



ANNUAL REPORT 2017

FOR THE YEAR ENDED
31 DECEMBER 2017



NEW ZEALAND SYMPHONY ORCHESTRA
TE TIRA PŪORO O AOTEAROA

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ANNUAL REPORT

The Board have pleasure in presenting the Annual Report for the New Zealand Symphony Orchestra for the year ended 31 December 2017.



DONALD BEST ONZM
BOARD CHAIR

09 March 2018



DAME BRONWEN HOLDSWORTH DNZM
BOARD MEMBER,
AUDIT COMMITTEE MEMBER

09 March 2018

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NZSO: VISION AND MISSION

THE VISION

Providing world class musical experiences that inspire all New Zealanders.

achieved by

THE MISSION

Deepening and expanding musical connections and engagement with our communities.

through

A NATIONAL FULLTIME FULL SIZE SYMPHONY ORCHESTRA

which

Performs to an international standard

is

Excellent in performance

has

Relevant and engaging programming,
Reaches large and diverse audiences

and asserts

Musical and artistic leadership

A symphony orchestra which has

Best practice operations,
A shared and productive organisational culture,
Sustainable management of all resources

and

Excellent systems and processes

NZSO: VALUES

WHAT WE DO	<i>We value excellent engagement</i> • We identify strongly with one another and with New Zealanders • We ensure that our work is relevant to our audiences • We communicate openly and honestly with one another and with New Zealanders
HOW WE DO IT	<i>We value creative excellence</i> • We are passionate about our music and strive to share it widely • We are innovative and creative in all aspects of our activities • We are inspired to be excellent in all our performances
HOW WE BEHAVE	<i>We value excellent relationships</i> • We always act with fairness, honesty and transparency • We trust, respect, acknowledge and support each other • We always act with integrity

FUNCTIONS OF THE ORCHESTRA

The functions of the orchestra are outlined in Section 9 of the *New Zealand Symphony Orchestra Act 2004*, as follows:

- to ensure that the orchestra presents a broad repertoire of orchestral performance including New Zealand works and recent works
- to encourage the development of New Zealand musicians
- to encourage the development of New Zealanders' knowledge and appreciation of orchestral music
- to develop and expand the audience of the orchestra on a national basis
- to provide a touring orchestra (which may also include international performances)
- to carry out any other functions consistent with its principal objectives, as agreed to by the Minister after consultation with the orchestra
- to co-operate with other similar institutions and organisations having objectives similar to those of the orchestra.

OBJECTIVES OF THE ORCHESTRA

The objectives of the orchestra are outlined in Section 8 of the *New Zealand Symphony Orchestra Act 2004*, as follows:

- to provide the public of New Zealand with live and recorded performances of symphonic music performed to an international standard:
- to provide an orchestra that—
 - (i) is highly skilled and artistically imaginative; and
 - (ii) has strong community support:
- to be a leading New Zealand performing arts organisation with a role in the development of a distinctively New Zealand cultural environment:
- to promote and encourage New Zealand musical composition and composers:
- to provide performance opportunities for New Zealand musicians, whether as members of the orchestra or as soloists.

CHAIR'S PREFACE

2017 was an important year for the NZSO reaching a significant milestone celebrated in the *NZSO 70th Birthday Concert* which was curated and presented by the musicians of the NZSO. The music they selected told the story of the NZSO over its 70 years with a lively performance of Dvořák's *Carnival Overture* launching proceedings as it did at the Orchestra's inaugural concert on 6 March 1947 in the Wellington Town Hall.

The occasion was a timely reminder of the important role the NZSO fulfils and testimony to the foresight of those that worked to establish a full time national symphony orchestra in New Zealand all those years ago.

Although the dream was finally realised in 1947 we must acknowledge visionaries such as the conductor and composer Alfred Hill who forty years earlier lobbied strongly for the 1906 New Zealand International Exhibition Orchestra to become the national orchestra. Fortunately, he lived to see the dream become a reality.

2017 was also the first full year of the increase in the NZSO's appropriation after eight years of static funding. This welcome boost enabled the Orchestra to increase its performances and further diversify its activities and has laid a strong foundation for new directions and activities in the future.

During 2017 the organisation worked collectively on the changes needed to respond successfully to the rapid shifts occurring in the Orchestra's operating environment. These include demographic trends and their impacts on touring patterns and the opportunities presented by new technologies to bring music to new audiences in new settings. The results of this work will be seen in future years as the changes are incorporated into programming, touring itineraries and new concert and performance initiatives.

The national touring programme is the foundation of the NZSO's work. The imperative to present live orchestral music performed to an international standard in New Zealand communities is a key function in the *New Zealand Symphony Orchestra Act 2004*. This makes the NZSO unique among professional symphony orchestras internationally. The need for such an orchestra to take live orchestral performances of the highest standard to our scattered centres of populations remains as strong today as it was when the Orchestra was first established.

As a result, New Zealand has a strong and productive musical culture cultivated by the decades of concert activity and

the contributions of generations of NZSO musicians to our musical life through their participation and presence in our communities. This is an important legacy for our country and we take pride in our role to nurture and develop the enjoyment and appreciation of music in New Zealand.

From this perspective, the 2017 Season provided rich opportunities for concert goers to further enjoy and appreciate a wonderful array of music and soloists. These included stellar violinist Janine Jansen, the ever-popular Freddy Kempf in the dual role of pianist and conductor and virtuoso pianist Joyce Yang in her debut with the NZSO. At the centre of the season was Music Director Edo de Waart's Masterworks Series which built on his inaugural series of the previous year with remarkable performances of the core symphonic repertoire.

Edo de Waart also sees the performance of opera in concert as vital to the work of symphony orchestras and realised this goal during his second visit of the year when he directed two performances of Berlioz' *Damnation of Faust*. This is a work of extraordinary imagination and a virtuoso display of Berlioz' mastery of orchestration which the Orchestra relished. The performances were a highlight of the year, gripping and dramatic, propelled by a fine trio of international soloists and the New Zealand Opera Chorus.

Good progress was made on the planning for the NZSO's permanent new home in the Wellington Town Hall. This partnership between the NZSO, Victoria University and the Wellington City Council is a bold conception that will co-locate the Orchestra with the NZ School of Music to create a major national music hub.

The project sets the NZSO on a path of security and stability and creates new opportunities in music for our musicians and our national audiences. With this base and its installed modern technologies, the NZSO will further develop its film scoring work, generate additional income, create music content for education and community use, make recordings, livestream concerts and activities and develop and pilot new programmes and initiatives to incorporate into touring itineraries.

The Orchestra also advanced another major initiative during the year. International performance is a strong driver of excellence in performance, in building recognition and increased exposure through international benchmarking and global visibility. A decision has been made to plan for a 2020 European tour. This is envisaged to be at a similar time to the successful 2010 tour and include a contribution to New Zealand's participation at Expo 2020 Dubai en route.

It was pleasing to improve on the 2017 budgeted deficit of \$250,000 by \$10,000 to return a slightly more modest deficit of \$240,000 for the year. The Board has adopted a minimum annual equity level of \$1.5 million as an appropriate base for the prudent management of the Orchestra's finances and ensures budgets each year maintain this minimum equity target. The year's financial result was achieved through significant cost savings, a total of \$876,000, that offset an \$866,000 shortfall in revenue compared with budget. Sponsorship and fundraising finalised \$377,000 below the budgeted total of \$1.88 million. The shortfall in budgeted income also resulted in a lower than budgeted percentage of earned revenue versus Government funding for the year. In 2017 this finalised as 77% of Government funding and 23% earned revenue, however with the significant changes to the 2018 season, the budget for next year is a much improved 70% Government funding to 30% earned revenue ratio.

Support from donors and sponsors is vital to the Orchestra's success. Supporters Programme activities were increased in 2017 providing more opportunities to engage with the Orchestra and its musicians. There were more *In Conversation* panel and guest artist talks and open rehearsal events were extended to centres beyond Wellington. Sponsorship for musicians chairs increased by nearly 50% in 2017, demonstrating the benefit of these more personal associations with donors and supporters.

A major new initiative was the inaugural Gala Dinner at St Matthew-in-the-City in Auckland. One hundred and eighty guests enjoyed dinner and performances by NZSO musicians and the live and silent auction raised much of the funding required for the purchase by The NZSO Foundation of a new Kim Webby harp. Annual donations remain strong and, in another milestone, The NZSO Foundation Trust Capital reached \$5 million.

We are highly appreciative of the significant support we receive from our corporate sponsors. Three new sponsors Aēsop, Greenwood Roche and Fuji Xerox joined our stable this year and several existing partners increased their support. As in previous years The NZSO Foundation provided major support totalling just over \$0.5 million.

I would also like to acknowledge the contribution to the development and fundraising effort from many of the NZSO players. Throughout the year small groups performed for 32

The 2017 Season provided rich opportunities for concert goers to enjoy and experience a wide variety of music performed by world-class musicians.



A major new initiative was the inaugural Gala Dinner at St Matthew-in-the-City, raising much of the funding required for The NZSO Foundation's purchase of a new Kim Webby harp.



corporate partner and supporter events across the country which included major events for New Zealand icons KiwiRail and Craggy Range. These engagements were a major contribution to efforts to increase funds raised from non-government sources.

We are fortunate to have skilled and committed musicians and the insightful leadership of our Concertmaster Vesa-Matti Leppänen. I would like to acknowledge and thank them for their excellent performance over the year and their dedication to the NZSO and its vision to inspire all New Zealanders.

The administration staff have also had a very successful year, overcoming the disruptions of earthquake affected office accommodation to mount and tour an exciting season as well as present a range of schools, community and family concerts. The Strategic Leadership Team under Chief Executive Christopher Blake has provided strong leadership and been proactive in the debate and discussion about the new directions for the NZSO. I congratulate them for their resourcefulness and contribution to the success of the Orchestra over the year.

I would also like to acknowledge the enduring contribution made to the Orchestra over many years by former NZSO Board Chair, Athol Mann, who passed away in November 2017.

During the year the Board farewelled Lisa Bates following six years of outstanding service to the NZSO and welcomed two new Board members Susan Paterson and Laurence Kubiak. I would like to thank my Board colleagues for their work which has enabled the Orchestra to flourish and grow and has positioned the NZSO for an exciting future.

A handwritten signature in black ink, appearing to be 'DB' with a stylized flourish.

DONALD BEST ONZM
BOARD CHAIR



CHIEF EXECUTIVE'S OVERVIEW

The NZSO presented a diverse programme of concerts and activities in 2017. The increase in operational funding received in Budget 2016 enabled the Orchestra to expand its offerings for the full year and present more concerts than in previous years. There were 67 concerts in the core touring schedule which visited 14 centres throughout New Zealand and featured 19 separate programmes of music.

The NZSO presented 33 artists in these concerts which included nine outstanding New Zealand performers alongside 24 superb international guest conductors and soloists. The NZSO worked with two choirs, collaborated with the popular Modern Māori Quartet, accompanied a season of the New Zealand Opera and convened the NZSO National Youth Orchestra over the course of the 2017 Season.

In addition to these core touring and performance activities, there was a full schedule of related events including family and community concerts, mentoring and fellowships for young musicians, masterclasses with visiting artists and youth orchestra coaching. In total the NZSO presented 80 concerts during 2017, which was 6 fewer than originally budgeted but an increase over the 77 presented in 2016. Looking ahead, there are a total of 105 performances to be presented in Season 2018. This increase in performances in 2018 is also forecast to grow total audiences from the 84,000 of 2017 to over 111,000.

EDO DE WAART'S MASTERWORKS

In his second year as Music Director of the NZSO, Edo de Waart continued to build on his presentation of the core symphonic repertoire, anchoring his Masterworks series with Mozart, Beethoven, Mahler and Richard Strauss. The latter's monumental *Alpine Symphony* opened the season in fine style displaying Edo de Waart's mastery of the later romantic repertoire and providing the opportunity to display the strengths of the various sections of the Orchestra.

By contrast, the second touring programme of this first visit for the year was more intimate, celebrating American composer John Adams' 70th birthday with his seminal string work *Shaker Loops* together with Beethoven's *Symphony No.6 Pastorale* and Mozart's great Clarinet Concerto. Martin Fröst, the soloist in the Mozart, is an extraordinary virtuoso and the programme attracted capacity houses on tour.

For his final tour of the year, Edo de Waart presented two programmes each featuring exceptional soloists. Pianist Joyce Yang performed the Rachmaninov *Piano Concerto No.3* in an all Rachmaninov programme and violinist Janine Jansen played the Sibelius *Violin Concerto* in a programme which included Brahms' *Symphony No.3*. Both concerts were popular

and well attended. The quality of the music making by these soloists and the Orchestra alike for these final concerts of the year was acknowledged by the critics and acclaimed by the audiences.

ON TOUR

The year began with a collaboration. Summer Pops with the Modern Māori Quartet was a lively summer romp through 12 tour centres with a group of highly resourceful performers which attracted diverse and enthusiastic audiences. The orchestral settings of the songs were created by New Zealand composers and arrangers which contributed to interesting and entertaining concerts that were truly 'made in New Zealand'. Unfortunately, the audiences around the country were smaller than projected for these concerts with the exception of the final concert in Gisborne which was a sell-out.

There were four returning guest conductors, Music Director Emeritus James Judd, Alexander Shelley, Sir James MacMillan and Freddy Kempf in a play and direct role. James Judd continued the focus on Berlioz with fine performances of another major work *Harold in Italy* with French violist Antoine Tamestit as soloist. Alexander Shelley gave New Zealand audiences powerful readings of Bartok's masterpiece *Concerto for Orchestra* and was joined by Spanish guitarist Pablo Sáinz Villegas who was a riveting soloist in Rodrigues' ever popular *Concierto de Aranjuez*.

Freddy Kempf starred as piano soloist and conductor in a popular programme designed to showcase the piano concerto in a selection of popular movements from this repertoire. Six movements traced the evolution of the form from Handel to Rachmaninov with linking narrations by musicians from the Orchestra. The programme was popular and the informal format attracted a more varied audience.

Two soloists returning to the NZSO for the 2017 season were the cellists Narek Hakhnazaryan and Daniel Müller-Schott performing the Dvořák and Schumann cello concertos respectively. As on their previous visits both gave compelling performances displaying the virtuosity and insight that has each at the forefront of the emerging generation of international cello soloists.

In what is now a well-established NZSO tradition the main stage concert year concluded with a rousing large format *Messiah* conducted by Australian Brett Weymark with a quartet of Australasian soloists and the Orpheus Choir of Wellington. This was a fitting end to a busy year of musical highlights with a sold-out house, engaging soloists and stirring choruses.

BRITISH FESTIVAL

To mark the British and Irish Lions 2017 tour the NZSO mounted a three programme British Festival comprising *Lands of Hope and Glory* under NZSO Associate Conductor Hamish McKeich and *Bold Worlds* and the NZSO National Youth Orchestra both conducted by Sir James MacMillan with percussion soloist Colin Currie.

Mezzo soprano Helen Medlyn was host and performer for *Lands of Hope and Glory*. Concertmaster Vesa-Matti Leppänen gave a fine performance of *The Lark Ascending* and the programme, which included old favourites such as the Elgar *Pomp and Circumstance March No.1*, was enthusiastically received.

Music by British composers featured in the *Bold Worlds* concert which included the southern hemisphere premiere of MacMillan's *Percussion Concerto No.2*, written for Colin Currie, as well as *Polaris* by MacMillan's contemporary Thomas Adès. It was an exhilarating experience to work with the original creators of this new percussion concerto and one of the season highlights for connoisseurs of contemporary music.

NEW ZEALAND MUSIC

Associate Conductor Hamish McKeich directed the Orchestra in a powerful programme of new music in the Aotearoa Plus series. The centrepiece was the premiere of New Zealand composer Gareth Farr's evocative new cello concerto, *Chemin des Dames* performed by French cellist Sébastien Hurtaud. The concert opened with a tribute to Boulez, his *Memoriale*, for an ensemble of eight musicians with flute soloist which showcased our excellent NZSO principals.

At the other end of the scale John Adams' *Naïve and Sentimental Music* with 101 musicians on stage demonstrated the strengths of the NZSO as a permanent full-time orchestra. This is a supremely challenging work which was given committed and exciting performances and graphically demonstrated conductor Hamish McKeich's skill and versatility.

As part of the main touring season, the NZSO also performed three New Zealand orchestral works in the programmes on separate tours; *Fronde* by Leonie Holmes; *Embiosis* by David Grahame Taylor; and *Rainphase* by Salina Fisher. These performances are one aspect of a wider scheme of encouragement and support designed to foster the creation and performance of New Zealand music.

NZSO NATIONAL YOUTH ORCHESTRA

The Bold World creative team of Sir James MacMillan and Colin Currie also worked with the NYO during their mid-year

residency which culminated in concerts in Wellington and Auckland in a tour entitled Young Person's Guide to the Orchestra.

In this programme Colin Currie performed Macmillan's popular *Percussion Concerto No.1 Veni, Veni, Emmanuel* with great élan and the deep insight of one who has worked closely with the composer over many years.

There were two NYO Composer in Residence works this year. Celeste Oram's *Young People's Guide To The Orchestra* and *Vespro* by Reuben Jolleyman. These were contrasting works with the Oram including a range of engaging theatrical elements. The Jolleyman was a reflective work based on the composer's responses to Monteverdi's *Vespro della Beata Vergine* of 1610.

The signature work of the concert was Britten's masterpiece *Young Person's Guide to the Orchestra* which was given a stirring performance under MacMillan's baton. This residency was characterised by enormous spirit and energy and a heartfelt appreciation of Sir James MacMillan's mentorship and guidance from the young NYO musicians.

The NYO is assisted by private benefactors, trusts and partners and these contributions are critical to its ongoing success. Principal partner the Adam Foundation is now in its 19th year of engagement with the NYO and others such as the FAME Trust, Trinity College London, Mary Fitzwilliam Award and The NZSO Foundation once again provided welcome support.

YOUNG MUSICIANS

The NZSO maintains active programmes to assist and encourage young musicians. 2017 was a particularly busy year. Eight students joined the NZSO Fellowship Programme and received lessons with NZSO Principals, observed rehearsal and had lessons and meetings with NZSO guest artists including NZSO Music Director Edo de Waart.

Thirteen students were accepted into the NZSO National Mentoring Programme which provided each with three mentoring sessions with an allocated NZSO musician in their home town, access to dress and acoustic rehearsals and concert attendance.

Five visiting artists held masterclasses for students during 2017. These are supported by The NZSO Foundation and make a valuable contribution to the development of student musicians giving them access to some of the greatest performers of the day. The NZSO works in partnership with various institutions to present these masterclasses. Three were held at the New Zealand School of Music and one each at

the Universities of Waikato and Canterbury.

The Todd Corporation Young Composers Award is now in its 14th year. Eight young composers were successful in competing for a position in the Award workshops where their music was rehearsed by the NZSO and recorded by Radio New Zealand under the auspices of a composer mentor.

An added bonus in 2017 was special mentoring sessions for the successful composers with Sir James MacMillan which was instrumental in improving some of the music scores prior to their workshop performances in the latter part of the year. Daniel Sun of Wellington was winner of the 2017 Award.

ACCOMPANIMENT, PROJECTS AND COMMUNITY

In October, the NZSO accompanied the Wellington season of New Zealand Opera's production of *Kátya Kabanová* by Leoš Janáček. This was a rewarding collaboration in performances of a masterpiece of the twentieth century operatic repertoire in an excellent production with the added challenge of a brilliant but demanding score.

In addition to the regular touring programme the NZSO is involved in community and education activity each year spending a day presenting two concerts in its NZSO @ Te Papa engagement in the museum's Wellington foyer. Guided by presenter Chris Lam Sam the first concert this year was *Symphonic Boogie*, a family programme of familiar classics. The afternoon concert was a Christmas Carols Sing-along preceded by an all comers singing workshop for people who became the NZSO Pop-up Choir. Both concerts played to a packed foyer and it was a satisfying conclusion to a year of rewarding musical endeavour.

The *Symphonic Boogie* programme was also presented in concerts earlier in the year with schools' performances in Porirua and Auckland and family concerts in Palmerston North and Takapuna. Unfortunately and despite the best efforts of our Artistic Planning team, two further performances of this programme budgeted for Christchurch were unable to proceed due to venue and scheduling challenges. Youth orchestra coaching is an ongoing service each year. In 2017 there were seven coaching engagements with orchestras in Wellington, Kapiti and Hamilton.

Four budgeted performances of a collaborative project involving the Muppets were unable to proceed as originally planned in 2017. The promoter of these performances has continued to engage with the NZSO and we look forward to three performances of *The Jim Henson Retrospectacle in Concert* as part of Season 2018.

The Symphonic Boogie programme guided by presenter Chris Lam Sam was staged in Porirua, Auckland, Palmerston North, Takapuna and at Te Papa in Wellington.



CHALLENGES AND OPPORTUNITIES

One of the major difficulties in 2017 was uncertainty about the NZSO's office accommodation. As a result of the 7.8 magnitude Kaikoura earthquake, office staff vacated the premises in Nokia House at the end of 2016 and moved to temporary space in the Players' Greenroom in the Michael Fowler Centre. This accommodation was unsuited to the efficient running of the orchestra and what was to be a short stay extended to several months as the status of Nokia House remained unresolved.

An unsatisfactory work environment which persisted into the busiest period of the touring season made for a taxing year for many staff and it is testimony to their fortitude and commitment that a year of excellent music making was successfully delivered despite the disruptive circumstances. The NZSO eventually relocated to new office space in Crowe Horwath House in June 2017.

An ongoing concern for the NZSO is the availability of touring venues. In some major cities and provincial centres this is an issue which affects the NZSO's ability to deliver effective orchestral services. The provision of venues designed for music performance must be a critical priority for local authorities. It is pleasing to note that there are current plans to build new venues in some centres.

The reinstated Christchurch Town Hall is expected to be open in 2019 ending a difficult period of concert presentation in venues unsuitable for both concert goers and the NZSO. Hamilton is pressing ahead with plans for a new auditorium following the closure of the Founders Theatre and Tauranga is considering options for increased audience capacity. In the meantime, other cities remain challenging as buildings such as the Rotorua Civic Theatre are closed or others are increasingly ill-suited to the needs of modern audiences and performance experiences.

2017 has also been an important year of evaluation, discussion and reflection about the future directions of the NZSO. Following a first NZSO Futures Day held at the end of 2016, the Board, Principal musicians, Player representatives and senior staff held a further two such sessions during the year and have worked closely together to set the organisation's direction for the future.

As a result, the Orchestra has made substantial changes to its planned activities in the year ahead. Activities are being diversified to match the increasing diversity of the communities we serve, programming is being tailored more closely to the needs of our audiences and the core orchestra is being more efficiently utilised and savings reinvested in

increased touring and concert activity.

APPLAUSE

I extend my warmest thanks and appreciation to the Chair and Board of the NZSO for their support and wise counsel in guiding the NZSO through another satisfying year of music making for audiences around New Zealand.

It has been particularly rewarding to come together as an organisation over the course of the year to work cooperatively on our shared future. Although much more is to be done it has been stimulating working with the Board, musicians, staff and my Strategic Leadership Team colleagues on the changes we are making to ensure more and more New Zealanders can experience the excitement of live orchestral music.

It is a privilege to perform as New Zealand's national orchestra and I would like to thank and acknowledge all who make this possible - our supporters, concert goers, donors and sponsors and our owners, the people of New Zealand.



CHRISTOPHER BLAKE QSO
CHIEF EXECUTIVE

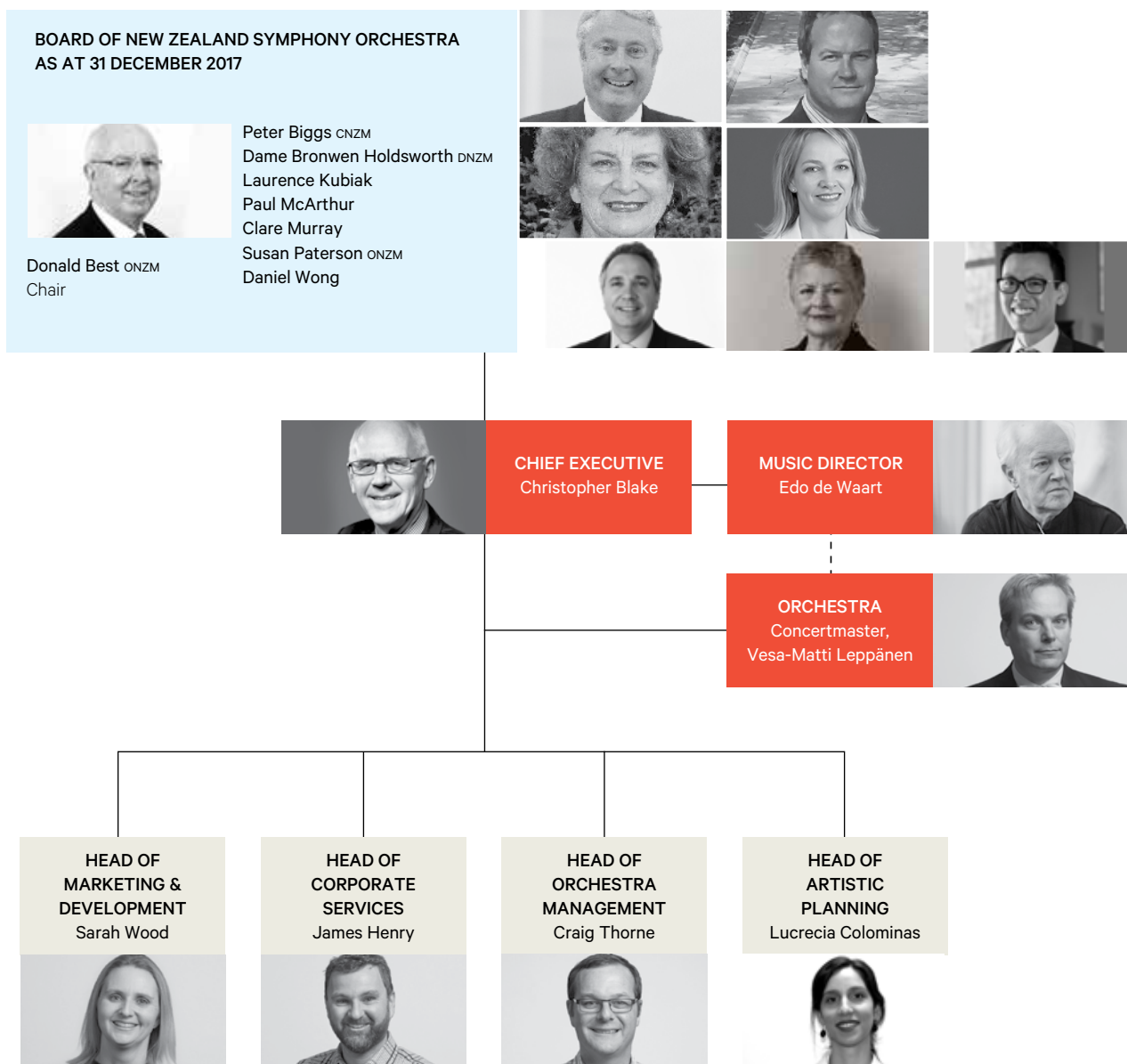


ORGANISATIONAL HEALTH AND CAPABILITY

ORGANISATIONAL STRUCTURE

The New Zealand Symphony Orchestra (NZSO) is an autonomous Crown Entity and the organisational structure is shown below. The Board of NZSO are appointed by the Minister for Arts, Culture and Heritage, the Right Honourable Jacinda Ardern. The Board have appointed Christopher Blake as Chief Executive. The Music Director is an independent contractor appointed by the NZSO after a consultation process involving the Board, administration and the players of the Orchestra.

Edo de Waart, the current Music Director, was appointed with effect from 1 January 2016 and his initial term expires on 31 December 2018. The Strategic Leadership Team (SLT) consists of the Chief Executive, Head of Corporate Services, Head of Marketing & Development, Head of Artistic Planning, Head of Orchestra Management and the NZSO's Concertmaster.



PERSONNEL POLICY

It is 70 years since the first musicians of the National Orchestra sat down to their inaugural performance in the Wellington Town Hall. In 2017, the NZSO celebrated the 70th anniversary of this first ever performance. To ensure the NZSO continues to deliver on its objectives in future years, it must maintain a motivational and positive working environment. The NZSO's financial resources need to be sufficient (and utilized effectively) to deliver a diverse, quality artistic programme. Employee participation is important to the Orchestra. The NZSO encourages staff to be involved in the development, review and renewal of policies and continues to work on a comprehensive NZSO Personnel Manual review.

GOOD EMPLOYER AND PAY & EMPLOYMENT EQUITY

The NZSO is a good employer, adheres to the principles of being a good employer and the principle and practice of equal employment opportunities in the recruitment, employment, training and promotion of staff, and to the identification and elimination of barriers that cause or perpetuate inequality in employment opportunities. In 2018, the NZSO will undertake a pay & employment equity review to assess whether policies and practices are delivering on expectations in relation to gender equity at work.

The NZSO has policies and procedures covering the seven key elements of being a 'good employer', as defined by the Human Rights Commission and is committed to demonstrating best practice in those areas.

SAFE AND HEALTHY ENVIRONMENT

The NZSO strives to provide employees with a healthy and safe working environment. Systems are in place to ensure that hazards are identified and their impact minimized. The NZSO operates a Health & Safety Committee with the membership covering all areas of the organisation. In 2016, the NZSO successfully retained the tertiary level accreditation for the ACC Workplace Safety Management Practices programme through to the end of 2018. Each year the Health & Safety Committee sets a comprehensive plan of activities to be completed in the year and in 2017 95% of the planned activities were delivered (95% in 2016, 98% in 2015). During 2017 a new Noise Committee was established. Noise has been the number one risk on the NZSO's Hazard Register for a number of years.

RECRUITMENT, SELECTION AND INDUCTION

The NZSO is committed to providing equality of opportunity

in its employment policies. All permanent positions are advertised externally to attract a wide range of candidates. The best candidates are appointed to positions after following a strict selection process. The Orchestra ensures that gender balance is achieved on all appointment panels. For the selection of players, all applicants are invited to audition and to ensure impartiality the first and second rounds of auditions are held behind screens. The NZSO also follows a structured and formalised induction process for new employees.

FLEXIBILITY AND WORK DESIGN

The NZSO recognises that both the organisation and employees can benefit from flexible working practices, family-friendly initiatives and other assistance to employees to achieve work/life balance. The NZSO seeks workable solutions to help employees achieve work/life balance while at the same time fulfilling the organisation's business and operational needs including the demands of the unique working environment of musicians in an orchestra.

LEADERSHIP, ACCOUNTABILITY AND CULTURE

In early 2017 a second *Futures Day* was undertaken with the participation of the NZSO Board, Players Committee, Principal Players, the SLT and other senior managers to continue the work started in 2016 to identify where the organisation wanted to be in the future and how to get there. The NZSO has a commitment to consultation to allow employees to have an opportunity to participate in decision making. Consultative committees are set up to ensure regular consultation with employees. A shared and productive organisational culture is recognised as a key to achieving our Vision and Mission and is reflected in those statements (refer page 2). In 2017 consultative committees have included: the Players Committee; the Health & Safety Committee; the Artistic Planning Forum; and Hui Matua.

EMPLOYEE DEVELOPMENT, PROMOTION AND EXIT

Every year salaries are reviewed and training and development opportunities are prioritized for all employees. Study Awards and/or Bursaries are awarded to a number of employees. The NZSO has a Professional Development System for players, which continues to be improved. The NZSO also has a structured and formalised exit procedure included in the Personnel Manual which is followed. An exit interview is offered to all resigning staff.

REMUNERATION, RECOGNITION AND CONDITIONS

A majority of players are employed under a collective

employment agreement. The NZSO negotiates with E tū (the union formed by the merger of the Engineering, Printing and Manufacturing Union and the Service and Food Workers' Union in October 2015) adhering to the principles of good faith bargaining. The NZSO provides fair and reasonable terms and conditions of employment. Many entitlements exceed the statutory minimums as set out in New Zealand legislation. Administration positions are formally evaluated so that salaries remain competitive with the New Zealand general market (while being mindful of the government's expectations for pay and conditions in the public sector). The Board of NZSO consults with State Services Commission with regards review and remuneration of the Chief Executive.

HARASSMENT AND BULLYING PREVENTION

The NZSO is committed to providing a safe workplace that is free from harassment and bullying. All employees are required to behave appropriately in the workplace. This includes treating all people with respect, as well as developing awareness of the impact of behaviour on other people. Policies are included in the NZSO's Personnel Manual in relation to both bullying and harassment along with a comprehensive section in relation to standards of behaviour and other policies such as whistle-blowing policy and privacy policy which are regularly reviewed and distributed widely.

WORKPLACE PROFILE

The following tables show the workplace profile (including headcount, age ranges, gender, disability, length of service and ethnicity) of the NZSO (both administration and players and aggregated) as at 31 December 2017.

DISABILITY *

	Total	
Yes	5	5%
No	38	36%
Not declared	63	59%
Total	106	

* Those who have declared a disability, as defined by the Human Rights Commission, that does or could impact the work undertaken by that employee.

LENGTH OF SERVICE

	Admin	Players	Total	
0–5 years	19	11	30	28%
5–15 years	4	18	22	21%
15–25 years	1	28	29	27%
25–35 years	1	18	19	18%
35+ years	0	6	6	6%
Total	25	81	106	

AGE RANGES

	Admin	Players	Total	
0–25 years	0	0	0	0%
25–35 years	10	7	17	16%
35–45 years	7	22	29	27%
45–55 years	4	25	29	27%
55–65 years	1	24	25	24%
65+ years	3	3	6	6%
Total	25	81	106	

GENDER

	Admin	Players	Total	
Male	12	46	58	55%
Female	13	35	48	45%
Total	25	81	106	

ETHNICITY

	Admin	Players	Total	
Asian	3	5	8	8%
Māori	0	1	1	1%
NZ European	14	41	55	52%
Pacific	0	0	0	0%
Other / Not declared	8	34	38	40%
Total	25	81	106	

The NZSO has an establishment of 118 Full-Time Equivalent employees (FTEs), with 90 players and 28 administration staff. As at 31 December 2017 there were 12 vacancies in the establishment, 3 in administration and 9 players.

GOVERNANCE STATEMENT

GOVERNING BOARD

The Board is appointed by the Responsible Minister – the Minister for Arts, Culture & Heritage, as at 31 December 2017 the Rt. Hon. Jacinda Ardern – and is comprised of eight non-executive members. The appointments are made having regard to the need for members to have among them, an appropriate balance of governance and financial skills and an awareness of artistic matters, as relevant to the role of the Board. The Board meets regularly in accordance with a schedule prepared before the start of each calendar year. The Board met seven times in 2017.

BOARD REMUNERATION

The Board remuneration is set by the Minister consistent with the guidelines set by the State Services Commission and Cabinet Office guidelines. The remuneration of the various board members is detailed in Note 14 of the financial statements.

BOARD AUDIT COMMITTEE

The Audit Committee comprises two current board members and an independent Chair appointed by the Board. The committee reports to the Board and has direct and unrestricted access to the external auditors and to all senior management of the NZSO. The objective of the committee is to assist in discharging the Board's responsibilities relative to financial reporting and regulatory compliances. The committee met twice in 2017, on 30 March and 14 August.

BOARD DELEGATION TO CHIEF EXECUTIVE

The Board has been authorised by the Responsible Minister to manage the business of the NZSO and has delegated the day to day operational authority to the Chief Executive (CE). The CE's terms and conditions of employment are determined by the Board in consultation with the State Services Commission and the year's remuneration is detailed in Note 17 of the financial statements.

MANAGEMENT

The CE has appointed a five-person Strategic Leadership Team (SLT) which meets on a regular basis to discuss operational and policy issues and is a key forum for

management decisions to be made. The SLT members report directly to the CE (Christopher Blake):

- Head of Corporate Services and Chief Financial Officer (CFO) (James Henry)
- Head of Marketing and Development (Sarah Wood)
- Head of Artistic Planning (Lucrecia Colominas)
- Head of Orchestra Management (Craig Thorne)
- Concertmaster (Vesa-Matti Leppänen)

The SLT's remuneration is set by the CE in consultation with the Chair of the Board. The cumulative total for key management personnel compensation is included in Note 13 of the financial statements.

CONFLICTS OF INTEREST

Each Board member and SLT member has made a full disclosure of their interests and this is updated at every Board, Audit Committee and SLT meeting. If an interest is declared relating to a paper before or during any meeting, the member may be excluded from discussions and decision making related to the matter.

DELEGATED FINANCIAL AUTHORITIES

The Board has approved a policy for the delegation of financial authority to the administrative staff of NZSO. All operational spending is monitored through a budget system which is approved by the Board before the commencement of the financial year and published in the Statement of Performance Expectations. The CE and the four SLT Heads of Department (HODs) hold delegated financial authorities and are responsible for alerting the Board in a timely manner to any significant variances from the published budget. The Concertmaster does not hold a delegated financial authority. The HODs may delegate part, or all, of a specified area of their budget to another Manager who reports directly to them however the HOD will retain overall responsibility for the budget. Any CE's expenses are approved by the CFO and later countersigned by the Chair of the Board. Any CFO's expenses are approved by the CE and all other SLT member's expenses are reviewed and approved by the CE or CFO.

FINANCIAL STATEMENTS

Statement of Responsibility

The Board of the New Zealand Symphony Orchestra is responsible for the preparation of the attached Financial Statements and Statement of Service Performance and the judgements used therein.

The Board is responsible for any end-of-year performance information provided by New Zealand Symphony Orchestra under section 19A of Public Finance Act 1989.

The Board is responsible for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial reporting contained in the financial statements.

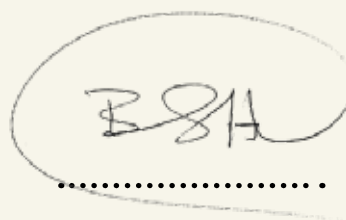
In the opinion of the Board, the attached financial statements fairly reflect the NZSO's financial position as at 31 December 2017 and the results of its operation and service performance for the year ended on that date.

SIGNED:


.....

DONALD BEST ONZM
BOARD CHAIR

09 March 2018


.....

DAME BRONWEN HOLDSWORTH DNZM
BOARD MEMBER,
AUDIT COMMITTEE MEMBER

09 March 2018

Independent Auditor's Report

TO THE READERS OF NEW ZEALAND SYMPHONY
ORCHESTRA'S FINANCIAL STATEMENTS AND
PERFORMANCE INFORMATION

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

FOR THE YEAR ENDED 31 DECEMBER 2017

The Auditor General is the auditor of the New Zealand Symphony Orchestra (the NZSO). The Auditor General has appointed me, Chrissie Murray, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the NZSO on his behalf.

OPINION

We have audited:

- the financial statements of the NZSO on pages 19 to 36, that comprise the statement of financial position as at 31 December 2017, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of the NZSO on pages 38 to 43, that comprise the performance reporting impacts and outcomes, the output services revenue and expenditure, and the statements of service performance, including measurement of quality service performance.

In our opinion:

- the financial statements of the NZSO on pages 19 to 36:
 - present fairly, in all material respects:
 - its financial position as at 31 December 2017; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Tier 2 Public Benefit Entity Standards with reduced disclosure requirements; and
- the performance information on pages 38 to 43:
 - presents fairly, in all material respects, the NZSO's performance for the year ended 31 December 2017, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the

statement of performance expectations for the financial year;

- and complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 15 March 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

BASIS FOR OUR OPINION

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF THE BOARD FOR THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

The Board is responsible on behalf of the NZSO for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the NZSO for assessing the NZSO's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the NZSO,

or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004.

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE FINANCIAL STATEMENTS AND THE PERFORMANCE INFORMATION

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the NZSO's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant

to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NZSO's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the NZSO's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NZSO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the NZSO to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

The Board is responsible for the other information. The other information comprises the information included on pages 4 to 15, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we

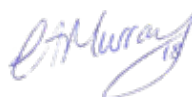
do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

We are independent of the NZSO in accordance with the independence requirements of the Auditor General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the NZSO.



Chrissie Murray
Audit New Zealand
On behalf of the Auditor General
Wellington, New Zealand

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000
REVENUE				
Concert Revenue		2,509	3,024	2,297
Interest Revenue		92	136	116
Other Revenue	1	1,802	2,109	2,243
REVENUE EARNED BY THE NZSO		4,403	5,269	4,656
Government Funding		14,646*	14,646	14,046 **
TOTAL REVENUE		19,049	19,915	18,702
EXPENDITURE				
Personnel Costs	2	10,379	10,911	10,617
Depreciation and Amortisation Expense	6	175	168	161
Other Expenditure	3	8,735	9,086	7,852
TOTAL EXPENDITURE		19,289	20,165	18,630
NET SURPLUS/(DEFICIT)		(240)	(250)	72
Other Comprehensive Revenue and Expense		-	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(240)	(250)	72

* Comprised of four equal payments of \$3.6615m from the Ministry for Culture & Heritage to NZSO on 4 January 2017 and 3 April 2017 (from government's 2016/17 appropriation) and 3 July 2017 and 2 October 2017 (from the government's 2017/18 appropriation).

** Comprised of two equal payments of \$3.36615m from the Ministry for Culture & Heritage to NZSO on 6 January 2016 and 1 April 2016 (from government's 2015/16 appropriation) and two equal payments of \$3.36615m on 1 July 2016 and 3 October 2016 (from government's 2016/17 appropriation).

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000
Balance as at 1 January	2,119	2,147	2,047
Total Comprehensive Revenue and Expense for the year	(240)	(250)	72
Balance as at 31 December	1,879	1,897	2,119

The accompanying notes and policies on pages 22 to 36 form an integral part of these financial statements.
Explanation of major variances against budget are included in Note 18.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000
EQUITY				
General Funds		1,879	1,897	2,119
TOTAL EQUITY		1,879	1,897	2,119
CURRENT ASSETS				
Cash and Cash Equivalents	4	2,909	3,134	3,231
Trade Receivables and Other Receivables	5	77	125	136
Prepayments		212	50	105
TOTAL CURRENT ASSETS		3,198	3,309	3,472
NON-CURRENT ASSETS				
Property, Plant and Equipment	6	1,021	1,089	1,053
Intangible Assets	6	165	113	230
TOTAL NON-CURRENT ASSETS		1,186	1,202	1,283
TOTAL ASSETS		4,384	4,511	4,755
CURRENT LIABILITIES				
Trade Payables and Other Payables	7	1,359	1,468	1,435
Employee Entitlements	8	969	988	1,028
TOTAL CURRENT LIABILITIES		2,328	2,456	2,463
NON-CURRENT LIABILITIES				
Employee Entitlements	8	177	158	173
TOTAL NON-CURRENT LIABILITIES		177	158	173
TOTAL LIABILITIES		2,505	2,614	2,636
NET ASSETS		1,879	1,897	2,119

The accompanying notes and policies on pages 22 to 36 form an integral part of these financial statements.
Explanation of major variances against budget are included in Note 18.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers		3,690	4,503	3,805
Interest Received		92	136	109
Government Funding		14,646	14,646	14,046
Payments to and on behalf of employees		(10,430)	(10,746)	(10,659)
Payments to Suppliers		(8,303)	(8,761)	(7,327)
Net Goods and Services Tax		31	-	62
NET CASH FLOWS FROM OPERATING ACTIVITIES		(274)	(222)	36
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales of Property, Plant and Equipment		2	-	11
Purchases of Property, Plant and Equipment		(50)	(100)	(50)
Purchases of Intangible Assets		-	(35)	(170)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(48)	(135)	(209)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(322)	(357)	(173)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		3,231	3,491	3,404
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4	2,909	3,134	3,231
Represented by: Cash and Cash Equivalents				
Bank		1,875	1,634	2,231
Term Deposits less than or equal to 3 months		1,034	1,500	1,000
		2,909	3,134	3,231

The accompanying notes and policies on pages 22 to 36 form an integral part of these financial statements.
Explanation of major variances against budget are included in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

NZSO has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements for NZSO are for the year ended 31 December 2017, and were approved by the Board on 9 March 2018.

BASIS OF PREPARATION

The financial statements of the NZSO have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period.

Under the Crown Entities Act 2004 Part 4, Section 136 (1), the financial year for a crown entity (other than a school board of trustees or a tertiary education institution) is defined as “the 12 months ending on the close of 30 June or any other date determined for that entity by the Minister of Finance”. As of 9 September 2011, the NZSO’s financial year closes on 31 December as approved by the Minister of Finance.

Statement of Compliance

The financial statements of NZSO have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 2 PBE Reduced Disclosure Regime accounting standards. These financial statements comply with PBE accounting standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

The specific accounting policies for significant revenue items are explained below:

Funding from the Crown (Government funding)

NZSO is significantly funded from the Crown. This funding is restricted in its use for the purpose of NZSO meeting the objectives specified in its founding legislation (New Zealand Symphony Orchestra Act 2004) and the scope of the relevant

appropriations of the funder.

NZSO recognises such funding as revenue at the point when control of the resource passes to NZSO. NZSO considers the Crown Payments made by the Ministry for Culture & Heritage to the NZSO meet the applicable control test for recognition when two events have occurred; (1) the responsible Minister has formally approved a Crown Payment from the Ministry to the NZSO of all (or a specific portion) of an existing appropriation which relates to an agreed Statement of Performance Expectations, and (2) the agreed Statement of Performance Expectations is effective.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements. In NZSO’s view, the recognition of Government funding in this way meets the requirements of the applicable accounting standard (PBE IPSAS 23, Revenue from Non-Exchange Transactions).

Grants received

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied. Grant revenue is aggregated with other sponsorship revenue.

Contra sponsorship received

Sponsorship revenue can be received by NZSO in cash and/or non-cash (contra) exchange transactions. Revenue is recognised when it becomes receivable except when in the case of contra sponsorship there is a realistic expectation that those sponsored services will not be realised.

Where the contra sponsorship generates a physical asset (rather than services) as consideration the asset is recognised at fair value and the difference between the consideration provided and fair value of the asset is recognised as revenue. The fair value of such assets is determined as follows:

- For new assets, fair value is usually determined by reference to the retail price of the same or similar assets at the time the asset was received.
- For used assets, fair value is usually determined by reference to market information for assets of a similar type, condition, and age.

Interest revenue

Interest revenue is recognised using the effective interest method.

Provision of services / Concert Revenue

Services provided to third parties on commercial terms are exchange transactions. Revenue from these services is recognised in proportion to the stage of completion at balance date. Concert Revenue received for NZSO's 2018 performances is Revenue in Advance at balance date and will be fully recognised as Revenue in the 31 December 2018 financial statements.

Foreign Currency Transactions

All foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into New Zealand dollars (the functional currency) using the spot exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Operating Leases

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are recognised as expenses on a straight-line basis over the lease term.

Receivables

Short-term receivables are recorded at their face value, less any provision for impairment. A receivable is considered impaired when there is evidence that NZSO will not be able to collect the amount due. The amount of the impairment is the difference between the carrying amount of the receivable and the present value of the amounts expected to be collected.

Investments

Term deposits

Investments in bank term deposits are initially measured at the amount invested. After initial recognition, investments in bank deposits are measured at amortised cost using the effective interest method, less any provision for impairment.

Property, plant and equipment

Property, plant and equipment consists of the following asset classes: computer hardware, leasehold improvements,

musical instruments, studio equipment, furniture and office equipment and music library. All assets classes are measured at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to NZSO and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to NZSO and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all items of property, plant and equipment at rates calculated to write-off the cost (or valuation), to their estimated residual value, over their estimated useful lives. Leasehold alterations are depreciated over the remaining period of the lease agreement. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

Leasehold Alterations	3–15 years	6.67–33.33%
Computer Hardware	3 years	33.33%
Studio Equipment	10 years	10.00%
Furniture and Office Equipment	15 years	6.67%
Musical Instruments – percussion only	10 years	10.00%
Musical Instruments – all other	25 years	4.00%
Library – Music Manuscripts		Not depreciated

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the NZSO, are recognised as an intangible asset. Direct costs include the software development and directly attributable employee costs. Staff training costs are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired Computer Software	3 years 33.33%
Developed Computer Software	3 years 33.33%

Impairment of Property, Plant and Equipment and Intangible assets

NZSO does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash-generating assets

Property, Plant and Equipment and Intangible Assets held at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value will exceed the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the depreciated replacement costs for the assets. Impairment losses are recognised in the surplus or deficit.

Payables

Short-term payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, deferred and retiring leave (vested

and available to be cashed-in) and sick leave. A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences. A liability and an expense are recognised for bonuses where there is a contractual obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of period in which the employee renders the related service, such as long service leave have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlement information; and
- the present value of the estimated future cash flows.

Sick leave, annual leave, vested long service, retiring, and deferred leave are classified as a current liability. Non-vested long service leave expected to be settled within 12 months of balance date is classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver, the Government Superannuation Fund, the State Sector Retirement Savings Scheme and the NZSO's Tower Superannuation Scheme are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit as incurred.

Defined benefit schemes

NZSO makes employer contributions to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Equity

Equity is measured as the difference between total assets and

total liabilities. There is no basis on which to disaggregate equity and so it is recognised in total as general funds.

Goods and Services Tax (“GST”)

These financial statements are prepared on a GST exclusive basis with the exception of trade receivables and trade creditors which are stated inclusive of GST. The net amount receivable (or payable) in respect of GST is included as part of other receivables (or other payables). The Net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Statement of Cash Flows.

Income Tax

The NZSO is a public authority for the purposes of the Inland Revenue Acts. A public authority is exempt from income tax under the Income Tax Act 2007 and accordingly no provision has been made for Income Tax.

Budget Figures

The budget figures are those approved by the NZSO Board at the beginning of the financial year as disclosed in the Statement of Performance Expectations. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, NZSO has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating useful lives and residual values of property, plant and equipment

At each balance date, the useful lives and residual values of property, plant and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by NZSO, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of

financial position. NZSO minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- asset replacement programs;
- review of second hand market prices for similar assets; and
- analysis of prior asset sales.

NZSO has not made significant changes to past assumptions concerning useful lives and residual values.

Long service leave

Note 8 provides an analysis of the exposure in relation to estimates and uncertainties surrounding long service leave liabilities.

Critical judgements in applying accounting policies

NZSO has exercised the following critical judgements in applying accounting policies:

Leases classification

Determining whether a lease agreement is a finance lease or an operating lease requires judgement as to whether the agreement transfers substantially all the risks and rewards of ownership to NZSO. Judgement is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term, and determining an appropriate discount rate to calculate the present value of the minimum lease payments. Classification as a finance lease means the asset is recognised in the statement of financial position as property, plant and equipment, whereas for an operating lease no such asset is recognised. NZSO has exercised its judgement on the appropriate classification of equipment leases and has determined no lease arrangements are finance leases.

1. REVENUE

OTHER REVENUE	Actual 2017 \$000	Actual 2016 \$000
Sponsorship Revenue and Grants *	1,503	1,849
Recording Revenue and Cost Recoveries	14	103
Foreign exchange gains, excluding derivatives	6	26
Sundry Revenue	279	265
Total Other Revenue	1,802	2,243

* \$712,176 of Sponsorship Revenue and Grants is contra sponsorship (2016: \$805,859). This represents non-cash (or "in-kind") revenue and an equivalent amount is expensed or capitalised when NZSO receives goods and/or services from sponsors or funders. In return, sponsors/funders may receive various benefits from NZSO. Although these are non-cash transactions they may be classified as either exchange or non-exchange transactions for reporting purposes depending on the substance of the specific funding arrangements and the obligation for NZSO to provide benefits in return for the funding. The two major classes of contra sponsorship relate to media advertising agency (36%, 2016: 34%) and concert/rehearsal venue agency (37%, 2016: 20%).

Grants revenue is categorised as non-exchange where there is no obligation in substance associated with the funding provided to NZSO. The majority of this revenue is received by NZSO either as cash from various gaming and community Trusts and Foundations or as non-cash concert/rehearsal venue subsidies from territorial local authorities. Such revenue is generally only obtained on a (non-recurring) application basis and is contained within a single financial year.

Sponsorship revenue is categorised as exchange where there is a substantive obligation associated with the funding provided to NZSO and its value is considered approximately equal. Sponsorship contracts are negotiated between NZSO and the sponsor on arms length commercial terms and the range of services provided to sponsors will differ in type and volume depending on both the amount of sponsorship received and the particular servicing preferences of the sponsor. Sponsorship contracts often span multiple financial years but both the sponsorship revenue and the services provided in return, are usually negotiated for annual cycles and fully delivered within discrete NZSO concert seasons (which correlate with calendar years).

2. PERSONNEL COSTS

	Actual 2017 \$000	Actual 2016 \$000
Salaries and wages *	9,616 **	9,860
ACC Levy	42	40
Contribution to Superannuation Schemes	348	342
Allowances	193	196
Recruitment and Training	180	179
Total personnel costs	10,379	10,617

* As at 31 December 2017, the NZSO has a staff establishment of 118 Full-Time Equivalent employees made up of 28 administration staff and 90 musicians (this was the same as 31 December 2016). At balance date, there were 12 vacancies in the establishment (2016: 15). Of the 12 vacancies, 1 has been recruited as at balance date and begins work in 2018.

** No payments were made to employees in relation to the cessation of employment during 2017 (2016: \$37,072, 1 employee).

3. OTHER EXPENDITURE

	Actual 2017 \$000	Actual 2016 \$000
Direct Expenses from Orchestral activity	6,550	5,718
Occupancy Costs	459	372
Audit Fees for financial statements audit *	63	61
Board Members fees	114	105
Foreign exchange losses, excluding derivatives	4	36
General Operating Costs	1,545	1,560
Total Expenditure	8,735	7,852

* Total fees to Audit New Zealand for financial statements audit. No other services from Audit New Zealand were provided (or charged for) during the year.

4. CASH AND CASH EQUIVALENTS

Cash is held at bank, at call or in fixed term interest bearing deposits:

	Actual 2017 \$000	Actual 2016 \$000
Cash at bank and on hand	1,875	2,231
Term deposits with maturities less than 3 months	1,034	1,000
Total Cash and Cash Equivalents	2,909	3,231

5. TRADE RECEIVABLES AND OTHER RECEIVABLES

As at 31 December 2017 all overdue receivables have been assessed for impairment and irrecoverable amounts. The carrying value of receivables approximates their fair value.

	Actual 2017 \$000	Actual 2016 \$000
TRADE AND OTHER RECEIVABLES		
Gross Trade and Other Receivables	77	136
Less: Provision for Impairment	-	-
Total Trade and Other Receivables *	77	136
 * Represented by:		
Trade Receivables	53	71
Other Receivables	24	65
	77	136

6. PROPERTY, PLANT AND EQUIPMENT / INTANGIBLE ASSETS

PROPERTY, PLANT AND EQUIPMENT

Cost	Leasehold Alterations \$000	Computer Hardware \$000	Studio Equipment \$000	Furniture and Office Equipment \$000	Musical Instruments \$000	Music Library \$000	Capital Work- in-Progress \$000	Total \$000
Balance at 1 January 2016	297	181	496	354	682	617	3	2,630
Balance at 31 December 2016	297	152	519	346	721	624	-	2,659
Balance at 1 January 2017	297	152	519	346	721	624	-	2,659
Additions	-	12	4	6	2	26	-	50
Transfers	-	-	-	-	-	-	-	-
Disposals	-	(2)	(2)	-	(3)	-	-	(7)
Balance at 31 December 2017	297	162	521	352	720	650	-	2,702

Accumulated Depreciation

Balance at 1 January 2016	295	154	352	318	459	-	-	1,578
Balance at 31 December 2016	296	128	381	313	488	-	-	1,606
Balance at 1 January 2017	296	128	381	313	488	-	-	1,606
Depreciation expenses	1	14	27	5	32	-	-	79
Depreciation-Disposals	-	-	(1)	-	(3)	-	-	(4)
Balance at 31 December 2017	297	142	407	318	517	-	-	1,681

Net Book Value

At 1 January 2016	2	27	144	36	223	617	3	1,052
At 31 December 2016	1	24	138	33	233	624	-	1,053
At 31 December 2017	-	20	114	34	203	650	-	1,021

INTANGIBLE ASSETS

	Computer Software	Capital Work-in- Progress	Total
Cost	\$000	\$000	\$000
Balance at 1 January 2016	267	107	374
Balance at 31 December 2016	532	-	532
Balance at 1 January 2017	532	-	532
Additions	-	31	31
Transfers	-	-	-
Disposals	-	-	-
Balance at 31 December 2017	532	31	563

Accumulated Amortisation

Balance at 1 January 2016	244	-	244
Balance at 31 December 2016	302	-	302
Balance at 1 January 2017	302	-	302
Amortisation expenses	96	-	96
Amortisation-Disposals	-	-	-
Balance at 31 December 2017	398	-	398

Net Book Value

At 1 January 2016	23	107	130
At 31 December 2016	230	-	230
At 31 December 2017	134	31	165

There has been no indication of impairment to any item of Property, Plant and Equipment or Intangible Assets.

7. TRADE PAYABLES AND OTHER PAYABLES

	Actual 2017 \$000	Actual 2016 \$000
Payables under exchange transactions		
Trade Creditors	171	316
Revenue in Advance	873	838
Accrued Expenses	132	133
Other Creditors and Payables	25	25
Total Payables under exchange transactions	1,201	1,312
Payables under non-exchange transactions		
PAYE Payable	107	103
GST Payable	51	20
Total Payables under non-exchange transactions	158	123
Total Trade Payables and Other Payables	1,359	1,435

All trade creditors are paid within 30 days as the payment terms used by NZSO are 20th of the month following invoice date. Therefore the carrying value of creditors approximate their fair value.

8. EMPLOYEE ENTITLEMENTS

	Actual 2017 \$000	Actual 2016 \$000
Provision for Employee Entitlements are as follows:		
Current:		
Accrued Salary and Wages	41	41
Annual Leave	752	787
Sick Leave	57	52
Long Service Leave	82	111
Deferred Leave	14	14
Retiring Leave	23	23
	969	1,028
Non-Current:		
Long Service Leave	177	173
Total Employee Entitlements	1,146	1,201

The present value of the term long service leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability. The NZSO has used an actuarial model issued for this purpose by The Treasury, effective for 31 December 2017.

A discount rate of 4.75% (2016: 4.75%) and an inflation factor of 3.10% (2016: 3.00%) were used.

If the discount rate were to differ by 1% from the estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$7,000 higher/lower (2016: \$8,000).

If the salary inflation factor were to differ by 1% from the estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$10,000 higher/lower (2016: \$10,000).

9. FINANCIAL INSTRUMENT CATEGORIES

The carrying amounts of the financial assets and liabilities are as follows:

	Actual 2017 \$000	Actual 2016 \$000
Loans and Receivables		
Cash and cash equivalents	2,909	3,231
Trade Receivables and Other Receivables	77	136
Total Loans and Receivables	2,986	3,367
 Financial Assets at Fair Value through Surplus/(Deficit)	 -	 -
Financial liabilities measured at amortised cost		
Trade Creditors and Other Payables (excluding Revenue in Advance)	486	597
Total financial liabilities measured at amortised cost	486	597
 Financial Liabilities at Fair Value through Surplus / (Deficit)	 -	 -

Fair value hierarchy

Where instruments are recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) - financial instruments with quoted prices for identical instruments in active markets
- Valuation techniques using observable inputs (level 2) - financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) - financial instruments valued using models where one or more significant inputs are not observable.

10. CAPITAL COMMITMENTS AND OPERATING LEASES

The value of non cancellable rental lease commitments to Wellington City Council for the lease of specified areas of the Municipal Offices Building and the Michael Fowler Centre are as follows:

	2017 \$000	2016 \$000
Less than One Year	313	313
Between One and Two Years	313	313
Between Two and Five Years	940	940
Greater than Five Years	2,011	2,324
Total non-cancellable operating lease	3,577	3,890

The lease commitments to Wellington City Council are for 15 years from 1 June 2014 and end on 31 May 2029.

The value of non cancellable rental lease commitments to Rural Women New Zealand for the lease of NZSO's Wellington office space in Crowe Horwath House, Willis Street, Wellington are as follows:

	2017	2016
	\$000	\$000
Less than One Year	141	-
Between One and Two Years	141	-
Between Two and Five Years	200	-
Greater than Five Years	-	-
Total non-cancellable operating lease	482	-

The lease commitments to Rural Women New Zealand are for 4 years from 29 May 2017 and end on 28 May 2021.

The value of non cancellable rental lease commitments to Robt Jones Holdings Limited for the lease of NZSO's Auckland office space in the Southern Cross Building, High Street, Auckland are as follows:

	2017	2016
	\$000	\$000
Less than One Year	12	12
Between One and Two Years	3	12
Between Two and Five Years	-	3
Greater than Five Years	-	-
Total non-cancellable operating lease	15	27

The lease commitments to Robt Jones Holdings Limited are for 3 years from 1 April 2016 and end on 31 March 2019.

At balance date the NZSO had entered into contracts covering fees with various artists and contractors as follows:

	2017	2016
	\$000	\$000
Less than One Year	848	1,191
Between One and Two Years	-	469
Between Two and Five Years	-	-
Greater than Five Years	-	-
Total artists contracts	848	1,660

The NZSO is also committed to an operating lease of musical instruments, payable to The New Zealand Symphony Orchestra Foundation as follows:

	2017	2016
	\$000	\$000
Less than One Year	16	13
Between One and Two Years	15	12
Between Two and Five Years	46	36
Greater than Five Years	70	53
Total musical instruments lease commitments	147	114

The lease period is 15 years from the original lease start date, on an individual instrument basis.

11. CONTINGENCIES

The NZSO has no contingent liabilities (2016: nil).

The NZSO has no contingent assets (2016: nil).

Superannuation schemes

The NZSO is a participating employer in the DBP Contributors Scheme (the Scheme), which is a multi-employer defined benefit scheme. Insufficient information is available to use defined benefit accounting, as it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation.

If the other participating employers ceased to participate in the Scheme, the NZSO could be responsible for any deficit of the Scheme. Similarly, if a number of employers ceased to participate in the Scheme, the NZSO could be responsible for an increased share of any deficit. As at 31 March 2017, the Scheme had a past service surplus of \$7.9 million (6.2% of the liabilities) exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on net assets, but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS25.

The actuary of the Scheme has advised that the employer contributions which were suspended with effect from 1 April 2011 continue to be suspended.

12. RELATED PARTIES

The NZSO is an autonomous crown entity, wholly-owned by the Crown.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect NZSO would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (e.g. Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Related party transactions required to be disclosed

i) NZSO has the use of a violin owned by The Cranfylde Charitable Trust at no cost. The Independent Chair of the NZSO's Audit Committee, Roger Taylor, is also a trustee of The Cranfylde Charitable Trust. The value of this transaction has been recognised at an assessed market value of \$5,000 in the financial statements.

ii) The NZSO transacts with The NZSO Foundation a separate registered charitable trust in which NZSO board members may also be Trustees. Lisa Bates, Daniel Wong and Paul McArthur served as NZSO board members during the year and are current Trustees of The NZSO Foundation. All transactions were carried out on an arm's length basis. Total amounts paid to The NZSO Foundation were \$24,106 (2016: \$23,550) and received were \$562,509 (2016: \$477,269).

13. KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the NZSO. This includes the eight members of the Board, the Chief Executive, Head of Corporate Services, Head of Marketing & Development, Head of Artistic Planning, Head of Orchestra Management and the Concertmaster.

Key management personnel compensation	2017 \$000	2016 \$000
Board Members		
Remuneration	114	105
Full-time equivalent members	0.2	0.2
Strategic Leadership Team		
Remuneration	1,016	1,043
Full-time equivalent members	6.0	6.0
Total key management personnel remuneration	1,130	1,148
Total full-time equivalent personnel	6.2	6.2

The full time for Board members has been determined based on the frequency and length of Board meetings and estimated time for Board members to prepare for meetings.

14. BOARD MEMBER FEES

Board members remuneration received or due and receivable during the year is as follows:	2017 \$000	2016 \$000
D Best (Chair)	24.0	24.0
L Bates ¹	8.0	13.5
P Biggs	13.5	13.5
P Diessl ²	-	8.0
B Holdsworth	13.5	13.5
L Kubiak ³	9.0	-
P McArthur	13.5	13.5
C Murray	13.5	13.5
S Paterson ⁴	5.5	-
D Wong ⁵	13.5	5.5
Total	114.0	105.0

¹ L Bates' term as a board member expired on 31 July 2017.

² P Diessl's term as a board member expired on 31 July 2016.

³ L Kubiak was appointed as a board member effective from 1 April 2017.

⁴ S Paterson was appointed as a board member effective from 1 August 2017.

⁵ D Wong was appointed as a board member effective from 1 August 2016.

15. BOARD AND OFFICERS LIABILITY INSURANCE

The NZSO has arranged policies of "Directors' and Officers' Liability Insurance" which ensures that generally board members and officers will incur no monetary loss to the limit of indemnity of \$5,000,000 for any one claim or in all, as a result of actions undertaken by them as board members or officers.

16. EMPLOYEE INSURANCE

Musical instruments owned by the players and used within the orchestra are subsidised by the NZSO at 40% of the premium under a Material Damage policy.

17. EMPLOYEE REMUNERATION

The number of employees whose remuneration and other benefits was above \$100,000 for the year ended 31 December 2017 within \$10,000 bands are as follows:

	2017	2016
\$100,000 - \$109,999	15	11
\$110,000 - \$119,999	2	1
\$140,000 - \$149,999	-	2
\$150,000 - \$159,999	1	1
\$160,000 - \$169,999	-	1
\$170,000 - \$179,999	1	-
\$190,000 - \$199,999	2	1
\$200,000 - \$209,999	-	1
\$270,000 - \$279,999	1	1

The Chief Executive's remuneration fell within the range \$270,000 to \$279,999 for the 2017 year. In 2016 the Chief Executive's remuneration fell within the same range.

18. EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations of major variations from the NZSO's published budget figures for 2017 are as follows:

Statement of Comprehensive Revenue and Expense

a) Concert Revenue was \$515,000 (17%) lower than budgeted. During the year four concert series' (twenty-six concerts in total) achieved box-office results significantly lower than budgeted. Those concert series' and unfavourable variances were: The Damnation of Faust (2 concerts, \$95,000 variance); Summer Pops with the Modern Maori Quartet (12 concerts, \$110,000 variance); Alexander Shelley Returns (5 concerts, \$75,000 variance), and; Pianomania (7 concerts, \$70,000 variance). As always, the financial success or otherwise of different concert programmes is considered in the planning of future NZSO seasons.

b) Personnel Costs were \$532,000 (5%) lower than budgeted. The favourable variance relates to consistent job vacancies in NZSO throughout the financial year 2017 in both the administration and player establishments. Of the total variance, \$409,000 was related to players and \$123,000 to the administration. Administration vacancies that covered significant periods of the year included Education Manager and Production Manager and for players included Associate Principal Viola, Principal Piccolo, Sub-Principal Horn, Assistant Principal Double-Bass and a number of Section string players. As at the balance date there remained 12 vacancies in the establishment.

Statement of Financial Position

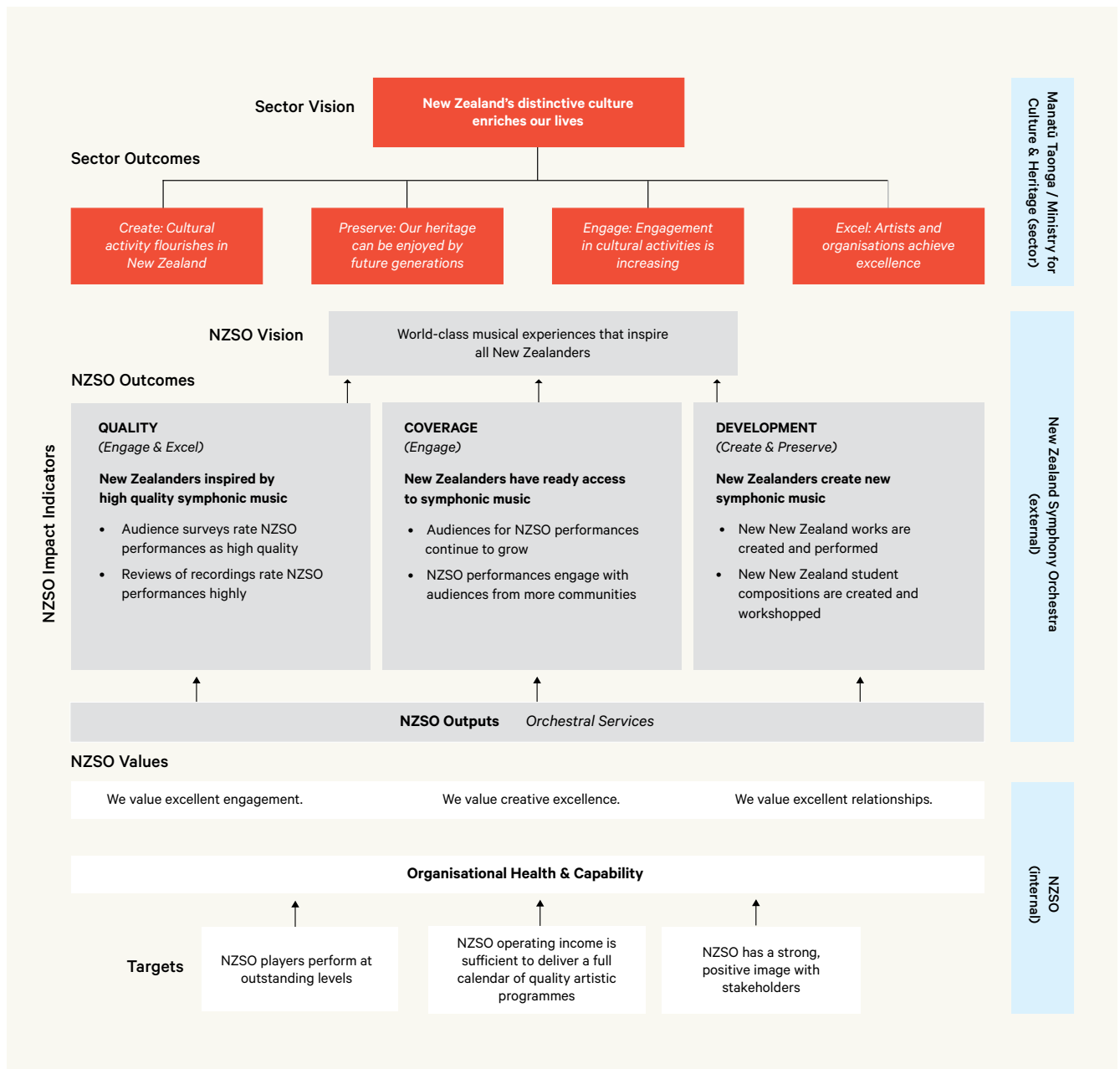
a) The balances of Cash and Cash Equivalents were \$225,000 (7%) lower at year than budgeted. This is largely reflective of the opening cash balance (carried forward from 2016) being lower than budgeted (by \$260,000).

b) Prepayments were \$162,000 greater at year end than budgeted. This variance is largely due to the payment in advance (to Disney Concerts and Walt Disney Music) of production costs for two concerts in March 2018 of *Star Wars: A New Hope*.

19. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date.

PERFORMANCE REPORTING FRAMEWORK 2017



PERFORMANCE REPORTING: IMPACTS AND OUTCOMES

OUTCOME: Quality

New Zealanders inspired by high quality symphonic music

Impact indicator	Impact measure	2017 Actual	2017 Budget	2016 Actual	Target Achievement
Audience surveys rate NZSO performances as high quality	Average grading achieved for quality of performance in surveys of NZSO audiences	9.4/10	9/10	9.2/10	Yes
Reviews of recordings rate NZSO performances highly	Average grading achieved for NZSO recordings released and reviewed	9.5/10	9/10	9/10	Yes

OUTCOME: Coverage

New Zealanders have ready access to symphonic music

Impact indicator	Impact measure	2017 Actual	2017 Budget	2016 Actual	Target Achievement
Audience demand for NZSO performances continues to grow	Total audience attendances for NZSO performances	83,314	101,388	90,232	No, -18,074
NZSO performances engage with audiences from diverse communities	Total number of communities represented in NZSO audiences for live performances	45	35	39	Yes, +10

OUTCOME: Development

New Zealanders create new symphonic music

Impact indicator	Impact measure	2017 Actual	2017 Budget	2016 Actual	Target Achievement
New New Zealand works are created and performed	Number of new New Zealand works performed by NZSO	13*	3	4	Yes, +10
New New Zealand student compositions are created and workshopped	Number of new New Zealand student compositions workshopped by NZSO	10	8	8	Yes, +2

* In 2017, a nationwide New Zealand tour with NZSO and the Modern Māori Quartet featured music written and/or arranged for the tour, generating a greater number (13) of new New Zealand works performed output than in a typical year.

OUTPUT SERVICES REVENUE AND EXPENDITURE

The New Zealand Symphony Orchestra has one output class – Orchestral Services.

	2017 Actual Cost of Service \$000	2017 Budget Cost of Service \$000	2016 Actual Cost of Service \$000
Government Funding	14,646	14,646	14,046
Interest and Sundry Revenue	358	336	370
Overhead Expenses (incl. salaries)	(12,564)	(12,921)	(12,752)
Depreciation and Amortisation	(175)	(168)	(161)
Surplus / (Deficit) before Orchestral Services	2,265	1,893	1,503
ORCHESTRAL SERVICES			
Concert Revenue	2,509	3,024	2,297
Sponsorship Revenue	1,503	1,880	1,849
Other Orchestral Services Revenue	33	29	140
Orchestral Services Expenses	(6,550)	(7,076)	(5,717)
Surplus / (Deficit) from Orchestral Services	(2,505)	(2,143)	(1,431)
Net Surplus / (Deficit) and Total Comprehensive Revenue and Expense	(240)	(250)	72
Government Funding % of Total Income	77%	74%	75%

2017 SERVICE PERFORMANCE SUMMARY

The 2017 year was a challenging but successful one for the NZSO – critically and in terms of service performance. The orchestra celebrated 70 years of performing for all New Zealanders and also met or exceeded 20 of its 24 non-financial performance targets (83%).

CONCERTS AND LIVE PERFORMANCE

There were 80 concerts in 2017 compared with the slightly higher budgeted 86 (an increase over the 77 concerts of 2016). The concerts which were unable to proceed in 2017 included the four planned “Muppets” concerts which are now on-sale in 2018, *The Jim Henson Retrospectacle* with the NZSO in Wellington. In addition, two scheduled education/family concerts of *The Symphonic Boogie* with NZSO scheduled for Christchurch were unable to proceed due to venue and logistical issues. The four concerts in this education tour that did proceed in the North Island in Porirua, Palmerston North and three in greater Auckland were hugely successful – drawing large (or sell-out) audiences and being fantastically well received by the audiences. A broadening of offering in the education, popular/cross-over and traditional genres have led to a very significant increase to 105 performances budgeted for 2018. The core touring season concerts were 67 of the 80 total performances and continue to attract enthusiastic and appreciative audiences around the country. In total the NZSO performed 27 different programmes of music in 2017 exceeding the budgeted target of 25.

COMMUNITIES AND AUDIENCES

Total audience numbers were 83,314 in 2017, which was significantly less than the budget of 101,388. The six concerts which were unable to proceed in 2017 accounted for 6,000 of this difference. During the year, the NZSO audiences came from 45 different communities and the Orchestra visited 16 different New Zealand centres – the same number visited in 2016. It is a significant increase in communities engaged versus 2016 when 35 New Zealand communities were represented. These communities are becoming increasingly diverse, while still maintaining the expectation from the Orchestra Sector Review that the NZSO focuses on providing access to live orchestral music in centres with populations over 50,000. While the audience total for 2017 was disappointing, looking ahead there is strong growth in 2018 with an estimated 111,000 people budgeted to attend an NZSO performance.

EXCELLENCE IN PERFORMANCE

The NZSO continues to be recognised for excellence in performance, with both audiences and critical reviewers’ gradings exceeding 9/10 in 2017, as was the case in 2016 and 2015. Guest artists of the orchestra continue to give an even greater degree of approval with an average 9.8/10.

DIGITAL DISSEMINATION, BROADCASTING AND RECORDING

The NZSO has been innovative in its range of initiatives in 2017, beginning the year with a unique collaboration with content creation company Wrestler to create a virtual reality orchestral experience. The project was one of the first in the world of an orchestra filmed in 360-degree video and sound and from five different camera positions and performing two great classical works. The NZSO has continued to work with RNZ Concert, the official broadcaster, to ensure most of the core touring concerts are broadcast either live or by delayed transmission so an even greater number of New Zealanders can engage with the orchestra no matter where they reside.

ENGAGEMENT AND DEVELOPMENT

The NZSO is committed to the training and development of young and emerging musicians. During the year, it provided many opportunities through the NZSO Youth Orchestra, the NZSO Fellowship Programme, a mentoring programme and NZSO Foundation Master-classes delivered by visiting guest artists. The NZSO continues to work with young composers and in 2017, 8 new New Zealand compositions were workshopped during the Todd Corporation NZSO Young Composer Awards. In addition, two young composers (the NYO Composers-in Residence) had their compositions workshopped and performed during the year with Sir James MacMillan conducting the works with the NZSO NYO. The NZSO’s fellowship programme has continued to grow in 2017 with 8 students participating versus 6 the previous year.

NEW ZEALAND WORKS PERFORMED AND NEW ZEALAND ARTISTS

The number of New Zealand guest artists working with the orchestra continues to grow from 12 two years ago to 13 in 2016 and now 15 in 2017. The orchestra also performed 46 New Zealand works in 2017 against a budget of 18 works. Of this total, 19 were works performed in the 12-concert tour with the Modern Māori Quartet early in 2017. While these concerts and the original New Zealand content were extremely well received by the audiences that attended, the numbers attending were lower than budgeted.

STATEMENT OF PERFORMANCE

New Zealand Symphony Orchestra Act 2004 - s8	Specific Objectives	Outcome	2017 Service Performance Actual	2017 Service Performance Budget	2016 Service Performance Actual
<i>Provide the public of New Zealand with live and recorded performances of symphonic music performed to an international standard</i>	Provide quality live performances throughout the country	Coverage	NZSO presented 80 orchestra concerts during the period.	86 live performances of symphonic music presented throughout New Zealand.	NZSO presented 77 orchestra concerts during the period.
	Undertake recordings for dissemination throughout the country	Coverage	2 new recordings were undertaken during the period including one for New Zealand CD releases and one recording for broadcast.	3 recordings of symphonic music undertaken for dissemination throughout New Zealand.	6 new recordings were undertaken during the period including one international film score, two New Zealand CD releases, one video game recording, one exhibition recording, and one recording for broadcast.
	Performances are of international quality	Quality	Refer performance quality measures on page 43.	Refer separate performance quality measures on page 43.	Refer performance quality measures on page 43.
<i>Provide an orchestra that is highly skilled and artistically imaginative</i>	Provide Professional Development opportunities for existing NZSO musicians	Development	The June Violet Commons Scholarship was awarded to first violinists Donald Armstrong, Anne Loeser, Rebecca Struthers and second violinists Simon Miller, Simeon Broom, Andrew Thomson. First violinist Julia Joyce and violinist Victoria Jaenecke received the Mary Fitzwilliam study award.	4 professional development scholarships or bursaries awarded to NZSO musicians.	The June Violet Commons Scholarship was awarded to first violinists Malavika Gopal, Kristina Zelinska, Anne Loeser, Rebecca Struthers, Haihong Liu and second violinists Simon Miller. Cellist Eleanor Carter, trumpeter Cheryl Hollinger and horn player David Moonan received the Mary Fitzwilliam study award.
	Concert season and recordings include a wide variety of different programmes	Development	NZSO presented concerts and recordings of 27 different programmes during the period.	25 different performance and recording programmes presented.	New measure for 2017.
<i>Provide an orchestra that has strong community support</i>	Live performances reach as many communities as possible	Coverage	The NZSO performed concerts in 16 different centres during the period.	19 different New Zealand communities have live performances.	The NZSO performed concerts in 16 different centres during the period.

New Zealand Symphony Orchestra Act 2004 - s8	Specific Objectives	Outcome	2017 Service Performance Actual	2017 Service Performance Budget	2016 Service Performance Actual
<i>Be a leading New Zealand performing arts organisation with a role in the development of a distinctively New Zealand cultural environment</i>	Provide opportunities for the training and development of young and emerging musicians and collaborate with other arts and cultural organisations	Development	NZSO National Youth Orchestra performed 2 NYO performances, 13 students participated in mentor programmes, 8 students participated in fellowship programmes, 6 master classes were held with NZSO players or guest coaching, providing coaching to students in 5 regional youth orchestra's and 7 collaborative performances with other arts organisations.	2 NZSO National Youth Orchestra performances, 13 students in NZSO mentor programmes, 6 students in NZSO fellowship programmes, 5 master classes with NZSO players or guest artists, 5 New Zealand regional youth orchestras coached and 7 collaborative performances with other arts organisations.	NZSO National Youth Orchestra performed 4 NYO performances, 16 students participated in mentor programmes, 5 students participated in fellowship programmes, 5 master classes were held with NZSO players or guest coaching, provided coaching to students in 5 regional youth orchestra and 4 collaborative performances with other arts organisations.
<i>Promote and encourage New Zealand musical composition and composers</i>	Create workshop opportunities for New Zealand composers	Development	20 compositions were workshopped during the year; 10 compositions during SOUNZ recording in April 2017, 2 compositions during the NZSO National Youth Orchestra performance in July 2017 and 8 compositions during the NZSO/Todd Corporation Young Composer Awards in November 2017.	13 compositions are workshopped.	13 compositions were workshopped during the year; 5 compositions during SOUNZ recording in February 2016, and 8 compositions during the NZSO/Todd Corporation Young Composer Awards in December 2016.
	Profile New Zealand composition in public concerts and recordings	Development	The NZSO played a total of 46 New Zealand compositions in 2017.	18 New Zealand works are performed.	The NZSO played a total of 20 New Zealand compositions in 2016.
<i>Provide performance opportunities for New Zealand musicians, whether as members of the orchestra or as soloists</i>	New Zealand artists regularly perform with the orchestra	Development	In total, 15 different New Zealand artists performed with the NZSO during the period.	10 New Zealand artists perform with the orchestra.	In total, 13 different New Zealand artists performed with the NZSO during the period.
<i>New Zealand Professional Orchestra Sector Review, Final Report, February 2013, recommendation 3</i>	That the orchestra sector is encouraged to establish a leadership body to increase collaboration and provide collective representation with central government funders		NZSO actively participated in an annual report of nationwide orchestral services which was presented to the Ministry for Culture & Heritage and Creative New Zealand. NZSO attended all 2017 meetings of APOA (Association of Professional Orchestras Aotearoa).	Actively participate in the production of an annual report of nationwide orchestral services. Actively participate in regular meetings of APOA (Association of Professional Orchestras Aotearoa).	NZSO actively participated in an annual report of nationwide orchestral services which was presented to the Ministry for Culture & Heritage and Creative New Zealand. NZSO attended all 2016 meetings of APOA (Association of Professional Orchestras Aotearoa).

MEASUREMENT OF QUALITY SERVICE PERFORMANCE

Process	Target	2017 Service Performance Actual	2017 Service Performance Budget	2016 Service Performance Actual
Regular audience surveys are conducted and performance quality is polled.	Audiences recognise NZSO performances are of international quality	In surveys conducted between January and December, 9.4/10 respondents had an overall satisfaction rating at the NZSO concerts they had attended.	Audience surveys rate NZSO performance quality as at least 9/10 .	In surveys conducted between January and December, respondents had an overall 9.2/10 satisfaction rating at the NZSO concerts they had attended.
Independent international reviews of live and recorded performances assess quality of orchestra performance.	International reviewers recognise NZSO performances are of international quality.	All available recording reviews are collated and a summary and ratings are presented to the senior management, Music Director and the Board. On average NZSO reviews have an 9.5/10 satisfaction rating by independent international reviewers.	Reviews of internationally released recordings and where possible live performances, collected and analysed (i) for salient issues, and (ii) statistically for overall quality indicators. At least 9/10 of applicable grading scale achieved on average.	All available recording reviews are collated and a summary and ratings are presented to the senior management, Music Director and the Board. On average NZSO reviews have an 9/10 satisfaction rating by independent international reviewers.
Critical reviews by New Zealand media of live performances assess quality of orchestra performance.	New Zealand reviewers recognise NZSO performances are of international quality.	All media coverage including concert reviews, are collated and accorded a satisfaction / favorability rating on a scale of 1-10. A summary of articles and ratings are presented to the senior management, Music Director and the Board. On average NZSO reviews have an 9.2/10 satisfaction rating	Reviews collected and analysed (i) for salient issues, and (ii) statistically for overall quality indicators. At least 9/10 of applicable satisfaction/favorability scale achieved on average.	All media coverage including concert reviews, are collated and accorded a satisfaction / favorability rating on a scale of 1-10. A summary of articles and ratings are presented to the senior management, Music Director and the Board. On average NZSO reviews have an 9.7/10 satisfaction rating
International artists polled on quality of orchestra and performances ("Exit Polling").	Artists recognise NZSO performances are of international quality	Between January and December 2017, 10 international artists completed exit polling. All rated the orchestra is extremely good or excellent. On average a 9.8/10 satisfaction grading was achieved.	'Exit' polling of guest conductors and soloists about their experience with the orchestra gains at least 9/10 satisfaction.	Between January and December 2016, ten international artists completed exit polling. All rated the orchestra is extremely good or excellent. On average a 9.9/10 satisfaction grading was achieved.



CONCERT GOERS ENJOYED A RICH ARRAY OF MUSIC AND SOLOISTS IN 2017, SUCH AS INTERNATIONALLY RENOWNED VIOLINIST JANINE JANSEN.



2017 WAS ALSO A BUSY YEAR FOR COMMUNITY AND EDUCATION ACTIVITIES.



THE NZSO HOSTED ITS INAUGURAL GALA DINNER AT ST MATTHEW-IN-THE-CITY, AUCKLAND.



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