addresses problems with the system for managing earthquake-prone buildings under the Building Act 2004 identified by the Canterbury Earthquakes Royal Commission. The new legislation aims to retain as much of New Zealand's built heritage as possible, while recognising that rules and processes for identifying and remediating earthquake-prone buildings are proportionate to risk and cost.

The legislation categorises New Zealand into areas of high, medium and low seismic risk (with timeframes for identifying potentially earthquake-prone buildings of 5, 10 and 15 years, and timeframes for strengthening those buildings of 15, 25 and 35 years respectively).

Almost all of Rātā Foundation's funding regions are high risk areas, which means the timeframe for assessment is within 5 years and strengthening within 15 years. Nelson and parts of Tasman region are in a medium risk area, meaning that buildings will have to be assessed in 10 years, and strengthened within 25 years. The Chatham Islands are a low risk area with assessment timeframe of 15 years and strengthening work within 35 years.

There is likely to be more need within the sector for supporting the assessment, and resilience and capital works, of heritage buildings in the Canterbury and Marlborough regions in the short term. However, the Act allows for owners of earthquake-prone category 1 listed buildings, and those on the National Historic Landmarks List, to apply for extensions of up to 10 years to the national timeframes for strengthening (Ministry of Business, Innovation and Employment, 2016).

None of the heritage key informants for this environmental scan mentioned earthquake-strengthening standards as a significant issue or trend that affects them or the heritage sector generally.

Local Government Act changes

The 2012 amendments to the Local Government Act have significantly changed the core purpose of local government toward a focus on cost-effectiveness and financial prudence.

Community and government organisations have expressed concern that the changes to the Local Government Act would impact on local government's support for arts, culture and heritage infrastructure and services (Creative New Zealand, 2012; Creative New Zealand, 2016c). Since the changes to the Local Government Act, local government in Rātā Foundation's funding regions have affirmed their commitment to arts, culture and heritage through continuing to implement their art or heritage strategies and articulating funding policy statements for the sectors. An example mentioned by one of the key informants was Nelson City Council including the activities of Light Nelson Trust in its Long Term Plan. Light Nelson Trust develops and delivers a biennial light installation and performance week in Nelson.

However, the new section 17a of the Local Government Act introduces a requirement for councils to review the cost effectiveness of current arrangements for providing local infrastructure, local public services and regulatory functions at regular intervals. These reviews may impact on the extent to which local government in Rātā Foundation's regions continues to support the arts and heritage sectors.

Depending on the location of key informants, views on the impact of the new Act ranged from no change, to feeling like their sector has had to demonstrate its benefits to councils.

Regional and local government

Arts and heritage policies

At the regional and local level, local government are key strategy developers and implementers in relation to the arts or heritage sectors. (Table 4 identifies local government policy and strategy documents that relate to the sectors.)

Key commonalities between the strategies are:

- the engagement with Māori and iwi
- arts, culture and heritage recognised for its contribution to economic wellbeing, psychological wellbeing and health
- arts, culture and heritage contributing to and articulating regional and local identity, and its role in place-making.

Table 4: Regional/local arts and heritage policies and strategies

	Arts	Heritage
Canterbury		Canterbury Regional Policy Statement 2013: Historic Heritage (Chapter 13)
Christchurch	In the process of an Arts Strategy refresh, which will replace its 2001 policy	Draft Christchurch City Council Heritage Strategy Heritage Protection Activity Management Plan, Long Term Plan 2015–2025
Hurunui	In stocktake as part of the tourism strategy, but no separate strategy	District Plan
Waimakariri		District Plan
Selwyn	Independent charitable trust – Selwyn Arts Trust – which can be contacted through the council Arts Coordinator/Advisor	District Plan

	Arts	Heritage
Nelson	Nelson Tasman Regional Arts Strategy 2009, "Arts at the centre"	Whakatū Nelson Heritage Strategy 2006
	Arts Policy 2011 – implements the Nelson Tasman Regional Arts Strategy	Regulatory protection is provided in the Nelson Resource Management Plan. General principles are covered in Chapter 5, District Wide Objectives, and DO4 specifically covers heritage
Tasman	Nelson Tasman Regional Arts Strategy 2009, "Arts at the centre"	Tasman Resource Management Plan – Chapter 16.13 Historic Heritage
Marlborough	Marlborough District Council Arts and Culture Strategy (2013)	Marlborough District Council Heritage Strategy (2013)
Kaikōura		Canterbury Regional Policy Statement 2013: Historic Heritage (Chapter 13)
		District Plan
Chatham Islands	Chatham Islands Council Long Term Plan 2015–2025	

There are also other regulatory and non-regulatory initiatives at the local government level, such as Long Term Plans in the funded regions and regional strategies, e.g. the Canterbury Regional Economic Development Strategy (Canterbury Mayoral Forum, 2015)[1], which are likely to impact the organisations applying to Rātā Foundation for funding.

Key informants informing this environmental scan generally paid much closer attention to local government policy and priorities than to central government activities, because for many, it is their primary, or at least a key source of funding. The organisations that were attuned to central government policy and priority setting were generally the larger arts

organisations that attract funding from Creative New Zealand, or that played a support role to other smaller organisations.

Key informants also commented that some local authorities have a history of supporting arts, culture and heritage organisations and activities, and that funding has been generally stable. However, there is a real concern that where local authority support has been less reliable or is more recent, the recent local body elections, combined with pressure on councils to contain rate increases and focus on "core services", may result in funding support being withdrawn or reduced.

This pressure on local government funding is likely to be particularly acute in localities where there are a greater number of rate payers on fixed incomes (retirees or unemployed). This further limits the ability for councils to raise rates and may create pressure to direct spending away from arts, culture or heritage and towards meeting core infrastructure demands.

Key informants from Christchurch report that while a shortage of exhibition and storage space remains problematic, following the earthquakes there has been funding available, particularly for publically visible work and that which engages the community. This recognised the sector's role in the social aspects of earthquake recovery and urban revitalisation. However, these same informants report a reduction in funding related to earthquake recovery efforts, noting funding is returning to the lower pre-earthquake levels.

Creative New Zealand's 2016 annual report notes that by 30 June 2016, 99 percent of the projected budget for the Christchurch Earthquake Recovery grants had been used (Creative New Zealand, 2016). Amounting to almost $4.9 million over the six-year period, the additional funding programmes for

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[1] We note that neither arts nor heritage are mentioned in the Canterbury Regional Development Strategy.

Christchurch concluded at the end of the 2016 financial year as the city began to transition towards long-term recovery.

Implications for Rātā Foundation's funding policy development

Based on the scan of the political and legislative environment, Rātā Foundation's funding policy development for the arts or heritage sectors should consider:

- The trend in international, national and local strategies to increasingly recognise the role of art, culture and heritage in community cohesion, place making, and health and wellbeing.

- The trend for funders in other jurisdictions to focus on participation of children and young people (particularly from disadvantaged backgrounds) and arts education.

In developing its priorities Rātā Foundation could consider:

- Defining priorities in a way that supports it being nimble, that is, able to respond to local conditions and projects that have merit.

- Ensuring its funding priorities do not directly conflict with national funding policy and strategy, while also clearly articulating its point of difference.

- Continuing to work on developing capacity-building initiatives to bolster management and governance capacity and capability in the arts or heritage sectors.

ECONOMIC

The economic contribution of the arts and heritage sectors

Internationally there has been an increased focus on the arts and heritage sectors and the creative economy for their contribution to economic growth. The United Nations Conference on Trade and Development (UNCTAD) *2010 Creative Economy Report* highlights the role of the creative economy in invigorating culture, social development and stimulate job creation, innovation and international trade. It can also contribute to social inclusion, cultural diversity, environmental sustainability (UNCTAD, 2010) and a region's urban form and dynamism. Unlike many other sectors, the for-profit arts and heritage sector was less affected by the global financial crisis. There was an overall 12 percent decline in global trade, but exports of creative goods and services grew at an annual growth rate of 14 percent between 2002 and 2008 (UNCTAD, 2010).

Furthermore, the creative industries are fast growing. The most recent available figures show that in 2012, the international trade of creative goods and services reached $547 billion, as compared to $302 billion in 2003 (UNCTAD, 2016).

Nationally and regionally there has also been interest in the economic contribution of arts and heritage. For example, in 2015 the Ministry for Culture and Heritage and Creative New Zealand funded a working paper on the economic profile of the arts in New Zealand (Infometrics, 2015), and WeCreate (a creative industries association) commissioned

PricewaterhouseCoopers to undertake an analysis of the contribution of segments of the creative sector (PricewaterhouseCoopers, 2015).

There are different approaches to defining the arts or heritage sectors for the purpose of determining economic contribution. However, in general, the findings in these reports show:

- the sectors make an important contribution in terms of employment and earnings, sales and value added, and household spending,

- Infometrics (2015) found that nationally, employment numbers in the arts and heritage sectors[2] together are similar to employment numbers in the sports industry (clubs and professionals, venues and facilities operation and administrative service),

- PricewaterhouseCoopers (2015) defined the creative industries as including music, book publishing, film and television and games. They found the film and TV industry to be the largest creative industry in terms of employment and contribution to national gross domestic product (GDP).

At the local level, there have been exercises in determining the economic contribution of the arts and heritage sectors; examples include:

- Industry snapshot for Auckland: Creative sector (Auckland Council, 2013)

- Economy of the arts in Wellington (MartinJenkins, 2011)

- Economic impact of the arts, culture and heritage sector in the Northland region (MartinJenkins, 2012)

These studies re-emphasise the points made in the fore mentioned national studies, that is, the arts and heritage sectors are sizable in terms of

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[2]   The main arts-related activities selected were book publishing; professional photographic services; arts education; museum operation; performing arts operation; creative artists, musicians, writers and performers; and performing arts venue operation.

employment and GDP. We have not been able to locate studies on the economic contribution of arts or heritage in the Rātā Foundation funding regions. Key informants in both the arts and heritage sectors mentioned that their local authority funders often considered the general economic benefits the sectors bring in determining their support. The benefits mentioned were related to a city or district's "cultural fabric", "cultural and [heritage] tourism", sales, participation and tourism more broadly.

The economic benefits of heritage

There has been less work on quantifying the economic benefits of heritage specifically, which has been commented on by conservation architects (Petry, 2015) and the general manager of New Zealand Historic Places Trust's Southern Region (Hall, 2014). However, work undertaken overseas suggests that there are five key economic measures or benefits to heritage:

- Jobs and household income
- City centre revitalisation
- Heritage tourism
- Property values
- Environmental measures (Petry, 2015; Rypkema, 2015).

The intersection between economic growth and the arts

There is also a growing movement for combining the arts, in particular, with other fields for economic growth – for example, including the arts when talking about science, technology, engineering and mathematics (STEM) skills for innovation and the development of high-tech manufacturing and knowledge-intensive services. The STEM to STEAM movement has been discussed in the larger popular science magazines like Scientific American and New Scientist (Pomeroy, 2012; Else, 2012), and in UK and Australian

policy circles (Havyatt, 2015; Nesta, 2015). There has also been some discussion in New Zealand (University of Auckland, 2014; Connor, Karmokar, Whittington, & Walker, 2015).

While it is clear that the arts and heritage sectors make a sizeable economic contribution, the social benefits and broader public good benefits should not be underestimated. These are discussed more fully under the Social element (see the section on *The social benefits of arts and heritage* on page 23).

The arts and heritage funding landscape

At the national level, a significant impact on funding in particular flows from reduced revenues from Lotto that can then be redistributed through agencies such as Sports New Zealand, Creative New Zealand and the New Zealand Film Commission. In April 2016, it was announced that there would be an estimated $25 million less to redistribute due to a number of big wins and less people buying tickets (Radio New Zealand, 2016). However, a late recovery in forecast New Zealand Lotteries Grant Board funding 2015/16 found Creative New Zealand in a better position than originally expected (Creative New Zealand, 2016). Creative New Zealand expects to invest $40.690 million in the arts sector in 2016/17 (up from the anticipated $38.035 million).

One key informant considered the potential for revenue from lotteries to continue to fall (given reliance on Lotto ticket sales and gaming machine returns), and considered that the need for an alternative income stream to be the largest policy issue that will face the creative sector over the next 5–10 years.

Funding available in the heritage sector is also under pressure. There are growing demands on Department of Conservation resources due to

escalating threats to bio-diversity (leading to serious economic, environmental and social negative consequences) and increasing international tourism (more than 10 percent annual growth at key icon sites) (Pratt & Bushnell, 2016). Both of these trends are applying increased cost pressures.

Other than community trusts, local government is a significant funder of arts and heritage at the local level (Figure 1). Potential for reductions in local government funding, either due to changes in the Local Government Act set out above or changes in local priorities are not unique to New Zealand.

The pressure on local authority budgets, and therefore a decrease in the quantum of funding for arts, culture and heritage, has also been felt in the UK (Harvey, 2016). However, analysis by a UK local government think tank has found that arts and culture has not taken disproportionate cuts, compared to other sectors (Harvey, 2016). It is suggested that this is because local government recognises how arts and culture is intertwined with a community's economic fortune, identity and vibrancy. Nevertheless, the 'think piece' offers a number of ways to ensure the sector does not further suffer from local government belt tightening.

Examples include:

- New delivery models (see Example 1 and Example 2, using a local example)

- New income streams (see Example 3)

- New partnerships (see Example 4).

Example 1. Dorset County Council

Transferred its Arts Unit to a public service mutual – Arts Development Company

- Social enterprise

- Four years' ring-fenced investment

- Administers grants

- Works to develop cultural agendas within the county on health and wellbeing, the visitor economy and the environment

- Attracts commissions that smaller arts and cultural organisations would struggle to achieve individually

- Works with the council as it disposes of its estates portfolio by acquiring properties and redeveloping them for cultural use or commercial benefit

Source: New Local Government Network (Harvey, 2016)

Example 2. Shared services: SouthLib consortia

Library consortium
• A library consortium, called SouthLib, has been formally in place in the Otago/Southland region since 2009.
• It is comprised of eight councils: the Central Otago District Council, Clutha District Council, Dunedin City Council, Gore District Council, Invercargill City Council, Queenstown Lakes District Council, Southland District Council, and Waitaki District Council.
• Southlib was initially formed in response to the requirement for Dunedin and Invercargill cities to replace their Library Management Systems (LMS). It was recognised at the time that by joining together, the two councils could leverage a better deal from the supplier. It was also apparent that other councils in the region would need to replace systems in the near future so a wider consortium was established.
• Since implementation, a number of other opportunities are at various stages of implementation. These include reciprocal registration and leveraged procurement of books and other supplies.
• There are a number of future plans which may include one library card, "issue anywhere, return anywhere" and standardised circulation policies.
• Benefits to the Southland region include improved professionalism of staff, including training, recruitment and retention; operational savings of $90,000 per annum and capital savings of $160,000.

Source: Clutha District Council, Environment Southland, Gore District Council, Invercargill City Council and Southland District Council (2014)

Example 3. Liverpool City Council

Working with the Liverpool Arts Regeneration Consortium to develop new income streams
• Council has provided capital funding to national portfolio organisations to offset reductions in the arts grants budget
• Seeking changes to fiscal powers to enable them to impose a hotel bed tax
• Investigating a voluntary levy on tourism-reliant businesses in the city centre

Source: New Local Government Network (Harvey, 2016)

Example 4. Birmingham

Culture Central
• Founding membership of 14 of the city's cultural and heritage organisations
• Open membership body representing and working on behalf of all the city's arts and cultural organisations, practitioners, agencies and organisations engaged in the sector
• Aims to raise the profile of the city's world class culture and build upon the successes already achieved through working collaboratively

Source: New Local Government Network (Harvey, 2016)

Funders are also beginning to be more responsive to sector needs for flexibility, longevity and resilience. For example, the Australian Council for the Arts' strategic plan includes a "more efficient and flexible grants program to enable arts to express their artistic vision" (Australia Council for the Arts, 2014, p. 5). Additionally, they state that they will "make longer term funding available to arts organisations to give them the security to plan ahead"

(Australia Council for the Arts, 2014, p. 2). The UK Department for Culture, Media and Sport's *The Culture White Paper* (2016) makes specific reference to building resilience in the sector. This is achieved through a number of different avenues:

- encouraging cultural organisations to consider new ways to increase and diversify their income streams

- Tax relief measures for the sector

- Funding specific projects in the museum sector that build resilience and capability

- Virtual Commercial Academy for Culture (Department for Culture, Media & Sport, 2016).

In New Zealand, one of the Ministry for Culture and Heritage's (2014) sector priorities for 2014–2018 includes improving cultural asset sustainability, that is, ongoing effective and efficient operation, and financial strength, of cultural infrastructure – both tangible (for example, museum buildings) and intangible (for example, sub-sector networks).

There is recognition that there are static or declining funding baselines for all organisations that fund cultural infrastructure. The priority is for all funding organisations (the Ministry, cultural agencies, iwi, local government and non-government organisations) to work together to plan and prioritise development, as well as to work on ways to increase revenue from non-government sources. Again, the development and maintenance of new partnerships is mentioned as new ways of operating for the sector.

Partnerships and new service delivery models are also being explored in the heritage sector. For example, the museums sector, led by Museums Aotearoa and Te Papa, is developing a collaborative approach with shared goals and action plans to explore opportunities to integrate support and expertise exchange nationally for specific projects and areas of need (Clare, Ellis, & Hakiwai, 2016).

The need for funders, and funding, to be more coordinated and collaborative in the arts sector and the heritage sector was mentioned by a couple of the key informants. One key informant commented that arts organisations in their region were beginning to get together on an annual basis for coordination and planning. Another key informant mentioned that there are now more public private partnerships in the arts sector as the sector has recognised that there is need to be more commercial.

Funding instruments

Funding for arts and heritage organisations in Rātā Foundation's funding regions through grants generally comes through local and regional governments and community trusts, with some funding available through family/private philanthropic trusts.

In relation to specific funding for arts or heritage each local and regional council generally administers Creative New Zealand's Creative Communities Scheme, and has a separate grant for natural and/or built heritage projects (Table 5). Some funding is also available through local authority community grants funds.

Rātā Foundation's funding programmes are novel in the arts and heritage funding environment; there is a programme specifically for buildings, programmes for funding of operating costs requests, and the provision of community loans. Arts or heritage funders generally do not provide loans and equity financing.

A number of funders include as criteria leveraging of other funding. For example, the New Zealand Film Commission takes into account other funding that projects and/or organisations have received, such as through New Zealand on Air.

Several key informants noted that Rātā Foundation has particular points of difference in what they fund, particularly towards capital assets (such as building acquisition and maintenance) and operating costs (for example wages). Funding of operating costs and hard infrastructure was appreciated by some key informants, particularly as they commented there were few funders who filled this need. One key informant warned however that small piecemeal funding can create dependence, as it does not grow capacity or capability.

Table 5: Regional/local government specific arts and heritage funds

	Arts	Heritage
Canterbury		Canterbury Earthquake Heritage Buildings Fund (administered by a trust)
Christchurch	Creative Communities	Heritage Incentive Grants fund
Hurunui	Creative Communities	Hurunui Heritage Fund
Waimakariri	Creative Communities	Contestable Fund
Selwyn	Selwyn Awards – Arts and culture	Selwyn Heritage Fund
Nelson	Creative Communities	• Zero fees for resource consents • Rates Remissions for Heritage Maintenance • Heritage Project Fund
Tasman	Community Grants Scheme – arts, culture, heritage, museums Special Grants Fund Creative Communities Heritage Building Restoration Initiatives Fund	
Marlborough	Marlborough District Council Arts and Heritage Grants Creative Communities	
Kaikōura	Kaikōura Initiatives Fund Creative Communities	
Chatham Islands	Creative Communities	

Implications for Rātā Foundation's funding policy development

Organisational resilience and capacity and capability building of organisations in the sector will clearly be important in the future. Based on the scan of the economic environment Rātā Foundation's policy development for the arts or heritage sectors could consider:

- Funding organisations and projects that have partnership aspects such as a focus on shared services, and organisations who are looking to diversify their income streams.
- Whether Rātā Foundation could undertake more partnership work with complementary funding organisations.

- Recognise the need to be more responsive to sector needs for flexibility, longevity and resilience and make longer term funding available to arts organisations to give them the security to plan ahead.
- Ensuring that in providing the points of difference in the arts and heritage funding landscape, particularly towards capital assets (such as building acquisition and maintenance) and operating costs (for example wages), that the outcomes Rātā Foundation wishes to achieve are being met.

SOCIAL

The social benefits of arts and heritage

The Cultural Indicators Framework adopted by the Ministry for Culture and Heritage identified four broad social outcomes or benefits of arts and heritage (Ministry for Culture and Heritage, 2009).
These are:

- engagement

- cultural identity

- diversity

- social cohesion.[3]

The Cultural Indicators Framework follows a growing body of research on the contribution of cultural activity to social wellbeing (Arts Council England, 2014a). There is also a growing body of research on the intersection of art and health (Bidwell, 2014).

Key informants commented on the many social benefits of the arts sector and the heritage sector. Benefits mentioned included social cohesion, social connection, entertainment and enjoyment, collective experiences, a way to provide individuals or communities with a voice, education and learning, provision of a democratic space, community engagement, connecting with

one's past. One key informant also mentioned the connection with mental health.

Another arts sector key informant felt that the lack of a government policy on arts and health and wellbeing benefits was challenging:

No coherent policy that recognises the contribution that arts can make to health and wellbeing.

Arts sector key informant

They acknowledged that such a policy required a multi-sectoral/departmental approach.

An evidence review[4] of the connection between arts/culture and social impacts found that while most of the studies reviewed could not establish causality between arts and heritage and wider social impacts and outcomes (Arts Council England, 2014a), there appeared to be some evidence for:

- High-school students who engage in the arts at school are twice as likely to volunteer than those who don't engage in the arts, and are 20 per cent more likely to vote as young adults (based on an American study).

- Employability of students who study arts subjects is higher and they are more likely to stay in employment (based on the CASE programme results[5]).

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[3] The fifth outcome theme is "economic development".

[4] The review used the following criteria for determining whether the source was in scope: published since 2010; published in English; and a research study, outcome or process evaluation based on scientific principles containing primary data gathered using sound methodologies or robust analyses of secondary data

[5] CASE (Culture and Sport Evidence) is a joint programme of strategic research led by the UK Department of Culture, Media and Sport in collaboration with Arts Council England, English Heritage and Sport England. It collects cross-cutting social and economic evidence and has been developed to directly influence culture and sport policy.

- Culture and sport volunteers are more likely than average to be involved and influential in their local communities (based on the longitudinal UK Taking Part survey[6]).

- There is strong evidence that participation in the arts can contribute to community cohesion, reduce social exclusion and isolation, and/or make communities feel safer and stronger (Arts Council England, 2014a, p. 2).

Demographic changes

Populations are set to increase in all of Rātā Foundation's funding regions, other than the Chatham Islands Territory and Kaikōura District in the next 25 years[7]. Furthermore, Waimakariri District and Selwyn District are predicted to continue to grow at rates well above the national average (see Appendix 1 for a breakdown of demographic changes by Rātā Foundation's funding regions).

The populations in Rātā Foundation's funding regions are increasingly more ethnically diverse and aging, and these trends are expected to continue.

The 2013 Census showed differences in demographic patterns between and within Rātā Foundation's funding regions.

- Canterbury:
  - An increase in the number of men aged 20 to 24.

- Compared to Nelson and Marlborough, the region has a larger proportion of the younger and older working age population to see it through to the future.

- Between 2001 and 2013, the European population fell but the Asian population grew.

- Nelson:
  - Population increase is due to births rather than net migration.
  - Lower proportions of those aged in the prime working ages, than Canterbury.
  - Similar levels of ethnic diversity to Canterbury.

- Marlborough:
  - Aging population. Median age is one of the highest in New Zealand.
  - Main component of population growth has been net migration.
  - Similar ethnic diversity to Canterbury and Nelson, but expected to be more diverse over time.

- Chatham Islands:
  - Population is aging and proportionately fewer children and young people, compared to other Rātā Foundation funding regions.
  - Significantly more Māori in the Chatham Islands than all other funding regions.

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[6] Taking Part is the key evidence source for the UK Department of Culture, Media and Sport (DCMS) and was commissioned primarily to provide a single evidence source on participation in culture and sport. The survey is used to measure and inform departmental indicators, inform the development and impact of DCMS policy, and to understand the drivers and barriers of participation in cultural and sporting activities.

[7] Statistics New Zealand Census 2013 base projections to 2038.

Aging populations

"Forever young" is one of the Commonwealth Scientific and Industrial Research Organisation's (CSIRO) six megatrends[8] that will have a major impact on Australia, and indeed New Zealand, over the next 20 years (Figure 2). It defines the aging population as an asset, in that they provide a wealth of skills, knowledge, wisdom and mentorship. The "forever young" tag indicates that they do not want to be seen as only wanting opportunities that are for "oldies only".

Key informants commented that the aging demographic is creating some challenges for their organisations, and arts or heritage organisations more generally, in particular:

- The need to take works and exhibits to their audience.

- There is a need to consider making performances shorter and during daytime hours – potentially fragmenting the offering and audiences.

- They are more likely to have fixed incomes and so constrain local authorities' ability to raise rates for discretionary spending.

Figure 2. CSIRO six megatrends
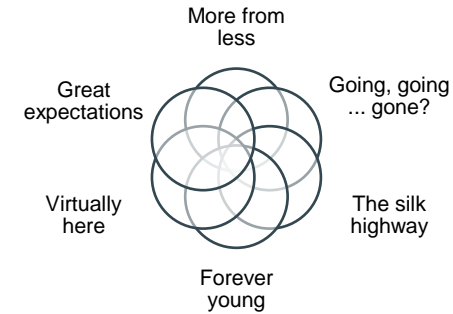
Megatrend	Description
More from less	The earth has limited supplies of natural mineral, energy, water and food resources essential for human survival and maintaining lifestyles.
Going, going ... gone?	Many of the world's natural habitats, plant species and animal species are in decline or at risk of extinction.
The silk highway	Coming decades will see the world economy shift from west to east and north to south.
Forever young	The aging population is an asset. Australia and many other countries that make up the Organisation for Economic Cooperation and Development (OECD) have an aging population.
Virtually here	This megatrend explores what might happen in a world of increased connectivity where individuals, communities, governments and businesses are immersed into the virtual world to a much greater extent than ever before.
Great expectations	This is a consumer, societal, demographic and cultural megatrend. It explores the rising demand for experiences over products and the rising importance of social relationships.

Source: *Our future world: Global megatrends that will change the way we live* (Hajkowicz, Cook, & Littleboy, 2012)

[8] Megatrends are defined as: "transformative large, transformative global forces that define the future by having a far-reaching impact on business, economies, industries, societies and individuals" Uschi Schreiber, Ernst&Young Global Vice Chair — Markets and Chair, Global Accounts Committee

A top-heavy demographic may be a particular challenge for heritage organisations

Some key informants saw the aging demographic as a significant risk to heritage organisations, in particular those with smaller collections of local historic heritage artefacts or locally significant buildings. A key informant observed that heritage organisations are often formed around collections or buildings that may have highly localised value, but limited regional or national significance (for example, a deceased estate). Founding members of such organisations are often in older age ranges and unless new members can be recruited they are unlikely to be viable in the medium term. However, once established, it can be difficult to be seen to allow such organisations to 'fail', placing pressure on funders to support organisations that have no prospects of real viability.

The "lost generation" and the heritage sector

At the other end of the continuum, the key issue cited by key informants was the long-standing challenge of engaging with younger audiences, and in particular those between the ages of 18 and 35 which some referred to as "the lost generation". This is the time between when people leave school and then have children of their own. One museum considers those from their mid-teens to early twenties to be the most challenging group to engage, having placed considerable effort on youth engagement. Several key informants felt the image of galleries and museums was 'stuffy' and 'intellectual', which acted as a barrier to increasing community participation.

Some heritage organisations interviewed were having some success in engaging with the "lost generation". One museum was making specific efforts to engage with the contemporary connection to place, rather than only focusing on historic heritage. This went as far as to be considering how they may facilitate the community dialogue on freshwater management issues that are topical and potentially divisive in their community.

Strategies key informants used for improving youth engagement in the arts or heritage sectors had some common elements including:

- hosting and supporting local work that is contemporary
- engaging with education institutions
- taking works out into the community
- redefining the gallery/museum space from a place to observe artefacts to a place to engage with arts, heritage and culture.

Equity in funding

As outlined in the *Political/Legislative* element, a key strategic theme for arts or heritage government organisations of the UK, Canada and Australia was a workforce and creative works that reflect national diversity. An environmental scan conducted for the Ontario Arts Council highlights "equity in arts funding" as a basis for rebalancing the distribution of arts funding (Jeffrey & MacKinnon, 2013). The discussion calls for greater equity in funding for small organisations and for the artistic practices of "marginalised communities", on the basis that the small proportion of mainstream arts organisations and practices receive the majority of funding support, while a small portion of funding is spread between all other communities and groups.

Urbanisation and rural New Zealand

Like most of New Zealand, the population of the Rātā Foundation's funding region is clustered in urban areas. However, the region is large, and people living in rural areas may have geographical and access barriers to arts or heritage, thereby affecting participation.

Balancing arts and heritage funding between urban and rural areas has received some attention in the UK, in that case particularly between London

and the regions (Department for Culture, Media & Sport, 2016). The UK Department for Culture, Media and Sport recognises that arts and heritage has a place-making role and can influence the fortunes of regions and districts.

Arts Council England in its 10-year strategy, *Great art and culture for everyone*, acknowledges there are different needs in different places. It states that:

> *We will also take full account of the respective needs of rural and urban communities, so that people are not disadvantaged by where they live (Arts Council England, 2016, p. 29).*

Arts Council England released a position statement in April 2014, cementing its commitment to rural areas and communities (Arts Council England, 2014). The position statement recognises that many leading artist and cultural organisations are based in rural areas and this flows through to high and healthy levels of community engagement with the arts and museums. Indeed, engagement is higher in rural areas than urban ones.

The position statement sets out how it will engage with and work with rural communities. This includes:

- That rural communities have characteristics and needs, such as sparsity, rural deprivation and access issues, that will need to be taken account of. On the other hand, there are also strengths that can be built on.

- Seeking to engage representative and rural interest stakeholders on an ongoing basis.

- That culture and the arts in rural areas supports the social and economic value of those communities.

**Creative New Zealand funding into the regions**

Creative New Zealand is a significant funder in the regions. While the Creative Communities Scheme is allocated to territorial authorities on a population basis, Creative New Zealand does not allocate funding on a regional basis through its funding. It does, however, keep track of the geographic spread of funding.

Based on absolute funding amounts, the largest allocations are to Auckland, Wellington and Canterbury (as well as "national" and "overseas" which relate to toured work, and individuals and organisations working internationally, respectively) (Figure 3). However, as a proportion of the population, the Chatham Islands and Otago feature (Figure 4, Chatham Islands was omitted from the graph due to its outlier status). Indeed in 2014/15, the Chatham Islands was successful in gaining $85.48 in funding per resident from Creative New Zealand.

In general, Rātā Foundation's funding regions were proportionately gaining a good share of Creative New Zealand funding, particularly, the Chatham Islands and Canterbury. However, Nelson-Marlborough does lag. As an alternative funder to Creative New Zealand, Rātā Foundation may consider this apparent lower level of funding through Creative New Zealand in its decisions.
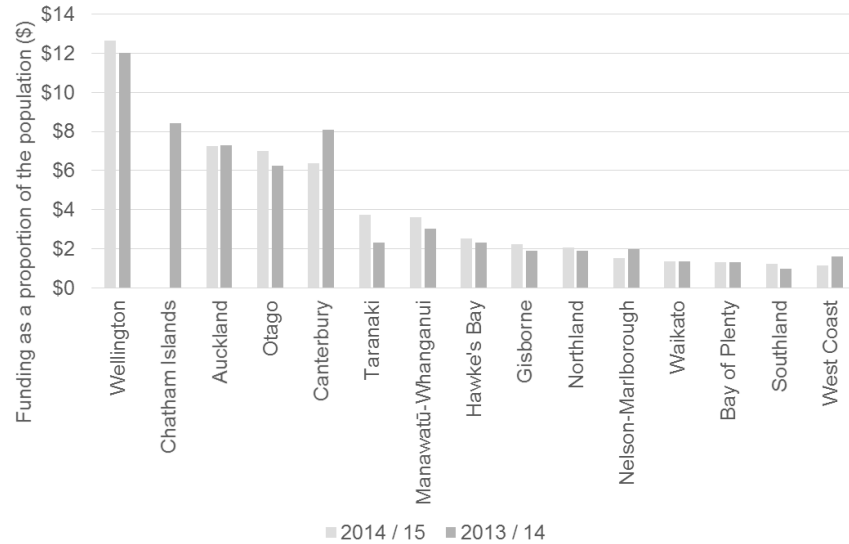
Figure 3. Creative New Zealand's distribution of funding by region, 2013/14 and 2014/15
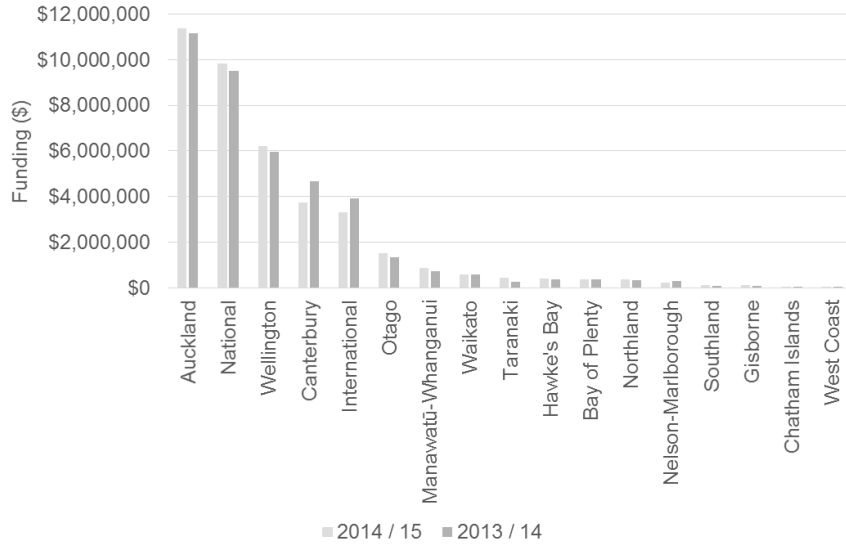
Source: Creative New Zealand annual reports (Creative New Zealand, 2014a; Creative New Zealand, 2015)

Notes: Allocation to regions is based on the location of the art delivery rather than the home location for the artist or arts organisation. Nearly one in four dollars goes to national delivery. Organisations funded to tour work are recorded as "national" and grants to individuals and organisations to work internationally are recorded as "overseas".

Figure 4. Creative New Zealand's distribution of funding as a proportion of the population by region, 2013/14 and 2014/15

Source: Creative New Zealand annual reports (Creative New Zealand, 2014a; Creative New Zealand, 2015)

Notes: Chatham Island's per capita funding was $85.48 in 2014/15 and has been omitted from the graph.

Allocation to regions is based on the location of the art delivery rather than the home location for the artist or arts organisation. Nearly one in four dollars goes to national delivery. Organisations funded to tour work are recorded as "national" and grants to individuals and organisations to work internationally are recorded as "overseas".

Lottery, Environment and Heritage Committee grants into the regions

The Department of Internal Affairs Environment and Heritage Committee manages grants for projects that will help protect, conserve or care for New Zealand's natural, cultural and physical heritage, or allow us to better understand and access these resources.

Our analysis of the grants awarded in the last two years finds that by absolute grant value, the Canterbury region received a high proportion of funding available (Figure 5). Marlborough and the Chatham Islands received the least.

As a proportion of the population, Nelson-Tasman and Chatham Islands fared well in 2015/16 (Figure 6). Again, Marlborough received the least per capita in 2015/16. The regional pattern of heritage funding is not too dissimilar to regional arts sector funding discussed earlier.

Figure 5. Lottery Environment and Heritage grants, by region, 2014/15 and 2015/16
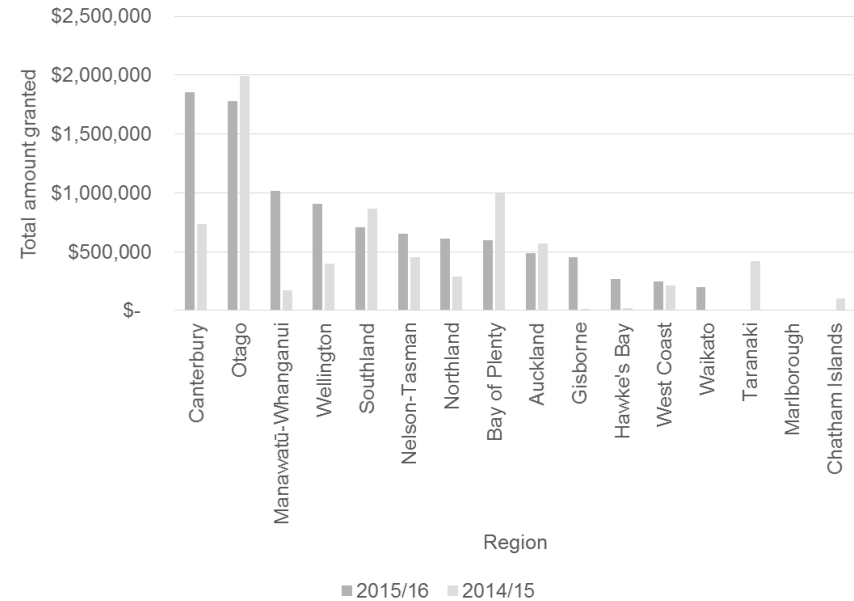
Source: Department of Internal Affairs (2016)

Allocation to regions is based on the location of delivery rather than the home location for the organisation. National projects/organisations have been omitted from this graph.

Figure 6. Lottery Heritage and Environment grants per capita, by region, 2015/16 and 2014/15

In the interviews, several arts and heritage organisations reported efforts to engage with rural populations outside of typical gallery and museum spaces. This model may enable wider accessibility, but is resource intensive, particularly for heritage and non-performing arts.
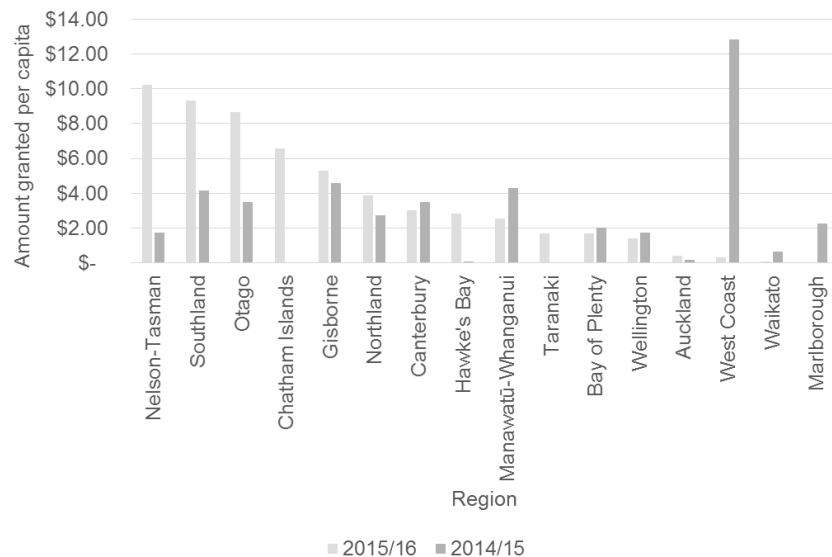
Source: Department of Internal Affairs (2016)

Allocation to regions is based on the location of delivery rather than the home location for the organisation. National projects/organisations have been omitted from this graph.

Christchurch being the main urban centre within the funding regions has historically received, relative to its population, a disproportionately large share of Rātā Foundation funding. See the Organisational further discussion of Rātā Foundation's funding to arts and heritage organisations. Getting the right balance of funding between Christchurch and other rural and urban centres may require attention.

Arts and heritage participation

The *New Zealanders and the Arts 2014* telephone survey found the majority of New Zealanders are very positive about all aspects of the arts – from believing the arts are good for you, to high levels of engagement and participation, to believing New Zealand art is of high quality and that it helps improve New Zealand society (Creative New Zealand, 2014).

In general, across New Zealand, more people are attending the arts, but they are spending less (Morris Hargreaves Mcintyre, 2015). There are differences within Rātā Foundation's funding regions as outlined in Table 6, Table 7 and Table 8.

All funding regions, other than Marlborough, spent more than the New Zealand average four-weekly spend on cultural activities in 2011 (Table 6). However, in 2014, all regions were below the national average in cultural expenditure. Table 7 shows that membership of cultural organisations in all funding regions was lower than the national average. Encouragingly, cultural and heritage participation was above or just below the national average for all Rātā Foundation's funding regions (Table 8).

Table 6: Cultural expenditure, 2014

	2011 four-weekly cultural spend per person	2011 total	2014 four-weekly cultural spend person	2014 total
New Zealand	$53	$2.3 billion	$41	$1.8 billion
Tasman	$56	$27.4 million	$26	$17.3 million
Nelson	$54	$26.6 million	$32	$22.3 million
Marlborough	$44	$20.0 million	$15	$13.8 million
Canterbury	$58	$322.2 million	$36	$255.4 million

Source: Audience Atlas New Zealand 2014 (Morris Hargreaves Mcintyre, 2015)

Table 7: Cultural membership, 2014 (subscribers, members or friends of an arts organisation or cultural venue)

	2011 membership rates	2011 number of members	2014 membership rates	2014 number of members
New Zealand	17%	497,000	15%	569,200
Tasman	14%	5,500	12%	4,400
Nelson	14%	5,400	14%	5,400
Marlborough	24%	8,200	12%	4,300
Canterbury	20%	83,400	12%	50,600

Source: Audience Atlas New Zealand 2014 (Morris Hargreaves Mcintyre, 2015)

Table 8: Cultural and heritage participation, 2014

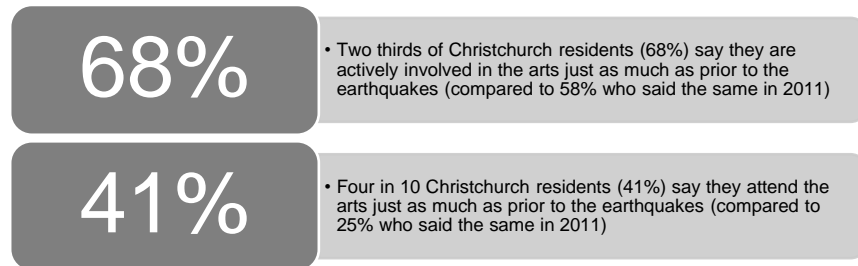|	Visited a museum in the last three years	Number of people	Attended a cultural event or location in the past three years	Number of people
New Zealand	77%	2.601 million	98%	3.297 million
Tasman	80%	30,200	98%	37,000
Nelson	82%	31,100	99%	37,000
Marlborough	76%	27,300	97%	35,000
Canterbury	78%	343,100	99%	434,000

Source: Audience Atlas New Zealand 2014 (Morris Hargreaves Mcintyre, 2015)

Impact of the Christchurch earthquakes

Creative New Zealand's 2014 *New Zealanders and the Arts* survey reported results for its Christchurch respondents. While the 2011 earthquakes limited Christchurch residents' arts engagement and particularly their attendance in the short term (Figure 7), the Canterbury Wellbeing Index 2015 shows that the proportion of the Christchurch population who participated in 12 or more arts events in 2014 had increased to 38 per cent compared with the national average of 34 per cent (Figure 8).

Figure 7. Christchurch results from the *New Zealanders and the Arts* survey

68% • Two thirds of Christchurch residents (68%) say they are actively involved in the arts just as much as prior to the earthquakes (compared to 58% who said the same in 2011)

41% • Four in 10 Christchurch residents (41%) say they attend the arts just as much as prior to the earthquakes (compared to 25% who said the same in 2011)

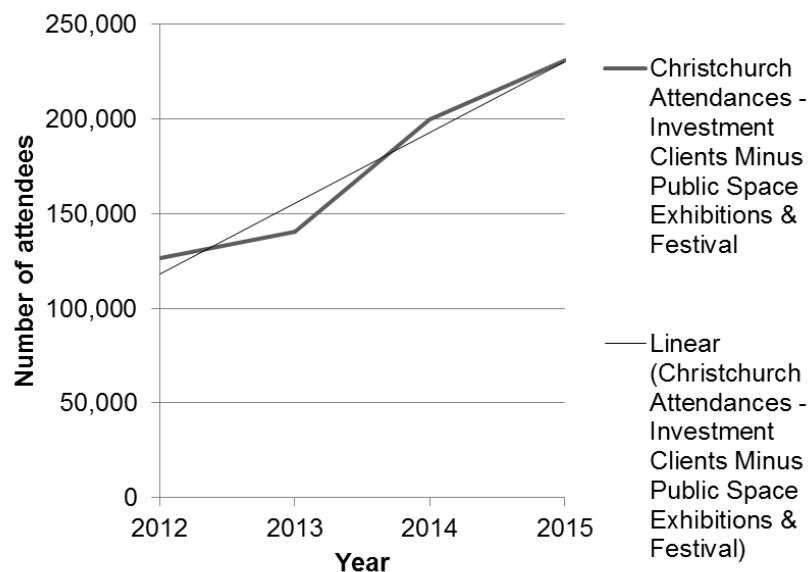Source: Audience Atlas New Zealand 2014 (Morris Hargreaves Mcintyre, 2015)

Figure 8. Proportion of people aged 15 years and over who participate in arts events
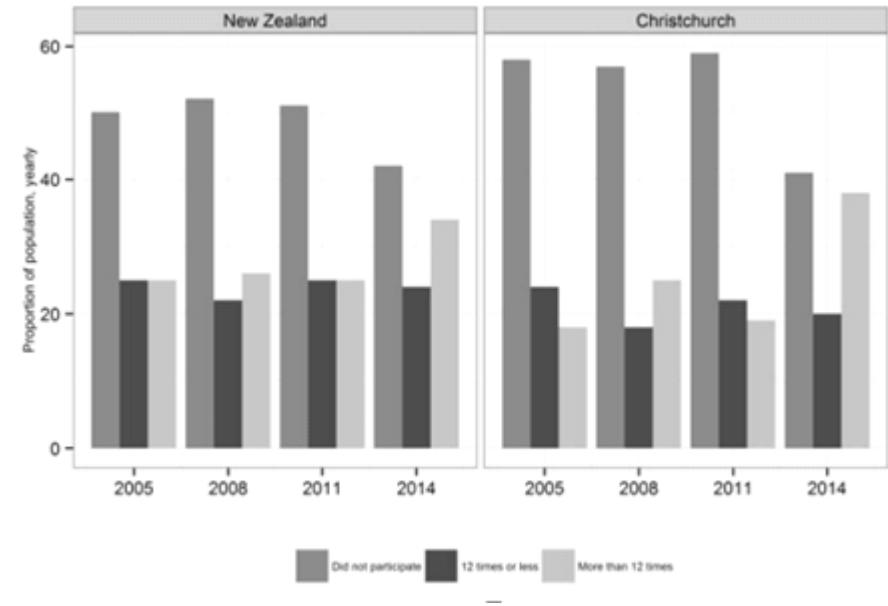
Source: Canterbury Wellbeing Index (Canterbury Earthquake Recovery Authority, 2015)

Figure 9. Christchurch attendances of Creative New Zealand multi-year investment clients[9]

Source: Creative New Zealand unpublished monitoring data

Creative New Zealand's monitoring of Christchurch attendances through its multi-year investment clients shows a continued increase to 2015 (Figure 9).

In the heritage sector, participation and access has been hindered by severe damage to heritage places. There was a rapid loss of items from the New Zealand Heritage List, particularly in Christchurch (Heritage New Zealand, 2016). Within the Christchurch, Waimakariri and Selwyn districts there are

1,131 listed heritage places (excluding listed archaeological sites). Just after the earthquakes it was estimated that about 40 percent of these listed places were demolished or severely damaged (New Zealand Historic Places Trust, 2011).

Young people

Young New Zealanders, aged 10–14 years old, were a part of the 2014 New Zealanders and the Arts research. At the national level, all young New Zealanders surveyed participated in the arts in the last 12 months (100 percent), while 88 percent attended at least one event. Visual arts were the most popular art form to participate in, and performing arts the most popular to attend.

Unfortunately, there are no regional results for the young New Zealanders survey, but young Christchurch residents were separated out.

Within Christchurch, it was found that participation appears to have recovered since 2011, while attendance appears to have recovered significantly (Creative New Zealand, 2014).

Overseas, increasing opportunities for children and young people is a stated objective in both the UK and Australia. The UK Department for Culture, Media and Sport's (2016) *The culture white paper* talks about a lifelong relationship with culture that starts when people are young. The paper goes on to discuss the importance of a national curriculum that includes art and heritage. The UK government also recognises that provision of cultural opportunities for children and young people is not the same across the country, with geographical and social barriers for those from the most disadvantaged backgrounds. New programmes are intended to be

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[9] Estimated counts of attendance at public space exhibitions and the large attendances at 2013 and 2015 Christchurch Arts Festivals have been removed to give the underlying attendance rate.

developed and delivered in areas where there is low arts engagement and high deprivation.

Children and young people feature in the Australia Council for the Arts' (2014) strategic plan for *A culturally ambitious nation*. The focus there is on strengthening artistic experiences through collaborations between young people and established artists to create new work.

Temporary spaces

Pop-up retail is a trend of opening short-term sales spaces. They are used by businesses and organisations to build interest in their good or service, generate a sense of interactivity, market test products and services, sell clearance or sale items, capture foot traffic without committing to long-term leases and/or a low-cost way to start a business (Stevenson, 2011).

The vacant lots left by the demolition of buildings post-earthquake in Christchurch saw the rise of *gap-filler* projects in and around the city's centre. Dunedin City Council and other councils are also increasingly enabling art and heritage works to form temporary exhibitions in vacant shops and buildings. Dunedin City Council is encouraging this in South Dunedin as part of the South Dunedin Retail Centre Revitalisation Plan for the retail centre.

Such temporary spaces may usefully enable arts and heritage organisations to undertake outreach activities in their communities. However, as one key informant pointed out, it does not solve the shortage of high quality storage and display facilities required for sensitive artworks and artefacts.

Great expectations

Dr Stefan Hajkowicz, Principal Scientist in CSIRO's strategic foresight project, believes the megatrend of greatest interest to arts organisation is "great expectations" (Hajkowicz & ArtsQueensland, 2016) (see the section on *Demographic* changes on page 24 for the other megatrends). This

relates to consumers increasingly demanding individual, authentic and social experiences. The experiential nature of goods and services, and wanting to know the story and manufacturing process behind it, is considered to be something that consumers are willing to invest in and want to see more of.

This shift in preference is evidenced by how millennials/Generation Y spend their money. Buying possessions has become less important for millennials compared to buying *experiences* or *into new ideas* (Dykstra, 2012).

"Great expectations" and heritage organisations

Museums Victoria CEO Patrick Greene believes there is potential for museums to meet this growing demand, especially as they are already actively working on providing a "sense of belonging, social connectedness and unique experiences" (Stone, 2013).

On the other hand, the lesser value placed on the physical fabric of art and heritage artefacts, and increase in emphasis on the experience, is creating both opportunities and challenges.

- Opportunities – can provide 'experiences' more cheaply and accessibly through using virtual and augmented reality, 3D printed replicas and reproduced imagery.

- Challenges – Physical artefacts still need to be preserved and this is a major costs for arts and heritage organisations that is becoming less attractive for funders.

Implications for Rātā Foundation's funding policy development

Based on the scan of the social environment and the broader social, educational, health and wellbeing benefits provided through the arts and heritage sectors Rātā Foundation's funding policy development for the arts or heritage sectors could consider:

- Funding projects that reflect local communities and their cultures for example, given the high proportion of Māori in the Chatham Islands, whether funding in that region should be prioritised toward Te Ao Māori.

- The extent to which priorities should target access and participation for children and young people.

- The extent to which Rātā Foundation should promote ethnic diversity, and other diversities, of audiences and participation.

- How Rātā Foundation could encourage through its priorities the involvement of older people in the sector in new ways.

- The extent to which Rātā should be funding/influencing new trends in delivery.

Additionally, Rātā Foundation could consider:

- Funding equity between Christchurch and other rural and urban centres, and between Rātā Foundation's funding regions.

- The benefits of partnering with councils and property owners to make best use of vacant shops and buildings for the arts and heritage sectors.

- Whether some form of facilitation service is provided to enable organisations that are no longer viable to consolidate or close.

TECHNOLOGY

Digitisation

Technology is disrupting all areas of society. Digital technology, in particular, and the change it drives is a key 'megatrend' noted by a number of professional services firms, think tanks and commentators (Ernst & Young, 2015; Hajkowicz & ArtsQueensland, Great expectations: Global megatrends and the arts, 2016; PricewaterhouseCoopers, 2015; Stone, 2013).

A key technology megatrend is the digitisation of everything. By the year 2020, an entire generation will have grown up in a primarily digital world (PwC, 2015). This generation will expect arts and heritage organisations to be digitised, be savvy in digital engagement and capitalise on the benefits that digitisation brings. However, international surveys suggest that organisational challenges, poor understanding of potential value and appropriate skills are barriers to businesses, and therefore arts and heritage organisations, scaling up their digital programmes and seeing clear returns on their technology investments (Gottlieb & Willmott, 2014).

Digitisation brings a number of challenges and opportunities for the arts and heritage sectors, for Rātā Foundation[10] and Rātā Foundation's funded organisations and projects, including:

- using digital channels to create seamless and consistent engagement with consumers

- expectations and influence of predominantly digital generations

- loss of control over the consumer relationship (consumers are able to get information from a myriad of sources)

- the need to engage digitally with suppliers and employees

- increased competition (Ernst & Young, 2011) – for example virtual museums, online distribution of performances via YouTube, internationalisation

- development of processes for managing and preserving born-digital collections and content.

Funders are also increasingly funding specifically for digital innovation. For example, New Zealand on Air's Digital Innovation Fund is a small project fund to support digital initiatives for niche audiences or small-scale projects and app development. The National Endowment for Science, Technology and the Arts (Nesta, which is a UK innovation charity) has a Digital Innovation Fund for the Arts in Wales. This fund supports arts organisations to develop digital solutions to some of the challenges and opportunities the arts faces. It is particularly focused on reaching new audiences and exploring new business models.

Key informants commented that digitisation was having an affect on them, particularly in the area of communication. This included the ability to promote quickly to a broad range of people and groups, social media, website development, ticketing, understanding utilisation and e-newsletters. Key informants also mentioned audience expectations, such as the availability of wifi, being able to bring a camera or mobile phone into a gallery or museum and being able to use and engage through social media.

One key informant in the arts sector felt that what holds the sector back in terms of digitisation and digital infrastructure is that no one is leading or coordinating it. The informant considered that organisations are busy focusing on the day to day so that the sector as a whole has not had the ability to give priority to it.

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[10]   Such as adopting digitisation in every day operations to show leadership and modelling to the sector, and using digitisation to engage with those funded.

Technological change in creation, production, distribution and consumption

The Ministry for Culture and Heritage's strategic priorities include "front footing transformative technology". This priority notes that due to changes in technology, cultural goods and services are able to be produced, distributed and accessed at low cost, and barriers to entry and access are low. New technologies also allow content to be created on different media, for example, mobile applications, online versions of traditional print-only creative works, and video of live performances.

The creation of some visual and performance art has also changed through other technologies like robotics, laser cutting, 3D printing, computer programming, video (Rieland, 2014), virtual reality, amongst others.

Technology and heritage organisations

Technology, particularly digital technology, has transformed the preservation of cultural heritage. Museums, in particular, have already harnessed the opportunities of digital technology through developing collection digitisation programmes, to gradually digitise their collections. For example, Canterbury Museum has an online public access catalogue which allows the public to search for some of the collections held by the museum, with more to follow in the future (http://collection.canterburymuseum.com/highlights). There are a number of public benefits to digitisation of heritage, including:

- increasing and opening access for investigating cultural heritage

- enhancing the interaction with users

- the development of new learning resources, thereby increasing and improving knowledge

- the ability to bring together, or locally reproduce copies of works for touring and exhibition at a fraction of the costs of the real thing

- the ability to deliver a multi-layered experiences – providing curated content and enabling self-directed inquiry within and outside the museum/gallery environment.

There are also a number of future challenges and opportunities to the museum sector presented by digitisation, such as:

- the use of algorithms to deliver personalised stories and narratives

- enabling ongoing sustainability of the organisation.

Software and web design are increasingly being used in producing and distributing art and heritage works.

Three-dimensional visual and digital arts, and augmented and virtual reality are also influencing exhibits in the heritage and arts sectors.

Social media

In April this year, social media surpassed museums as the primary venue through which American consumers discover works of art (Klara, 2016). The research suggested that millennial buyers were more comfortable buying art online, rather than through galleries and art houses (Klara, 2016).

Instagram has, however, been linked to rising museum attendance in the United States. "[T]oday's art consumption is all about where you find out about it – social media – and where you report on going to it – also social media" (Hakala, 2014). This can be linked to the trend of people managing their personal profile on social media. Millennials are now the largest growing group of museum attendees in the United States. The "Instagramability" of art installations may now, or in the near future, be regarded as a critical success factor in terms of attendance numbers.

Several key informants reported the benefits of social media in providing a far more cost-effective channel for promoting events and activities than traditional radio and print media. Key informants also reported that the reach of arts and heritage organisations has extended considerably. Not only via their own efforts to 'push' content out through digital and social media channels, but also by audiences sharing their experiences with their networks or through the use of influencers.

Some key informants reported how the need to enable people to capture and share their experience on their own devices, through their own channels, can rub up against traditional museum, gallery and cultural protocols and conservancy standards that have generally limited the taking of photos.

There was a high level of variability in confidence, capability and capacity of arts and heritage organisations to use social media channels to their best effect. While some deliberately employed younger 'digitally native' staff who were highly effective operators in this area, others had much less capability.

But even those organisations were able to maintain a Facebook page through which they could promote events and activities.

Implications for Rātā Foundation's funding policy development

Based on the scan of the technology environment, the following are considerations when developing Rātā Foundation's funding priorities:

- The extent to which non-profit organisations benefit from new technology and software, and whether those organisations have the capability and capacity to adopt new technologies.

- Whether it would be appropriate to prioritise digital innovation and exploring new business models.

- The extent to which Rātā should be supporting organisations to use social media channels.

- Digitisation for digitisation's sake. Aligned with Rātā Foundation's funding areas there must be clear outcomes in the 'learn, support, connect and/or participate' areas beyond curatorial benefits. For example, it might enable wider sharing of conservation practice standards or the development of a database that enables multiple organisations to collaborate.

ORGANISATIONAL

Rātā Foundation funding

Rātā Foundation operates in a crowded environment of arts or heritage funders. Figure 10, while not exhaustive, shows the wider range of funders of arts or heritage projects and organisations.

This can present difficulties for not-for-profit organisations seeking funding, in navigating the plethora of funders and funding criteria. One key informant commented that as a new organisation, working through the funding environment is very difficult, but they appreciated Rātā Foundation making funding available for new organisations rather than just established organisations. For Rātā Foundation, there may be challenges to ensure it has visibility to organisations and projects that are aligned with its vision and outcomes.

Most key informants suggested that funding fewer organisations to a higher level would better support arts and heritage organisations moving to a more sustainable financial footing, as it may enable them to retain management and/or fundraising staff. This ran along with some concerns that small annual grants may lead to a situation of dependence.

One key informant noted that in the UK multi-year funding is more common than it is in New Zealand. Multi-year funding enables organisations to plan ahead and provides a nucleus that gives other funders confidence to also provide funding.

A minority were of the view that the approach of funding 'thinly' was still of value, as small organisations can make a little resource go a long way.

A heritage sector key informant commented that Rātā Foundation is very important to the sector, as there are no similar funding streams that are available in the same way as the arts sector (for example, Creative New Zealand and philanthropy).

Some key informants were concerned that a lack of local 'intelligence' meant that funding was not as well targeted or effective as it could be. For example, applicants seeking funding for activities that have the potential to duplicate or compete with other activities, potentially undermines organisations' sustainability.

One key informant suggested that local advisory bodies (or local partners) could be established within each Rātā Foundation funding region to consider and make recommendations on funding applications. Such recommendations could require applicants to consider collaborating with other applicants to achieve some scale and synergies, rather than to fragment available funding and potentially set up in competition with one another.

Rātā Foundation funding of its arts and heritage sector rounds in 2014-15 are presented in Appendix 2, to provide sector context in terms of those organisations typically applying and being granted funding.

Figure 10. Landscape of arts and heritage funders in the Rātā Foundation funding regions[11]
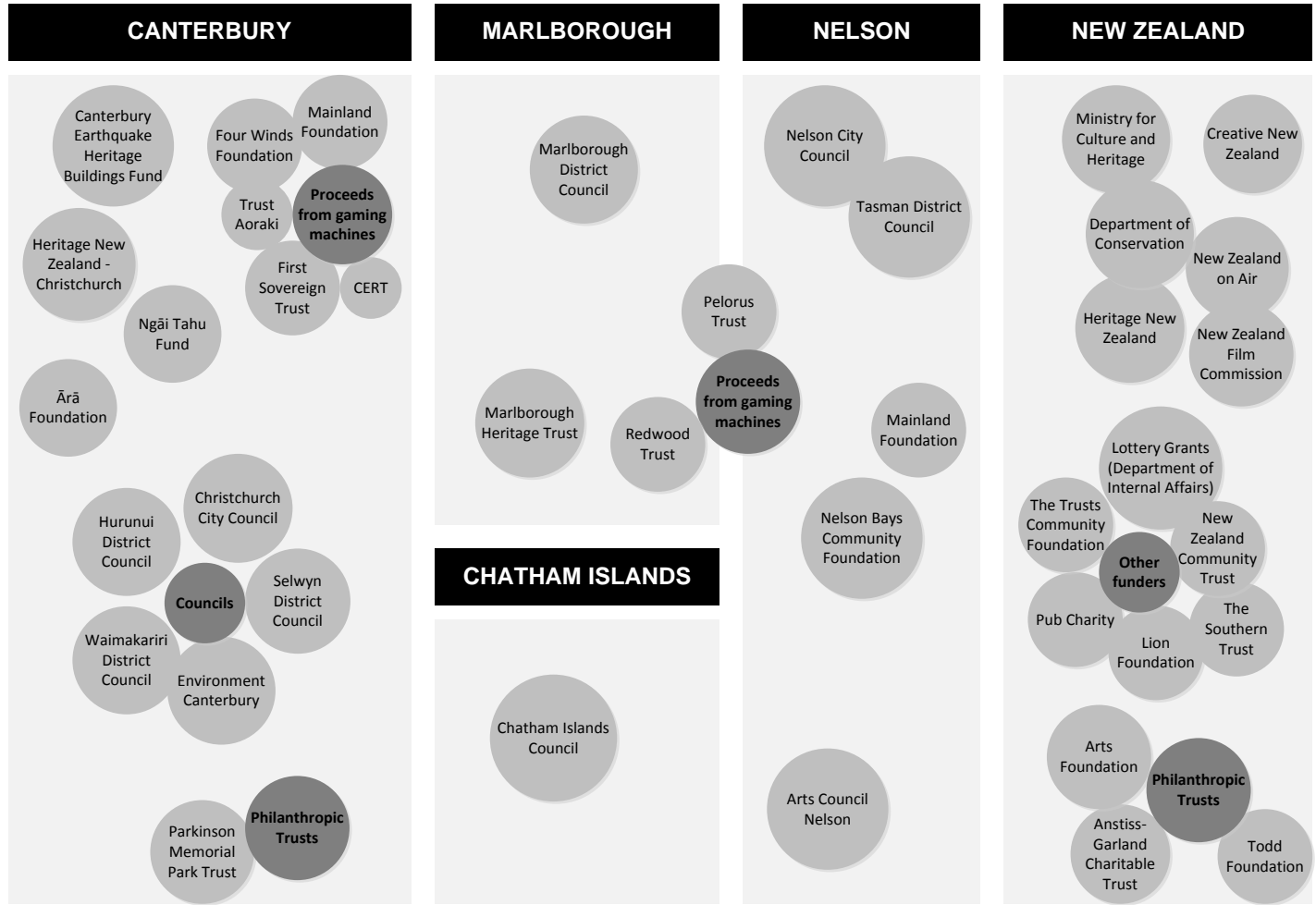
Engagement with Māori and iwi, and Pacific communities

There are a number of iwi in Rātā's funding regions:

- Ngāi Tahu
- Ngāti Toa Rangatira
- Te Atiawa o Te Waka-a-Maui
- Ngāti Apa ke te Rā To
- Rangitāne o Wairau
- Ngāti Kuia
- Ngāti Rārua
- Ngāti Koata
- Ngāti Tama ki Te Tau Ihu
- Ngāti Mutunga (Chatham Islands)
- Mōriori.

Some iwi are directly involved in funding arts and culture initiatives, and/or see arts and heritage as key to their sustainability. For example, the Ngāi Tahu Fund's key priority areas include whakapapa, te reo Māori and tikanga, the arts, whānau and whenua development, and traditional food gathering practices.

Most key informants report a strong desire to increase their level of engagement with iwi/hapū. Both as an audience, but also as active participants and/or partners.

Arts and heritage organisations appeared to have a variety of approaches to working with iwi and hapū.

Some organisations had active and direct partnerships with local iwi, while other smaller organisations had no apparent systematic approach to working with iwi/hapū.

One arts organisation had established an iwi committee made up of representatives of iwi whose rohe the organisation operates within.

Pacific communities were another group that key informants wanted to increase their engagement with. However, it was mentioned that in the funding regions, the Pacific communities can be very small.

Some key informants spoke of a limited availability of specialist Māori curatorial expertise, that they considered important to appropriately handle and communicate the meaning and significance of Māori art and heritage. They suggested that funding for specialist interns could provide a useful avenue to transfer and exchange knowledge in relation to curatorial standards and tikanga Māori.

Particular challenges for smaller historic heritage organisations

There was some concern expressed by key informants from within the heritage sector that there remains an over-representation of a post-colonial, European historic heritage and an under-representation of pre-colonial and Māori perspective, particularly in smaller historic heritage organisations.

While this may reflect the predominant interest (historic, or current) of those who have established such organisations, and the accessibility of artefacts to display, it may also relate to the capability and capacity of smaller heritage organisations to effectively engage with iwi/hapū. In some cases versions of historic events remain a matter of contention, and conveying this complexity requires particular skill and expertise.

See Example 5 for an example of how Auckland War Memorial Museum is engaging with the Pacific community.

This issue was less apparent for arts organisations, which generally appear to be operating in an area of more contemporary social commentary.

Example 5.   Pasifika engagement with a heritage organisation

Auckland War Memorial Museum's Pacific Collection Access Project

The Auckland War Memorial Museum's Pacific Collection Access Project (PCAP) is a three-year project that will:

- improve knowledge and understanding of the Museum's Pacific collection;

- improve the safety of the Pacific collection; and

- increase the public access and engagement, especially for Pacific source communities, with the Museum and its Pacific collection.

It is hoped that as part of this knowledge exchange, stories long hidden will be uncovered and perhaps connections renewed.

As part of PCAP, the Museum has been operating Family Tours, inviting families to a special viewing of treasures from the Pacific collection. It provides an opportunity to meet staff caring for the koloa/treasures but also to learn about the project and what happens behind the scenes.

Source: Auckland War Memorial Museum website (2016)

Rātā Foundation has a Māori and Pasifika Committee which currently has a main focus of developing both a Maori Strategy and a Pasifika Strategy. Both of these strategies over time will support Rātā Foundation's engagement with these particular communities and what approaches could be prioritised.

Organisational models

Both New Zealand's and Australia's national art and heritage strategies discuss the need for new organisational models to ensure resilience of the sector. A key trend highlighted is how uncertain creative funding is and the peaks and troughs in income. The need to harness private and public investment, and development of partnerships, is often discussed.

In New Zealand, the best available estimates suggest that the main source of support for arts, culture and/or heritage organisations is public funding (government departments, Crown entities and city and district councils), comprising 80 percent of support in 2007/08 (Ministry for Culture and Heritage, 2010). The remainder was from lottery/trusts/foundations (11 percent), corporates (6 percent) and individuals (3 percent).

In the UK, the need to broaden funding sources was highlighted by Nesta (2014), the UK's innovation charity, who advocate implementation of three models to diversify funding streams: funding for research and development in new models of audience engagement, operating models or new missions; engaging investors who want to combine financial, social and artistic impact; and supporting crowdfunding with matched public funding (see Example 6).

Example 6.Arts Tasmania and matched crowdfunding

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Crowbar and the funding platform Pozible

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Crowbar is a crowdfunding incentive programme designed to allow artists to take creative risks and test the market for their ideas, to develop and consolidate new relationships with audiences and supporters, and broaden their supporter base.

Crowbar is offered in partnership with Australian crowdfunding platform Pozible (pozible.com).

To make sure the project has support from the market, Arts Tasmania funding is contingent on a minimum of 10 different supporters contributing to the project reaching its target, and counts no more than $2,000 per supporter towards the advertised crowdfunding target as Arts Tasmania investment.

Examples of projects that are on this platform include the Tasmanian Composers Festival and DRILL youth dance (to develop a dance programme for young people).

Source: Art Tasmania website (Arts Tasmania, 2016; Nesta, 2014)

However, an evaluation of the Digital Fund for R&D Fund for the Arts[12] found that there was little impact in transforming existing or developing new business models (Tom Fleming Creative Consultancy, 2016). This was mostly a case of it being too early to measure longer-term impact; however, it was found that business models were improved through improved confidence or knowledge of how to monetise existing assets and/or content, but models were not transformed or disrupted.

[12]   This Fund sought to achieve 'a step-change in the innovative use of digital technologies by the arts sector in England'. One organisation funded included a youth music development charity. They worked on changing their business model by using online solutions.

It was concluded that lack of capacity and resources may be stalling some organisations from realising and implementing new business models. One specific "skill" mentioned was the lack of commercialisation "readiness". This is a similar finding to other management capability research and granting programmes in other sectors. That is, that "investment readiness" or "commercialisation readiness" may need to be addressed before seeking venture funding or instituting new business models.

Within the arts or heritage sectors there is an increasing need to show impact – to funders, to the public and to potential investors. Key informants commented on funders increasingly asking for more outcome and impact information:

> *Funders really want to know what the impact of their funding is. The impact of participation. Funders are requiring this more and more.*
>
> *Arts sector interviewee*

Rātā Foundation adopted its evaluation framework in February 2016. A principle of the framework is that evaluation reporting is in proportion to the level of grant and the purpose of evaluation reporting is learning and development. As well as ongoing monitoring and evaluation activities, Rātā Foundation intends to support fuller evaluations of projects, programmes or services on a case-by-case basis, using appropriate methods.

Some common themes from key informants about what are important characteristics of sustainable and resilient arts and heritage organisations include:

- Good governance – the right mix of skills and experience on boards.

- Being strategic – understanding their operating context, local community and being aligned with their needs – and where possible, local authority priorities.

- Being prudent financial managers – it can be difficult to demonstrate financial stability as sources of funding can shift rapidly, but there is a need to demonstrate that they are capable financial managers.

- Being collaborative – are able work together with other organisations operating in a similar space or seeking to deliver on similar objectives, demonstrate complementarity and reduce competition and overlap.

- Being able to evidence success and adapt to feedback.

Implications for Rātā Foundation's funding policy development

Based on the scan of the organisational environment, Rātā Foundation's policy development for the arts or heritage sectors could consider:

- Supporting funding for the transfer and exchange of knowledge in relation to curatorial standards and tikanga Māori.

- Supporting and identifying organisations to collaborate with other projects and/or organisations.

- Addressing capacity and capability gaps through Rātā Foundation's funding priorities, including management capability, evaluative capability, new business models and new organisational structures.

In developing its funding policy, Rātā Foundation could also consider:

- Promoting Rātā Foundation's programmes in the Chatham Islands and Kaikōura District.

- Offering multi-year grants and/or fewer high value grants rather than many small value grants.

- The balance of funding to rural versus urban areas, and recognise the growing diversity in communities.

- Building a deeper understanding of what arts and heritage funding is available in the Nelson and Marlborough regions. See the *Urbanisation and rural New Zealand* section on page 26 which highlights that these regions potentially receive proportionately less national funding from Creative New Zealand.

- Reviewing Rātā Foundation's support for heritage buildings through its Building Policy and Community Loans. Appendix 2 highlights that most of Rātā Foundation's funding is distributed to the arts sector, and a small proportion for building costs.

- Utilising local advisory bodies or panels to assist the grant assessment process.

- Whether Rātā Foundation should undertake more partnership work with complementary funding organisations.

RECOMMENDATIONS

This environmental scan was conducted using the PEST/O framework, allowing the analysis of the environment through five different lenses, including input of the key informants.

Rātā Foundation's strategic purpose is to contribute to stronger, more connected, happier and more prosperous communities. Therefore, it is important to recognise the broader social, educational health and wellbeing benefits that funding projects and organisations in the arts or heritage sectors provide.

Possible priorities for Rātā Foundation's funding

The single most important issue for the not-for-profit arts and heritage sectors is organisational sustainability.

While Rātā Foundation is working on capacity-building initiatives across its funding framework, it could also consider whether its priorities for funding could also support organisational sustainability through funding for:

- Development and/or delivery of training, capacity and capability building to strengthen the broad sector in the areas of
    - governance,
    - management,
    - evaluation,
    - new income streams and delivery models, and
    - new organisational structures.
- Supporting the adoption of new technologies and social media models.

With respect to Rātā Foundation's four funding areas, the following priorities are provided for consideration:

Learn

- Supporting funding for transfer and exchange of knowledge in relation to curatorial standards and tikanga Māori.
- Projects that encourage arts or heritage education for children or young people, either in or out of school.

Support

- Arts or heritage projects that focus on people's health and wellbeing, including that of older people.

Connect

- Arts or heritage projects that reflect and connect their communities with place, fostering community cohesion and identity.
- Arts or heritage projects that foster closer working, collaboration or networking, including those with partnership aspects such as a focus on shared services.
- Enable engagement with Māori and/or Māori expertise.

Participate

- Projects that encourage children and young people to participate in arts or heritage.
- Projects that enable access and participation in the arts and heritage by older people.
- Projects and organisations that promote ethnic diversity, and other diversities, of audiences and participation.

Further considerations for Rātā Foundation

In relation to its funding framework, Rātā Foundation could also consider:

- Promoting its new funding priorities to these sectors to increase clarity of Rātā Foundation's priorities.

- Promoting Rātā Foundation's programmes in the Chatham Islands and Kaikōura District.

- Offering multi-year grants and/or fewer high value grants rather than many small value grants.

- The balancing of funding to rural versus urban areas, and recognise the growing diversity in communities.

- Building a deeper understanding of what arts and heritage funding is available in the Nelson and Marlborough regions.

- Reviewing Rātā Foundation's support for heritage buildings through its Building Policy and Community Loans.

- Utilising local advisory bodies or panels to assist the grant assessment process.

- Whether Rātā Foundation should undertake more partnership work with complementary funding organisations.

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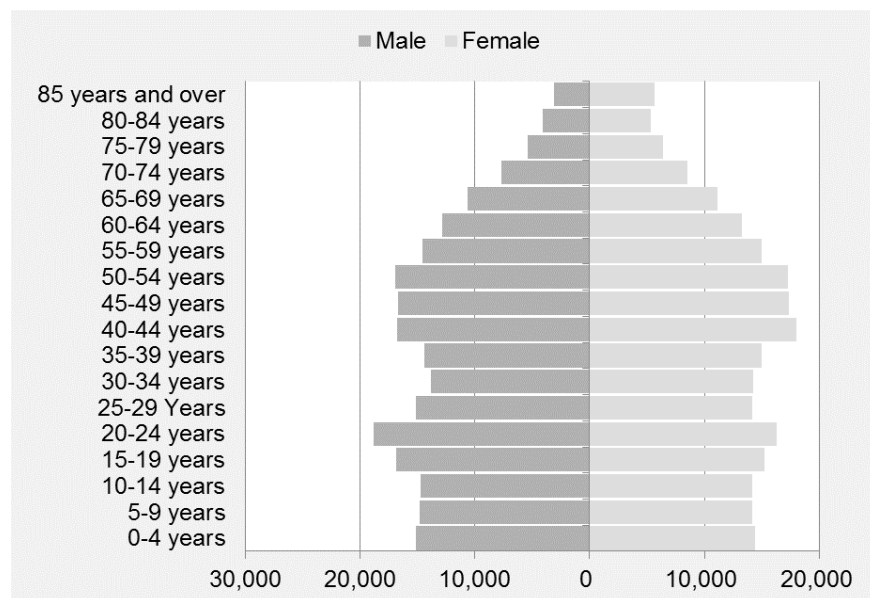
APPENDIX 1: DEMOGRAPHY

Canterbury

Within Canterbury, the earthquakes have led to a number of notable demographic changes. These include an increase in the number of men

Figure 11. Canterbury's population, by age and sex, 2013 Census

Note: For the purposes of this figure, Canterbury refers to Rātā Foundation's Canterbury funding region which consists of the combined territorial areas of Hurunui District, Waimakariri District, Christchurch City and Selwyn District.

Source: Statistics New Zealand

aged 20 to 24 (1,700 more at the 2013 census, compared to 2006) but no increase in the number of women aged 20 to 24.

Canterbury's age and sex profile (Figure 11) does not have the defined 'waistline' of Nelson and Marlborough. This means that it has a larger proportion of the younger and older working age population to see it through to the future. The larger proportions of those in the 20–24 year age range is likely due to the influence of the University of Canterbury and other tertiary organisations, as well as those migrating to Christchurch to take part in the rebuild.

The earthquakes have seen Canterbury become "older", with a flight in men and women aged 30 to 44 and children, but increase in the number of people aged over 50 (Campbell & McCarthy, 2013). Men and women aged 65 to 69 accounted for the biggest increase in population (Campbell & McCarthy, 2013).

Christchurch also became more diverse between the 2001 and 2013 censuses. The proportion identifying as having European ethnicity fell from 89 per cent to 84 percent; the proportion with Asian ethnicity growing from 5 per cent to 9 per cent over the same period, while the proportion of the population with Pasifika and Māori ethnicities both growing by one per cent (see Figure 12 and Figure 13 for ethnicity breakdowns for the wider Canterbury funding region). The decline in those of European ethnicity in the population has been attributed, in part, to aging (Stewart & Gates, 2014).

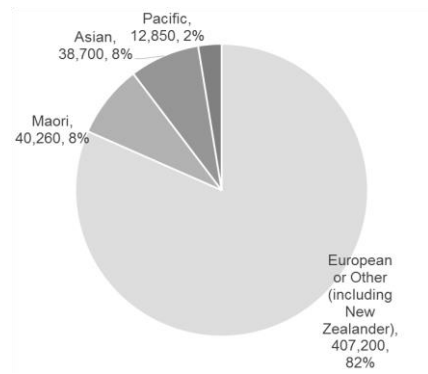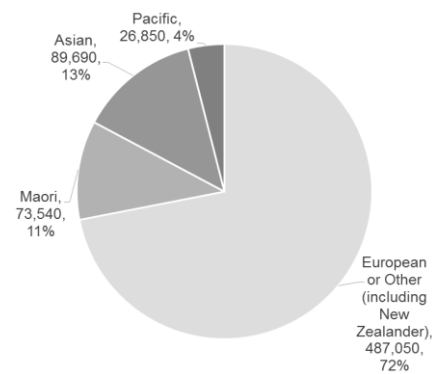Figure 12. Canterbury's population, by ethnicity, 2013 Census

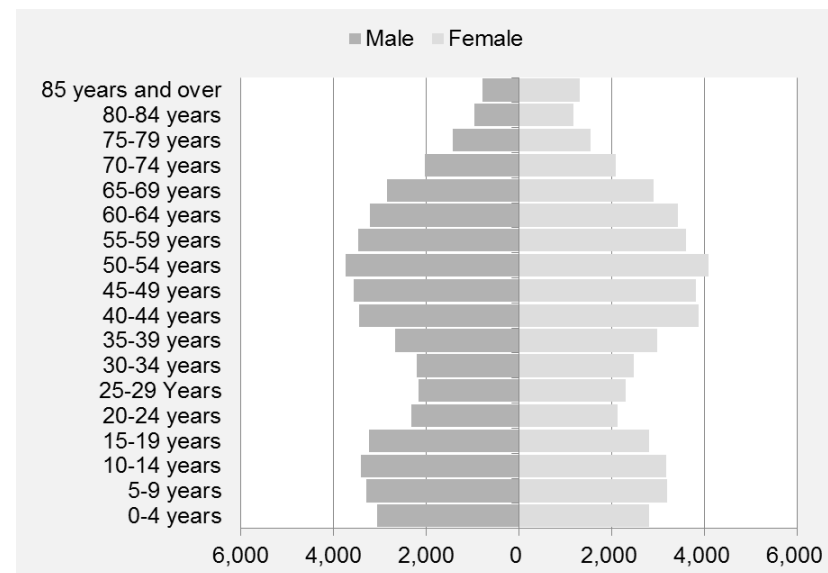Figure 13. Canterbury's projected population, by ethnicity, 2038

Note: For the purposes of these figures, Canterbury refers to Rātā Foundation's Canterbury funding region, which consists of the combined territorial areas of Hurunui District, Waimakariri District, Christchurch City and Selwyn District.

Source: Statistics New Zealand

Nelson

Nelson's biggest component of population increase has been "natural increase", as opposed to net migration (Jackson & Cochrane, 2012) (Figure 14). The main driver of natural increase for both Nelson and Marlborough has been births – this increased during the early-to-mid 2000s but has declined since then.

Figure 14. Nelson's population, by age and sex, 2013 Census

Note: For the purposes of this figure, Nelson refers to Rātā Foundation's Nelson funding region, which consists of the combined territorial areas of Nelson City and Tasman District.

Source: Statistics New Zealand

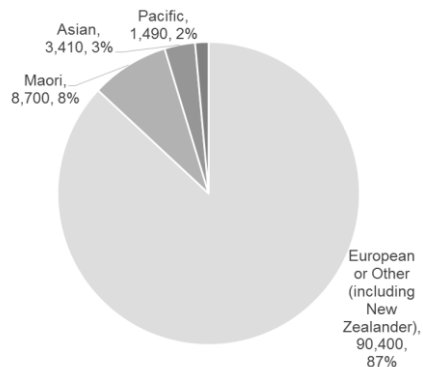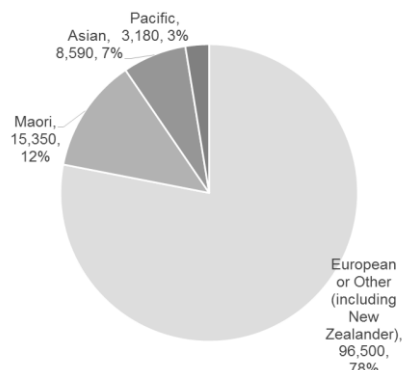## Figure 15. Nelson's population, by ethnicity, 2013 Census

Asian, 3,410, 3%
Pacific, 1,490, 2%
Maori, 8,700, 8%
European or Other (including New Zealander), 90,400, 87%

Figure 16. Nelson's projected population, by ethnicity, 2038

Pacific, 3,180, 3%
Asian, 8,590, 7%
Maori, 15,350, 12%
European or Other (including New Zealander), 96,500, 78%

Note: For the purposes of this figure, Nelson refers Rātā Foundation's Nelson funding region which consists of the combined territorial areas of Nelson City and Tasman District.
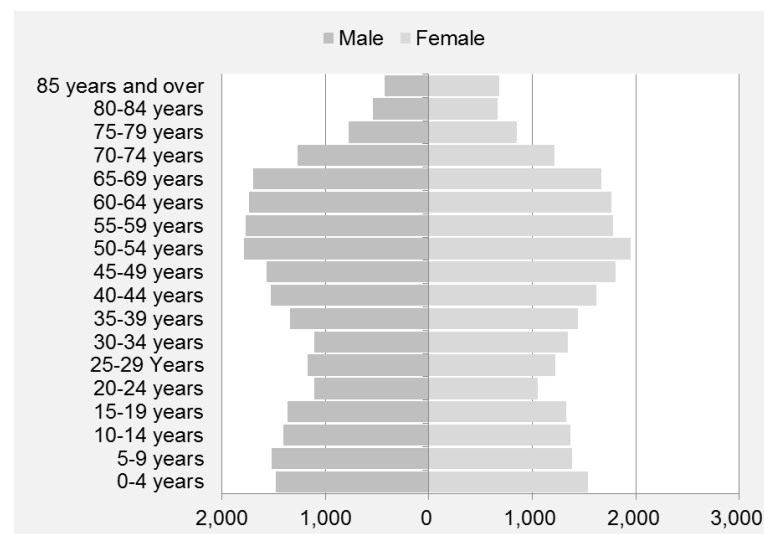
Source: Statistics New Zealand

As mentioned above, Nelson's population pattern shows lower proportions of those aged in the prime working ages. This suggests that individuals and families may be leaving Nelson for work and study opportunities elsewhere.

Nelson has similar levels of ethnic diversity to Canterbury, and will remain similar in the long term (Figure 15 and Figure 16). The number of people who identify with Māori, Asian or Pacific ethnicities are expected to rise at a proportionately higher rate than those of European ethnicity by 2038.

Marlborough

The Marlborough region is also getting older. Its over-65 population grew faster than its total population growth in both the 1990s and early 2000s. (Marlborough District Council, 2014). General factors of better healthcare and aging of the 'Baby Boomer' generation have contributed to this growth, but, more significantly, so has the attraction of the region as a retirement destination; its median age is one of the highest in the country (Marlborough District Council, 2014) (Figure 17). The main component of Marlborough's population growth has been net migration (Jackson & Cochrane, 2012).

Figure 17. Marlborough's population, by age and sex, 2013 Census

Note: For the purposes of this figure, Marlborough includes Marlborough District and Kaikōura District.

Source: Statistics New Zealand

Marlborough's current population, in terms of ethnicity, is similar to Canterbury and Nelson (Figure 18). However, by 2038 it is expected to be much more diverse than the other regions (Figure 19).

Figure 18. Marlborough's population, by ethnicity, 2013 Census
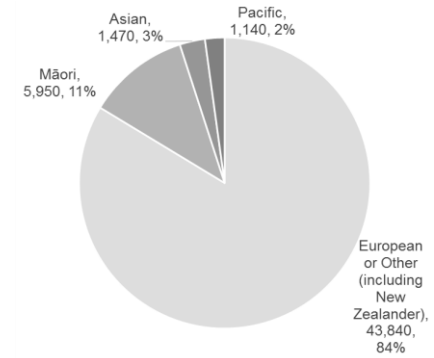
Asian, 1,470, 3%
Pacific, 1,140, 2%
Māori, 5,950, 11%
European or Other (including New Zealander), 43,840, 84%

Figure 19. Marlborough's projected population, by ethnicity, 2038

Pacific, 2,960, 5%
Asian, 4,520, 7%
Māori, 10,050, 17%
European or Other (including New Zealander), 42,770, 71%

Chatham Islands

At the 2013 Census, the Chatham Islands was home to 600 people (Figure 20). Like other regions, the population is aging. There are also proportionally lower numbers of children and young people in Chatham Islands, compared to other Rātā Foundation regions.

There are significantly more Māori in the Chatham Islands (Figure 21). Much more than the national average and much more than all other Rātā funding regions. However, in the next 25 years the Māori population is expected to decline (Figure 22).

Figure 20. Chatham Islands population, by age and sex, 2013 Census

Source: Statistics New Zealand

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Figure 21. Chatham Island's population, by ethnicity, 2013 Census

Asian, 10, 1%
Pacific, 10, 1%
Maori, 350, 42%
European or Other (including New Zealander), 460, 56%
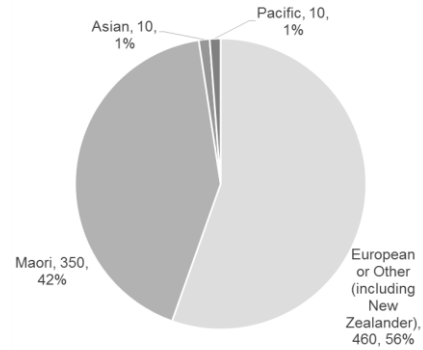
Figure 22. Chatham Island's projected population, by ethnicity, 2038

Asian, 30, 4%
Pacific, 20, 3%
Maori, 240, 34%
European or Other (including New Zealander), 420, 59%
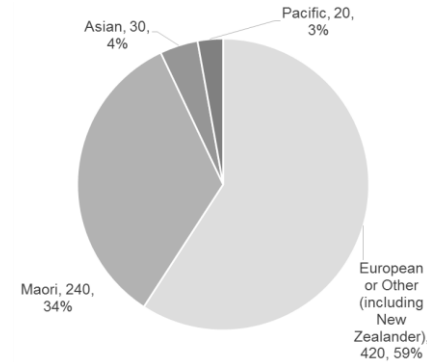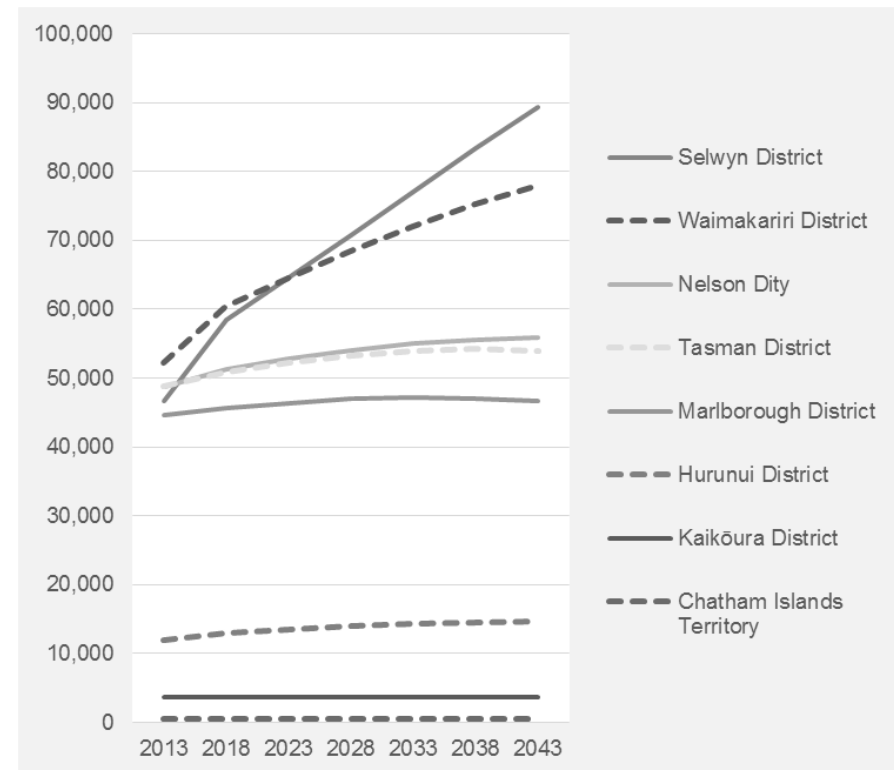
Source: Statistics New Zealand

Population projections at the district and city level

Populations are set to increase in all of Rātā Foundation's funding areas, apart from the Chatham Islands Territory and Kaikōura District (Figure 23 and

Figure 23. Population projections for districts and cities within Rātā Foundation's funding regions

Source: Statistics New Zealand

Table 9. Projected population changes in selected territorial areas in New Zealand, 2013-2043
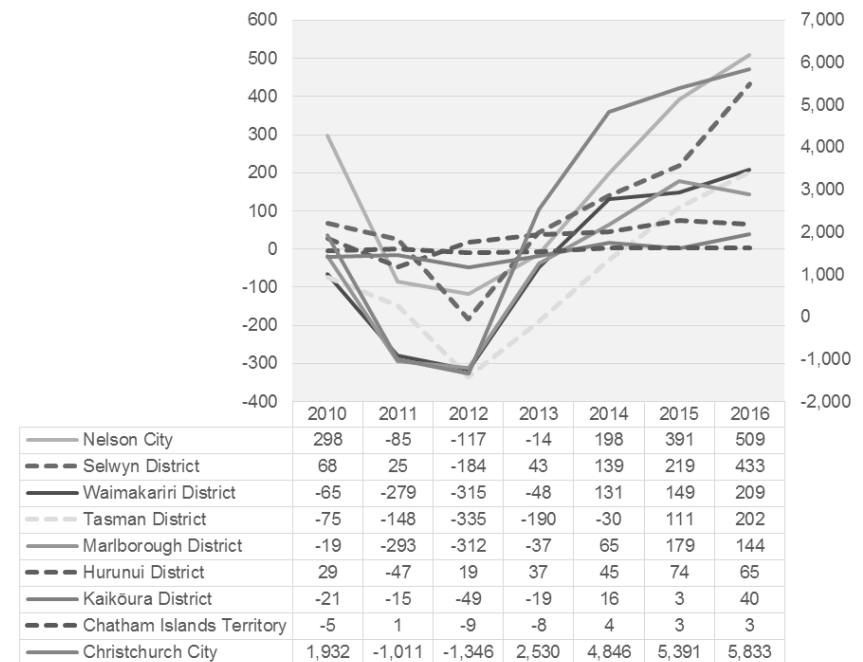
	Number	Average annual (percent)
New Zealand	1,196,900	0.8
Canterbury Region (not Rātā funding region)	166,300	0.9
Tasman District	5,200	0.3
Nelson City	7,200	0.5
Marlborough District	2,100	0.2
Kaikōura District	−20	0.0
Hurunui District	2,800	0.7
Waimakariri District	25,700	1.3
Christchurch City	80,100	0.7
Selwyn District	42,700	2.2
Chatham Islands Territory	−120	−0.7
Source: Statistics New Zealand		

Migration

All territorial areas within Rātā Foundation's funding regions experienced positive net migration in 2016 (Figure 24). Most areas have seen positive net migration since 2013. Population growth in the Rātā Foundation funding regions is mostly related to net migration rather than natural increase (Environment Canterbury, 2015).

Figure 24. Permanent and long-term migration, Rātā Foundation territorial authority funding areas, 2010–2016

	2010	2011	2012	2013	2014	2015	2016
Nelson City	298	-85	-117	-14	198	391	509
Selwyn District	68	25	-184	43	139	219	433
Waimakariri District	-65	-279	-315	-48	131	149	209
Tasman District	-75	-148	-335	-190	-30	111	202
Marlborough District	-19	-293	-312	-37	65	179	144
Hurunui District	29	-47	19	37	45	74	65
Kaikōura District	-21	-15	-49	-19	16	3	40
Chatham Islands Territory	-5	1	-9	-8	4	3	3
Christchurch City	1,932	-1,011	-1,346	2,530	4,846	5,391	5,833

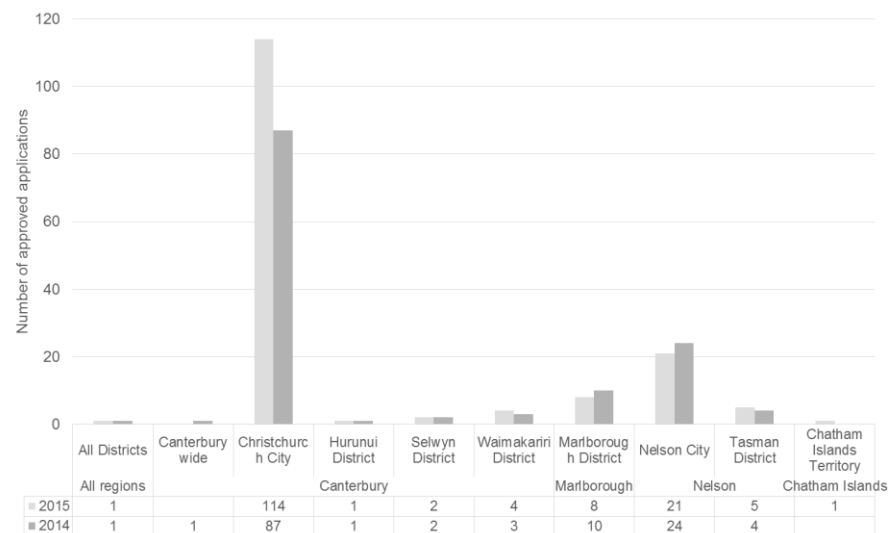Notes: Christchurch City migration is plotted using the secondary axis

Source: Statistics New Zealand

APPENDIX 2. RĀTĀ FOUNDATION FUNDING OF ARTS AND HERITAGE SECTOR ROUNDS 2014-15.

The following presents Rātā Foundation's funding for 2014 and 2015. Around 170 organisations were funded. The majority of Rātā Foundation's applications were from projects and organisations in Christchurch City (73 percent of all approved applications) (Figure 25). With no specific funding priorities for the sectors in this time period most applications were approved. We note there were no applications from organisations in the Kaikōura District.

Figure 25. Number of applications approved, by territorial authority area and funding region, 2014 and 2015

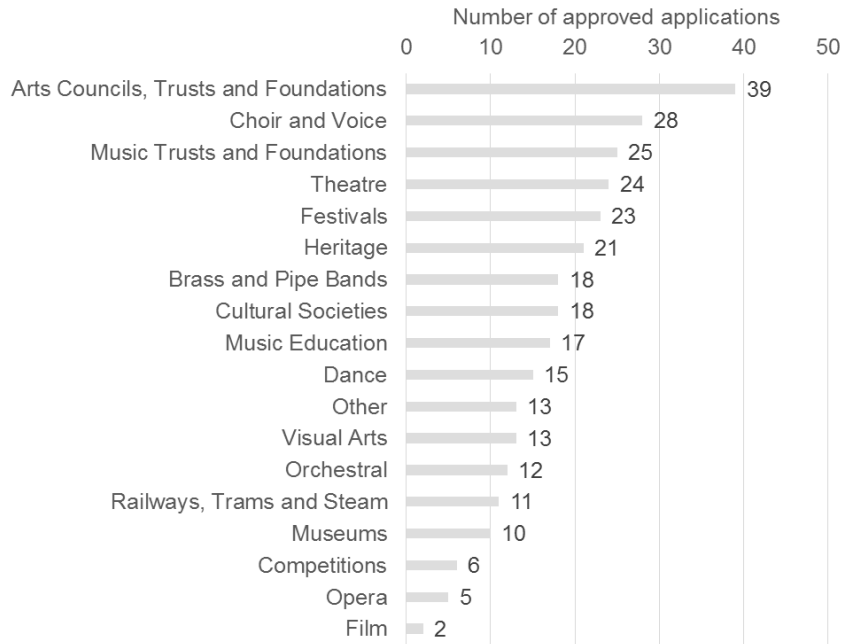|	All Districts	Canterbury wide	Christchurch City	Hurunui District	Selwyn District	Waimakariri District	Marlborough District	Nelson City	Tasman District	Chatham Islands Territory
	All regions				Canterbury			Marlborough	Nelson		Chatham Islands
2015	1		114	1	2	4	8	21	5	1
2014	1	1	87	1	2	3	10	24	4	

Source: Rātā Foundation

In relation to the types of organisations and/or art forms Rātā funded under the previous practice, a wide range of projects/ organisations were funded, with Arts Councils, Trusts and Foundations being the most common (Figure 26).

Figure 26. Applications funded by organisational type, 2014 and 2015

Number of approved applications

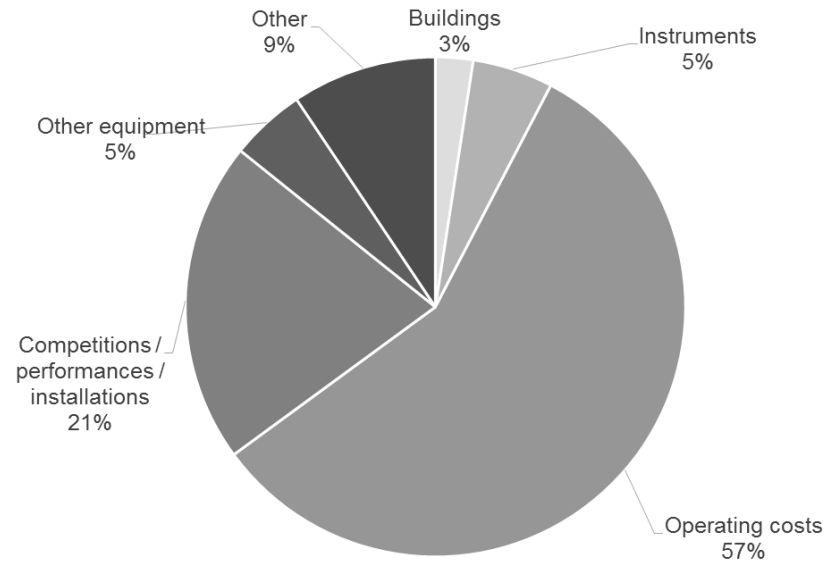|	
Arts Councils, Trusts and Foundations	39
Choir and Voice	28
Music Trusts and Foundations	25
Theatre	24
Festivals	23
Heritage	21
Brass and Pipe Bands	18
Cultural Societies	18
Music Education	17
Dance	15
Other	13
Visual Arts	13
Orchestral	12
Railways, Trams and Steam	11
Museums	10
Competitions	6
Opera	5
Film	2

Source: Rātā Foundation

While organisations generally funded by Rātā Foundation are staffed predominantly by volunteers, around two thirds have some full or part time staff. As discussed earlier, governance and management capability of organisations with predominantly volunteer staff may need to be improved.

Organisations funded are mostly in the arts sector rather than the heritage sector. There may be merit in reviewing Rātā Foundation's support for heritage buildings through its Building Policy and Community Loans.

Over half of funding requests to Rātā Foundation are for operating costs (Figure 27). Only seven requests (3 percent of funding requests) were for building costs.

Figure 27. Number of funding requests, by type of funded cost, 2014 and 2015

Source: Rātā Foundation