



Pietari Inkinen Music Director

New Zealand Symphony Orchestra

Te Tira Pūoro o Aotearoa



Annual Report 2010

New Zealand Symphony Orchestra

Te Tira Pūoro o Aotearoa

FOR THE YEAR ENDED 30 JUNE 2010

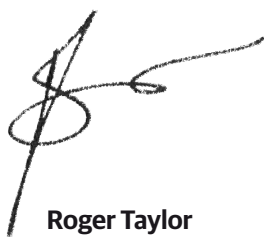


Annual Report 2010

The Board have pleasure in presenting the Annual Report for the New Zealand Symphony Orchestra for the year ended 30 June 2010.



Donald Best
Board Chair
27 August 2010



Roger Taylor
Board Member,
Chair of Audit Committee
27 August 2010

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The Vision

An NZSO proudly supported by New Zealanders as a world class symphony orchestra – the flag-bearer of New Zealand's musical life, nationally and internationally.

The Mission

To enrich the lives of new Zealanders through artistically excellent performances, presented nationally and abroad, by a full-time, full-strength, professional symphony orchestra of international standing.

We Value

EXCELLENCE

in artistry
operations
all aspects of management

ENRICHMENT

through musical experience

EDUCATION

empowering a love for the arts
developing future audiences
nurturing the development of the music profession in New Zealand

THE SYMPHONIC HERITAGE

of great music that speaks directly and powerfully to our audiences

INNOVATION

encouraging a responsiveness to artistically excellent new music

THE ART OF MUSIC

the cultural heritage of all New Zealanders contributing to the health of the nation



Chair's Preface

It is pleasing to report that the year ended with a surplus in excess of \$500,000. This is a very satisfactory outcome for

the year in what was a challenging economic environment. The surplus will add to the capital base of the orchestra, which is minimal given the scale of our operations. A combination of rigorously applied efficiency measures (some of them necessarily one-offs), a sizeable Fringe Benefit Tax refund and successful sales campaigns in the first half of 2010 meant that we consistently tracked ahead of budget. Full credit for this result must go to the Chief Executive and his management team.

The projections for the next twelve months in our Statement of Intent do, however, demonstrate that the NZSO's future financial viability depends on our continuing ability to attract excellent audiences, supported by a stable (or growing) funding base from Government, commercial sponsorship and our nationwide support from charitable and personal giving, as well as maintaining an efficient cost structure.

In November, we completed a *Value for Money Review* as part of the Government's scrutiny of financial performance across the state sector. We welcomed this opportunity to demonstrate that the NZSO is a remarkably efficient organisation. With its establishment of 90 players, the NZSO is New Zealand's only full-size symphony orchestra. Its total budget is half that of the Sydney Symphony (and many times smaller than that of major American Orchestras). With that, we undertake a touring schedule that is remarkable by any standard, giving approximately 100 concerts throughout New Zealand in the course of the year. The VFM Review explored various scenarios for increased efficiency, both internally and across the professional orchestra sector, but the overriding conclusion is that the NZSO is a unique asset for New Zealanders and must be protected for future generations.

The principal objectives and functions of the NZSO are enshrined in the *New Zealand Symphony Orchestra Act (2004)* and these are set out on pages 33 to 35 of this report. It is important that the activities of the NZSO remain true to those principal objectives and functions and that the current review of the orchestral sector in no way diminishes the NZSO's mandate.

We appreciate the deep interest and support of the Minister for Arts, Culture and Heritage, the Hon. Christopher Finlayson, who recognises the quality of the NZSO and supports the NZSO's mission, including its contribution to education.

Our partnerships with sponsors are increasingly important in challenging economic times. We are fortunate in currently having a full complement of principal sponsors who offer substantial support to the Orchestra. Some of these – GPG and the Radio Network, in particular, have been with the NZSO for a long time. I would like to say a special word of thanks here to Tony Gibbs, who stepped down as Managing Director of GPG shortly after the end of the year under review. Tony came to love symphonic music through GPG's association with the NZSO and

he has personally done so much to foster that relationship. We look forward to seeing him and his wife, Val, at our concerts in the coming years.

The quality fit between Audi and the NZSO seems perfect. The sponsorship with Solid Energy has allowed us to extend our vital education programme. Pacific Blue provides great service to the Orchestra and are key partners in the 2010 International Tour. Fairfax Media, with their brands, Sunday Star-Times and NZ House & Garden, are the newest (and very welcome) members of the principal sponsor family.

Circle sponsors, Crowne Plaza Hotels and Resorts, look after our players and our conductors and soloists in Auckland, Wellington, and Christchurch and the Orchestra will be staying in their hotels in virtually every centre that they will visit on our International Tour in October. Our Concerto and Overture level sponsors provide invaluable assistance to the NZSO in a myriad of ways. It is gratifying that Pub Charity has continued to support our work, despite a shift in funding emphasis in the gaming trust sector away from national arts companies. The ongoing support of The Community Trust of Wellington is also much appreciated.

Many individuals have generously helped the Orchestra through donations to the New Zealand Symphony Orchestra Foundation. We record our particular appreciation to the trustees of the Foundation who provide loyal support under the chairmanship of Peter Rowe. The Michael Monaghan Young Musicians Foundation wound up after decades of supporting talented secondary school students. Their remaining funds have been transferred to the NZSO Foundation and will be used to support the NZSO's education programme in ways that are consistent with the original aims of the Trust, which was named in memory of former NZSO violinist, Michael Monaghan. The Mary Fitzwilliam Award, provided by another benefactor, enables us to provide professional development opportunities for one of our players annually, as well as assisting the National Youth Orchestra and making provision for the purchase of instruments. The Wellington Friends of the NZSO, under the leadership of the tireless Valerie Rhodes, has continued to support the work of the Orchestra and are within reach of their target of \$100,000 across the ten years of their existence.

A full list of our sponsors and supporters is set out on pages 42 and 43 of this report.

I took up the position of Chair on 1 August 2009. I would like to thank my predecessor, Diana Fenwick, who had given six years' exemplary service to the board, the last three of these as Chair. I would also like to thank my colleagues on the board who are able, collectively, to place a wealth of experience and skills at the service of the Orchestra.

We have an expert and dedicated management team. I wish to thank our Chief Executive and his colleagues for their energy and dedication.

The NZSO is a great orchestra, arguably the finest orchestra in the southern hemisphere. At the heart of a great orchestra is the quality of its members, a group of players who (led by

our brilliant concertmaster, Vesa-Matti Leppänen) are not just outstanding musicians, but idealists committed to excellence and the development of symphonic music in Aotearoa. The NZSO has such a group of musicians and I thank them for their achievements during the past year.

The post of Music Director is fundamental to the growth and development of an orchestra. Our Music Director, Pietari Inkinen, is phenomenally talented (and is courted by major orchestras in Europe and the United States). He has an unwavering commitment to excellence. I am consequently delighted that we have been able to renew his contract for a further three years through to the end of 2013. I would like to thank Pietari for his commitment to the NZSO. It is exciting to see and hear the Orchestra responding to his long-term vision and we look forward to what I am sure will be an exciting journey under his continuing leadership.

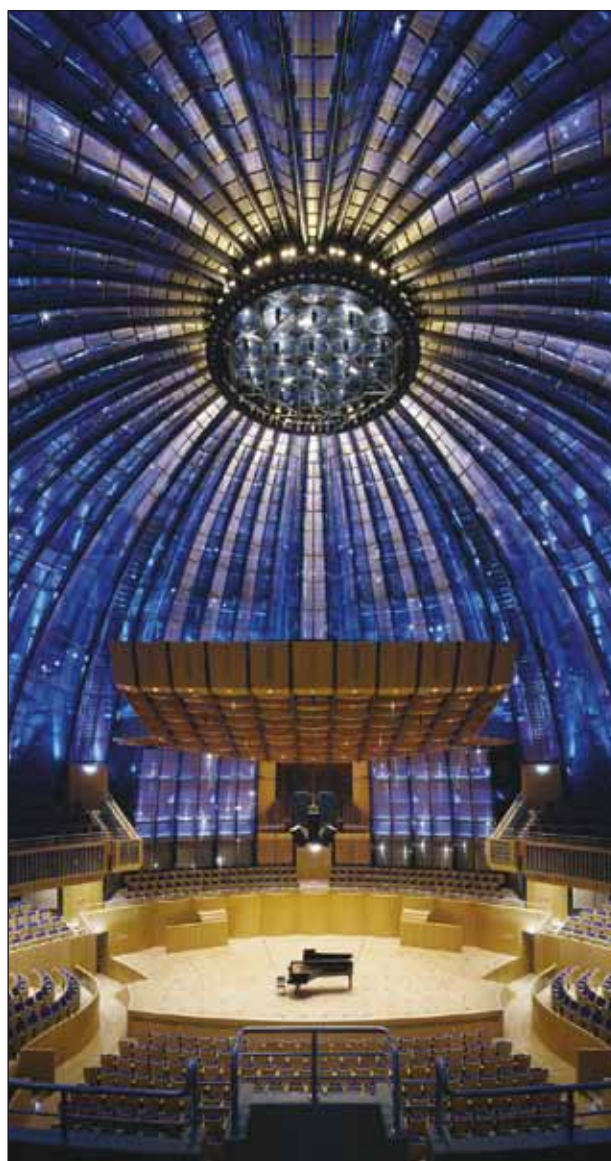
From an artistic perspective, the year ahead looks to be full of excitement and inspiration. Principally, the International Tour in October/November will take the NZSO to some of Europe's greatest concert halls, where they will be measured against the very best. It is important to record that the tour is fully funded from sources which would not be available if the orchestra was to remain in New Zealand during the period of the tour. The Orchestra will earn substantial performance fees for the concerts and there are also significant dedicated sponsorships, in particular, from Pacific Blue who fly the Orchestra and our freight at no cost.

On the financial front we face some real challenges. The 2010-11 financial year is the last in our current triennial funding cycle, which has seen a fixed level of government funding and consequently almost no capacity to move the salaries of management or players. As a responsible employer and to ensure that the organisation remains competitive, both nationally and internationally, we need to work closely with the Ministry for Culture and Heritage to ensure that the Orchestra achieves a level of funding which enables it to continue to fulfill its mission for New Zealanders across the next three-year period.



Donald Best

The year ahead
looks to be full of
excitement and
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The magnificent Tonhalle Düsseldorf, originally built in 1926 as a planetarium then converted to a concert hall during the 1970's, will be the 11th stop of the 2010 International Tour.



Chief Executive's Overview

The 2009/10 year began for the NZSO with the celebrations to mark the 50th anniversary of the National Youth Orchestra.

This year's orchestra gathered in Wellington at the beginning of July to rehearse a programme with English conductor, Paul Daniel, that included Mahler's Symphony No. 7 – a complex work requiring enormous forces and highly developed ensemble skills that would have been unthinkable in 1959. John Hopkins, who founded the National Youth Orchestra, came over from Melbourne to hear the concerts and for an alumni reunion that brought former members from the United States, Britain, and Europe. The anniversary also marked 10 years of support from Denis and Verna Adam through the Adam Foundation.

The National Youth Orchestra is the cornerstone of the NZSO's education programme. The NZSO's extensive education and community programmes are making a valuable contribution to New Zealand life – nurturing the artists of the future and taking music to schools, marae, rest homes and hospitals throughout the country. This year's Schools Concerts have been especially enjoyable, with young Australian conductor Benjamin Northey managing to pitch his explanations at exactly the right level for his audience. The annual NZSO open day at Te Papa on 17 October was enjoyed by families in large numbers, as always. The Orchestra returned to Te Papa in February to present an Italian concert conducted by Kenneth Young.

Audiences for NZSO subscription concerts have been consistently excellent through this year. The slight fall off in numbers that we experienced in the first half of 2009 seemed to reverse early in the new financial year. Over 10,000 New Zealanders heard the Orchestra in a single fortnight at the end of July when English conductor, Mark Wigglesworth, and pianist, Alexander Melnikov, undertook a seven-concert subscription tour that included magnificent performances of Shostakovich's Symphony No. 10.

There were more sell-out concerts in August when the NZSO presented three concerts on successive days in Auckland as "The Zukerman Experience". The "Zukerman Experience" took the form of an Auckland residency – with concerts devoted to Elgar, Brahms, and Beethoven in the Auckland Town Hall (the last of these including a presentation about the Beethoven Violin Concerto given by Pinchas Zukerman and illustrated by the orchestra). Pinchas Zukerman also gave masterclasses (sponsored by the NZSO Foundation) in Wellington and Auckland. The "Zukerman Experience" was made possible through a collaboration between the NZSO and Chamber Music New Zealand. It is hoped that this might provide a model for similar special projects in the future.

Wellington enjoyed a similar mini-festival in September when Music Director, Pietari Inkinen, presented a complete Sibelius symphonic cycle in four concerts (together with some of the tone poems and the Sibelius Violin Concerto, with our Concertmaster, Vesa-Matti Leppänen, as soloist). This Festival was planned to coincide with the final recording sessions for a complete Sibelius Symphony cycle that is to be released internationally on the Naxos label.

The Sibelius Festival dovetailed with a national subscription tour conducted by Pietari Inkinen with cellist, Gautier Capuçon, as soloist and that, in turn, was followed by an extended tour with the legendary Finnish composer/conductor, Leif Segerstam, and Norwegian soprano, Solveig Kringleborn.

The New Zealand International Arts Festival gave Wellingtonians and the many visitors to the city the opportunity to hear the legendary Maestro Vladimir Ashkenazy conduct the NZSO in Mahler's "Symphony of a Thousand". This was a thrilling occasion. This is the NZSO at its best: repertoire that draws on the full resources of our 90-member ensemble and that shows off the brilliance of our superb line-up of section principals. The Michael Fowler Centre had been sold out for weeks, but the Festival arranged a live video relay into Civic Square where upwards of 3000 watched and listened on an uncharacteristically balmy Wellington evening. A few days later, the NZSO gave another Festival concert with tenor soloist, Simon O'Neill, a New Zealander who has taken Europe by storm.

The first subscription tour for 2010 was listed in the March issue of *Gramophone* among "the best events worldwide" for the month of April. It was, in fact, a musical highlight. Pietari Inkinen's performances of Strauss *Metamorphosen* and Bruckner Symphony No. 7 were critically acclaimed and attracted unprecedented numbers of positive letters from audience members. The alternate programme on that tour was even more enthusiastically received, with megastar, Hilary Hahn, performing the Sibelius Violin Concerto and Pietari Inkinen conducting Tchaikovsky's "Pathétique" Symphony to a sold-out house in Auckland and other very large audiences in Wellington, Christchurch and Dunedin. (Hilary Hahn will be a soloist on the Orchestra's international tour in November.)

Between the two Music Director tours, was another that had a focus on New Zealand artists; iconic soprano, Dame Malvina Major, was accompanied by Tecwyn Evans, an Otago-educated conductor who is establishing a fine reputation internationally. The third national subscription tour for the year with conductor Alexander Lazarev and pianist, Freddy Kempf, attracted large audiences throughout the country, including a sold-out house in Auckland on 18 June.

I am pleased to report that the smaller-orchestra, smaller-centres tours (that last year were affected by the loss of gaming trust funding) were reinstated as "The NZSO in Miniature". A very successful inaugural tour under this banner took place early in 2010. Some of the more memorable media coverage of this project included shots of NZSO members performing on the platform of the Arthur's Pass railway station.

Our CDs have continued to attract international attention. At the beginning of the year we learned that one of our recordings of Janacek Orchestral Suites had been "CD of the Week" on *BBC Radio 3* in late June. The same honour was accorded to the NZSO's recording of Beethoven's *Egmont* music conducted by Music Director Emeritus, James Judd, when it was released in March. And then we hit the jackpot! *BBC Radio 3*'s CD of the Week for 1 May was the Simon O'Neill/NZSO "Father and Son" Wagner recording conducted by Pietari Inkinen that we had recorded in September 2009.

Film scoring continues to grow as an element in the NZSO's annual schedule. (Moreover, there is potential for significant further growth once a scoring stage is available.) In the past year, we have recorded the soundtracks for four New Zealand films, with scores by John Psathas, Don McGlashan, Michael Bell and Plan 9. There have been three premieres during the year that benefitted from NZSO scoring: Tom Scott's *Separation City* (in which the Orchestra featured as part of the action as well as on the sound track), Jonathan King's *Under the Mountain* (nominated for 2010 Qantas Media Awards), and Peter Jackson's *The Lovely Bones* (the latter two having scores by Victoria Kelly).

As always, there has been a strong focus on New Zealand music. The highlight, not unexpectedly, was our *Made in New Zealand* Concert (this year entitled "In a New Light"), which took place during New Zealand Music Month. Conducted by Tecwyn Evans, the programme included the world premiere of Ross Harris's Violin Concerto, commissioned by Christopher Marshall specifically for the English violinist, Anthony Marwood. Harris's beautiful song cycle (to poems by Vincent O'Sullivan) *The Floating Bride, The Crimson Village* was also performed (with Jenny Wollerman as soloist). The remainder of the programme featured works by Arnold Trowell (*The Waters of Peneios*, composed in the 1920s), John Psathas, and Claire Cowan. A novel feature of the concert was the use of images by video artist Rob Apierdo (aka D'Nation).

There have been two sets of the rehearsed readings of New Zealand works (two days in September conducted by Benjamin Northey and another pair of days in May conducted by Tecwyn Evans) that we present in conjunction with SOUNZ. The Orchestra also recorded a CD of music by Anthony Ritchie for the Atoll label.

An NZSO commission led to an extended work by Gareth Farr and Rima Te Wiata based on Shakespeare's Sonnets (featuring Rima Te Wiata and Kristian Lavercombe as actor/soloists). These have been presented as education concerts – though adults who managed to get to one of the performances (in Auckland, Wellington or Christchurch) clearly enjoyed the programme, which was also enthusiastically reviewed in *The Listener* and the major dailies.

Some very longstanding members of the Orchestra retired during the year: Vyvyan Yendoll (Section Principal Viola), Ron Jara and Juliana Radaich (both First Violinists), Jane Freed (Second Violin), and Vivien Chisholm (cello). It was very pleasing to see Vivien awarded the MNZM for her services to music in the Queen's Birthday Honours. Peter Dykes and David Moonan joined the NZSO; Peter as Associate Principal Oboe and David as Sub Principal French Horn.

Luke Nestorowicz, as Consultant Director of Marketing, directed our marketing programme for the first part of the year and facilitated the development of our new, and very smart, visual identity. At the end of his contract, we were pleased to welcome Thierry Pannetier as our Marketing Manager.

As our Chair has mentioned in his report, we have, as part of the *Value for Money* exercise, spent some time re-examining the role and efficiency of the NZSO in the 21st century. The NZSO



Thousands were out enjoying the Mahler 8 Live Relay in Wellington's Civic Square as part of the 2010 New Zealand International Arts Festival earlier this year.

is a top-ranked, full-size symphony orchestra that presents concerts in all our main centres, plus a number of smaller cities and towns, on a budget that is less than half that of the Sydney Symphony (who do virtually no domestic touring) and that is dwarfed by the annual operating costs of the major American orchestras. Having the NZSO tour remains a cost effective way of ensuring that superb symphonic music is widely available within New Zealand's unique demography.

Peter Walls
Peter Walls

Governance Statement

Introduction

The NZSO's primary activity is to present live concerts throughout the country. Various subsidiary activities are compatible with this primary business and together they enhance New Zealand's cultural life and provide artistic development and satisfaction for the members of the orchestra.

The NZSO is a Crown Entity and operates under the *New Zealand Symphony Orchestra Act 2004*, which defines the Orchestra's functions and objectives.

Governing Board

The Board is appointed by the Responsible Minister and is comprised of seven 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 in advance at the start of each calendar year.

Remuneration

The remuneration of the various board members is detailed in Note 14 of the financial statements.

Management Delegations & Governance

Within the guidelines of the *New Zealand Symphony Orchestra Act 2004*, the governing 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 Officer (CEO), to do this in the best artistic and commercial interests of the organisation. The CEO's terms and conditions of employment are determined by the Board in consultation with the State Services Commission.

Management

The Senior Management Team meets on a regular basis to discuss various operational and policy issues and is a platform where key functional decisions are made.

The following managers report to the CEO (Peter Walls):

- **Chief Financial Officer (CFO) (James Henry)**
Strategic planning; liaison with the Ministry for Culture and Heritage; all finance issues including budgets & forecasts; information technology.
- **Human Resources Manager (Sarah Glasgow)**
All personnel related issues; performance management; employment contract negotiation; training & recruitment and payroll.
- **Artistic Manager (Melissa King)**
Artists contract negotiations; liaison with international artists and international artist management agencies; management of all other artistic activities.
- **Operations Manager (Heikki Mohell)**
Day-to-day management of the orchestra; venue issues; artist liaison; stage management.

- **Marketing Manager (Thierry Pannetier)**
All Marketing and ticket sales matters; media relationships; customer service.
- **Development Manager (Lisa Ramsell)**
All fundraising matters.

Approval Process

The CEO's expenses are approved by the CFO and later countersigned by the Chair of the Board; The CFO's expenses are approved by the CEO and all other senior managers' expenses are reviewed and approved by the CEO or CFO.

All operational spending is monitored through a budget system which is approved by the Board before the commencement of the financial year. Performance against these budgets is reviewed on a monthly basis by the CFO and CEO and reported to the Board.

Holders of delegated authorities (managers) are responsible to alert the CEO or CFO where it is likely that budget allocations will not be adequate and gain approval for additional funds before commitment is made to incur costs. Where changing, or unforeseen circumstances require unbudgeted expenditure, approval must be gained from the CEO or CFO. If the request for additional funds is seen to be justified and can be accommodated within the total budget result (or variance from the total budget result is less than \$50,000) the additional funds may be approved at the discretion of the CEO or CFO. If such approval would cause the total budget result to deteriorate by an amount greater than \$50,000, the Board will be consulted.

NZSO management work closely with senior staff at the Ministry for Culture and Heritage to ensure that, on the one hand, the Minister for Arts, Culture & Heritage is kept well informed and that, on the other hand, the Orchestra is responsive to government policy as it affects the orchestra's operations.

Remuneration

The Board remuneration is agreed with the Responsible Minister in accordance with government guidelines and the CEO's remuneration is set by the Board after consultation with the State Services Commission. The Senior Management Team's remuneration is set by the CEO in consultation with the Chair of the Board.

Audit Committee

The Audit Committee comprises three non-executive board members, one of whom is appointed as Chair 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. It must also monitor and help in the establishment of sound risk management and internal control systems. The committee meets at least twice a year and any member of the committee, the CEO, the CFO or the external auditors may request a meeting at any time if they consider it necessary.

Personnel and Equal Employment Opportunity Policy

The NZSO adheres to the principles of being a good employer.

Specifically, we strive to provide employees with a safe working environment and we have systems in place to ensure that hazards are identified and their impact minimized. The NZSO has retained its tertiary level requirements for ACC Workplace Management Practices.

The NZSO is committed to providing equality 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 NZSO 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.

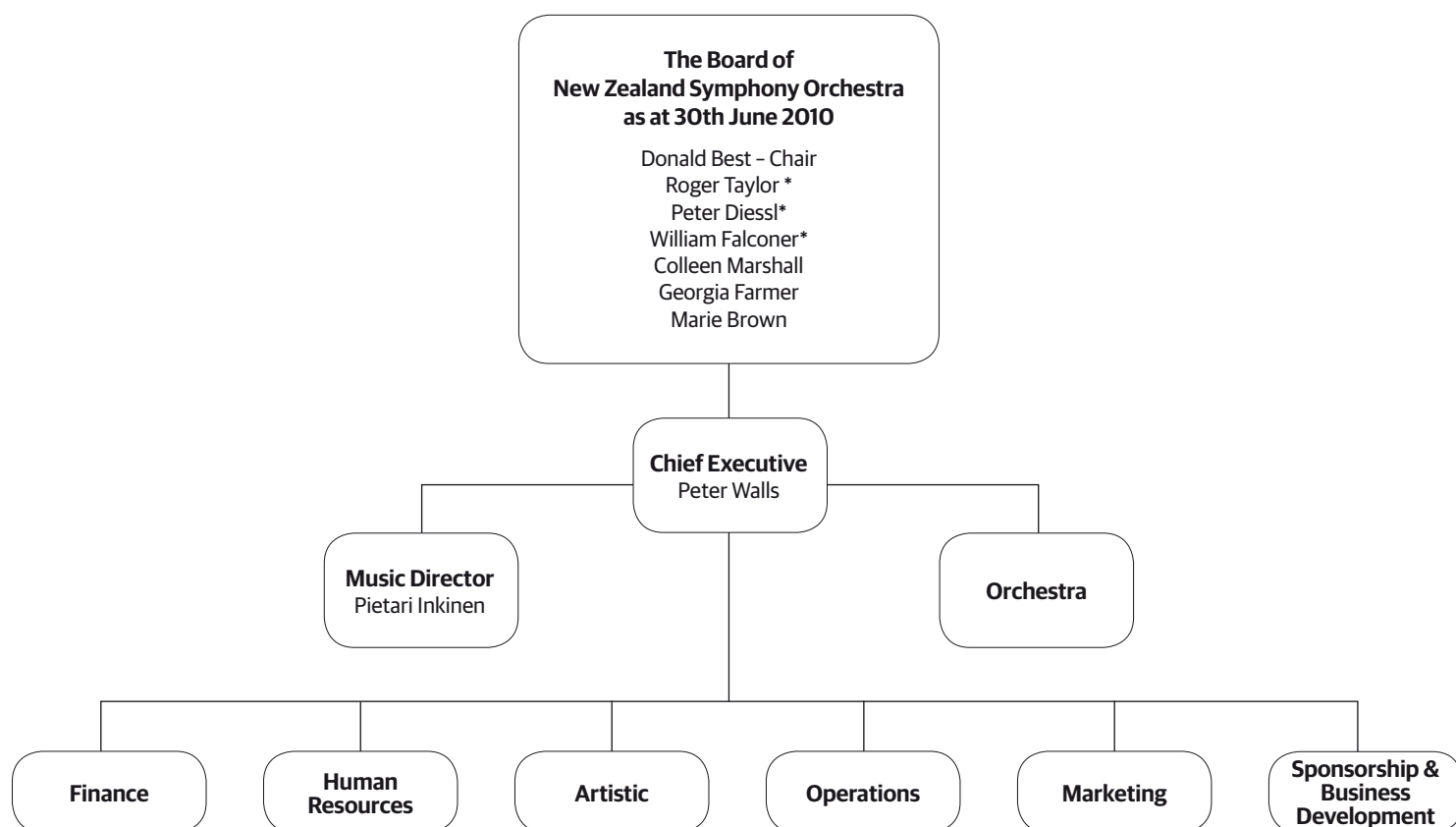
The players and some management staff of the NZSO are employed under collective employment agreements. The NZSO enters negotiations with the Service and Food Workers Union (SFWU) adhering to the principles of good faith bargaining. The NZSO provides fair and reasonable terms and conditions of employment. Many entitlements exceed the statutory minimums as set out in New Zealand legislation.

Management 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). Every year salaries are reviewed and training and development opportunities are accessible to all employees. Study awards and/or Bursaries are awarded to a number of employees. The NZSO has introduced a Professional Development System for players, which continues to be improved.

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.

The NZSO subscribes to the public sector code of conduct. It also notes the government's expectations for pay and employment conditions in the state sector and provides information to the State Services Commission as required. The board of the NZSO consults with the State Services Commission with regards review and remuneration of the Chief Executive.

NZSO Organisation



* Roger Taylor (Chair), Peter Diessl & William Falconer are the members of the NZSO's Audit Committee.

Financial Statements

Statement Of Responsibility


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

The Board and management are 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 and management, the attached financial statements fairly reflect the NZSO's financial position as at 30 June 2010 and the results of its operation, cash flows and service performance for the year ended on that date.



Donald Best
Board Chair
27 August 2010



Roger Taylor
Board Member,
Chair of Audit Committee
27 August 2010

MATTERS RELATING TO THE ELECTRONIC PRESENTATION OF THE AUDITED FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE

This audit report relates to the financial statements and statement of service performance of the New Zealand Symphony Orchestra for the year ended 30 June 2010 included on the New Zealand Symphony Orchestra's website. The New Zealand Symphony Orchestra's board is responsible for the maintenance and integrity of the New Zealand Symphony Orchestra's website. We have not been engaged to report on the integrity of the New Zealand Symphony Orchestra's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website. The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and related audit report dated 27 August 2010 to confirm the information included in the audited financial statements and statement of service performance presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Audit Report

To The Readers Of The New Zealand Symphony Orchestra's Financial Statements And Statement Of Service Performance For The Year Ended 30 June 2010

The Auditor-General is the auditor of the New Zealand Symphony Orchestra. The Auditor General has appointed me, Clare Helm, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements and statement of service performance included in the annual report of the New Zealand Symphony Orchestra for the year ended 30 June 2010.

Unqualified Opinion

In our opinion:

- The financial statements of the New Zealand Symphony Orchestra on pages 14 - 30:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the New Zealand Symphony Orchestra's financial position as at 30 June 2010; and
 - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the New Zealand Symphony Orchestra on pages 31 - 37:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs:
 - its standards of delivery performance achieved, as compared with the forecast standards outlined in the statement of forecast service performance adopted at the start of the financial year; and
 - its actual revenue earned and output expenses incurred, as compared with the forecast revenues and output expenses outlined in the statement of forecast service performance adopted at the start of the financial year.

The audit was completed on 27 August 2010, and is the date at which our opinion is expressed.

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

Basis of Opinion

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

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and statement of service performance did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and statement of service performance. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

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

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

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

Responsibilities of the Board and the Auditor

The Board is responsible for preparing the financial statements and statement of service performance in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the New Zealand Symphony Orchestra as at 30 June 2010 and the results of its operations and cash flows for the year ended on that date. The statement of service performance must fairly reflect, for each class of outputs, the New Zealand Symphony Orchestra's standards of delivery performance achieved and revenue earned and expenses incurred, as compared with the forecast standards, revenue and expenses adopted at the start of the financial year. The Board's responsibilities arise from the *Crown Entities Act 2004* and the *New Zealand Symphony Orchestra Act 2004*.

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you. This responsibility arises from section 15 of the *Public Audit Act 2001* and the *Crown Entities Act 2004*.

Independence

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

Other than the audit, we have no relationship with or interests in the New Zealand Symphony Orchestra.



Clare Helm, Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000
INCOME				
Concert Income		2,009	1,650	1,839
Interest Income		191	135	189
Other Income	1	1,907	1,826	2,889
INCOME EARNED BY THE NZSO		4,107	3,611	4,917
Government Funding	2	13,446	13,446	13,446
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		17,553	17,057	18,363
Less: EXPENDITURE	3	17,042	17,056	18,566
NET SURPLUS/(DEFICIT)		511	1	(203)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000
Net Surplus/(Deficit)	511	1	(203)
Total Comprehensive Income and Expenditure for the Year	511	1	(203)
Opening Balance of Equity	1,620	1,659	1,823
Equity as at 30 June 2010	2,131	1,660	1,620

The accompanying notes and policies on pages 19 to 30 form an integral part of these financial statements.

BALANCE SHEET

AS AT 30 JUNE 2010

	Notes	Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000
Total Equity		2,131	1,660	1,620
CURRENT ASSETS				
Cash & Cash Equivalents	4	3,109	2,762	2,987
Trade Receivables	5	193	150	124
Other Receivables	5	110	100	141
Prepayments		107	94	187
Investments		1,000	-	-
TOTAL CURRENT ASSETS		4,519	3,106	3,439
NON - CURRENT ASSETS				
Property, Plant & Equipment	6	1,423	1,472	1,486
Intangible Assets	6	30	27	34
TOTAL NON - CURRENT ASSETS		1,453	1,499	1,520
TOTAL ASSETS		5,972	4,605	4,959
CURRENT LIABILITIES				
Trade Creditors and Accruals	7	2,636	1,844	2,178
Employee Entitlements	8	946	900	894
Derivative Financial instruments	9	85	-	113
TOTAL CURRENT LIABILITIES		3,667	2,744	3,185
NON - CURRENT LIABILITIES				
Employee Entitlements	8	174	201	154
TOTAL NON - CURRENT LIABILITIES		174	201	154
TOTAL LIABILITIES		3,841	2,945	3,339
NET ASSETS		2,131	1,660	1,620

The accompanying notes and policies on pages 19 to 30 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2010

Notes	Actual	Budget	Actual
	2010	2010	2009
	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	3,851	3,212	3,800
Interest Received	173	135	225
Government Funding	13,446	13,446	13,446
Payments to and on behalf of employees	(9,825)	(10,421)	(9,840)
Payments to Suppliers	(6,315)	(6,307)	(7,813)
Net Goods and Services Tax	(132)	-	9
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,198	65	(173)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sales of Property, Plant & Equipment	-	-	4
Purchases of Property, Plant & Equipment	(58)	(195)	(169)
Purchases of Intangible Assets	(18)	(5)	(10)
Term Deposits > 3 months	(1,000)	-	500
NET CASH FLOWS FROM INVESTING ACTIVITIES	(1,076)	(200)	325
NET INCREASE / (DECREASE) IN CASH HELD	122	(135)	152
ADD: CASH AT BEGINNING OF THE YEAR	2,987	2,897	2,835
CASH AT END OF THE YEAR	3,109	2,762	2,987
Represented by:			
Cash & Cash Equivalents			
Bank	3,109	2,762	2,487
Term Deposits <= 3 months	-	-	500
	3,109	2,762	2,987

The accompanying notes and policies on pages 19 to 30 form an integral part of these financial statements.

RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES WITH NET SURPLUS / (DEFICIT)

FOR THE YEAR ENDED 30 JUNE 2010

Notes	Actual	Budget	Actual
	2010	2010	2009
	\$000	\$000	\$000
NET SURPLUS/(DEFICIT)	511	1	(203)
<i>Add / (Deduct) Non-Cash Items:</i>			
Depreciation & Amortisation	178	189	178
Assets received under sponsorship agreement	(36)	-	-
Net (gains) / losses on derivative financial instruments	(28)	-	132
Changes in Doubtful Debts	(6)	-	18
	619	190	125
<i>Add / (Deduct) Movements in Other Working Capital Items:</i>			
Decrease/(Increase) in Receivables	(2)	55	(108)
Decrease/(Increase) in Prepayments	81	6	19
Increase/(Decrease) in Creditors & Accruals	(94)	(179)	60
Increase/(Decrease) in Leave Provisions	72	22	74
Increase/(Decrease) in Revenue in Advance	632	(29)	(332)
Increase/(Decrease) in PAYE	22	-	(19)
Increase/(Decrease) in Net GST	(132)	-	8
	579	(125)	(298)
NET CASH FLOWS FROM OPERATING ACTIVITIES	1,198	65	(173)

The "Net GST" component of Cash flow from Operating Activities reflects the net amount of GST paid and received with the Inland Revenue Department. This component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

STATEMENT OF COMMITMENTS

AS AT 30 JUNE 2010

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:

	2010 \$000	2009 \$000
Less than One Year	313	307
Between One and Two Years	313	313
Between Two and Five Years	601	914
Greater than Five Years	-	-
TOTAL NON - CANCELLABLE OPERATING LEASE	1,227	1,534

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:

	2010 \$000	2009 \$000
Less than One Year	13	13
Between One and Two Years	13	13
Between Two and Five Years	-	13
Greater than Five Years	-	-
TOTAL NON - CANCELLABLE OPERATING LEASE	26	39

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

	2010 \$000	2009 \$000
Less than One Year	1,296	1,387
Between One and Two Years	458	375
Between Two and Five Years	605	188
Greater than Five Years	-	-
TOTAL ARTISTS CONTRACTS	2,359	1,950

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

	2010 \$000	2009 \$000
Less than One Year	14	12
Between One and Two Years	15	12
Between Two and Five Years	27	26
Greater than Five Years	35	15
TOTAL MUSICAL INSTRUMENTS LEASE COMMITMENTS	91	65

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

The accompanying notes and policies on pages 19 to 30 form an integral part of these financial statements.

Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2010

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity and Statutory Base

The New Zealand Symphony Orchestra (NZSO) was established on 6 April 2004 by the *New Zealand Symphony Orchestra Act 2004*. The NZSO is an autonomous Crown entity for the purposes of Section 7 of the *Crown Entities Act 2004*. The terms of that Act apply to the NZSO except to the extent that the *New Zealand Symphony Orchestra Act 2004* expressly provides otherwise. The NZSO is wholly owned by the Crown and is responsible to the Minister for Arts, Culture and Heritage, Hon. Christopher Finlayson.

NZSO's primary mission is "to enrich the lives of New Zealanders through artistically excellent performances, presented nationally and abroad" and as such the NZSO is a Public Benefit Entity for reporting purposes under New Zealand International Financial Reporting Standards (NZ IFRS).

The financial statements for the NZSO are for the year ended 30 June 2010, and were approved by the Board on 27 August 2010.

BASIS OF PREPARATION

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

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement Base

The general accounting policies recognised as appropriate for the measurement and reporting of the operating results, cash flows and the financial position under the historical cost method have been followed in the preparation of these financial statements, except in the case of derivative financial instruments which are measured at fair value.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the NZSO is New Zealand Dollars.

Standards amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the NZSO are:

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be

adopted for the year ended 30 June 2014. NZSO has not yet assessed the effect of the new standard and expects it will not be early adopted.

Critical accounting estimates and assumptions

In preparing these financial statements the 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:

Property, plant and equipment useful lives and residual value

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

An incorrect estimate of the useful life or residual value will impact the depreciation expense recognised in the Statement of Comprehensive Income, and carrying amount of the asset in the balance sheet.

The NZSO minimises the risk of this estimation uncertainty by:

- physical inspection of assets;
- review of second hand market prices for similar assets where available and appropriate; and
- analysis of prior asset sales.

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

The carrying amounts of property, plant and equipment are disclosed in note 6.

Long service leave

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

SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies which significantly affect the measurement of the operating result and financial positions have been applied.

a) Property, Plant and Equipment

The costs of property, plant and equipment are the value of consideration given to acquire assets and the value of other directly attributable costs which have been incurred in bringing the assets to the location and condition necessary for their intended service. Property, plant and equipment are measured at costs less accumulated depreciation and impairment losses.

b) Depreciation

Depreciation is provided on a straight line (SL) basis on all items of property, plant and equipment at rates calculated to allocate the assets' cost, less estimated residual value, over their estimated useful lives. Leasehold alterations are depreciated over the remaining period of the lease agreement.

Major depreciation rates are:

Leasehold Alterations	15 years	6.67%	SL
Computer Equipment	3 years	33.33%	SL
Studio Equipment	10 years	10.00%	SL
Furniture and Fittings	15 years	6.67%	SL
Musical Instruments – percussion	10 years	10.00%	SL
Musical Instruments – all others	25 years	4.00%	SL
Library – Music Manuscripts	Not depreciated		

c) Intangibles Assets & Amortisation

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 Statement of Comprehensive Income. 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%

d) Impairment of Property, Plant and Equipment and Intangible Assets

Property, Plant and Equipment and Intangible Assets 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 Statement of Comprehensive Income.

e) Debtors and Other Receivables

Debtors and receivables are initially measured at fair value and subsequently measured at amortised cost. All receivables are for less than 12 months and the effect of discounting is immaterial. Allowances for estimated irrecoverable amounts are recognised after reviewing every item of receivables.

f) Creditors and Other Payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. NZSO normally pays its creditors on the 20th of the month following invoice date and all payables are non interest bearing. Consequently, the effect of discounting is immaterial.

g) Currency Conversions

All Foreign currency transactions (including those for which forward exchange contracts are held) are translated into New Zealand dollars using the 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 balance date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

h) 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.

i) Accounting for Non Cash Transactions

The NZSO recognises non-cash transactions in which there is an exchange of goods and services or acquisition of assets. Consideration is valued at the lower of assessed cost or market value. There is usually a nil effect on the net surplus/ (deficit) as transactions of equal value are recorded in both income and expenditure categories.

Where items of property, plant and equipment are provided in non-cash transactions and ownership passes to the NZSO, the full value of the assets is recognised as income and the asset written off by depreciation in accordance with the NZSO's depreciation policy.

j) Financial Instruments

The NZSO is party to financial instrument arrangements including cash and bank, short term investments, trade receivables and creditors and accruals which have been recognised in the Balance Sheet. The NZSO does not hold or issue financial instruments for trading purposes. Income, expenditure and movements in fair value in relation to all financial instruments are recognised in the Statement of Comprehensive Income.

DERIVATIVE FINANCIAL INSTRUMENTS

The NZSO uses derivative financial instruments to reduce its exposure to foreign exchange risk arising from its normal operating activities. These instruments are measured at fair value and movements recognised in the Statement of Comprehensive Income. NZSO has not adopted hedge accounting.

k) Budget Figures

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

The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the NZSO Board for the preparation of these financial statements.

l) Income

The NZSO derives income through the provision of outputs to the Crown, for services to third parties and income from its investments. Such income is recognised when earned and is reported in the financial year to which it relates. Accordingly, income related to future concerts is deferred until the period in which those concerts take place.

Revenue from the crown is received quarterly in advance and is recognised in the quarter the fund relates to.

m) Investments

Investments are initially valued at fair value. After initial recognition investments are measured at amortised cost using the effective interest method.

n) Operating Leases

Operating lease payments, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are charged as expenses in the years in which they are incurred.

o) Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which NZSO invests in as part of its day-to-day cash management. Term deposits with maturity of three months or less are classified as cash and cash equivalents and those greater than three months are classified as investments. Operating activities include cash received from all income sources of the NZSO and records the cash payments made for the supply of goods and services. Investing activities are those activities relating to the acquisition and disposal of non-current assets and investments. Financing activities comprise the change in equity and debt capital structure of NZSO.

p) 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 creditors and accruals.

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.

q) Employee Entitlements

Provision is made in respect of NZSO's liability for Annual Leave, Long Service Leave, Deferred Leave, Retiring Leave and Sick Leave. Annual leave, Retiring Leave and Deferred Leave has been calculated on an actual entitlement basis at current rates of pay. Long Service Leave has been calculated on an actuarial basis. The liability for sick leave has been calculated as the extent to which actual leave taken in the coming year is expected to be greater than the sick leave entitlements earned in the year, based on historic analysis. NZSO's contribution to superannuation schemes are accounted for as defined contribution schemes and are recognised as expenses in the Statement of Comprehensive Income as incurred.

r) Provisions

Provision for future expenses of an uncertain amount and timing are recognised when there exists a present obligation as a result of a past event and it is probable that expenditure

would be required to settle that obligation. Where the effect of discounting is material the amount of expenditure will be the present value of the future expenditure.

s) Changes in Accounting Policies

NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives the NZSO the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The NZSO has decided to adopt this standard for the year ending 30 June 2010, and will prepare a single statement of comprehensive income.

Amendments to NZ IFRS 7 Financial Instruments: Disclosures. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used. A maturity analysis of financial assets is also required to be prepared if this information is necessary to enable users of the financial statements to evaluate the nature and extent of liquidity risk. The transitional provisions of the amendment do not require disclosure of comparative information in the first year of application. The NZSO has elected to disclose comparative information. The required disclosure is made in note 10.

NZ IAS 24 Related Party Disclosures (Revised 2009) replaces NZ IAS 24 Related Party Disclosures (Issued 2004). The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The NZSO has elected to early adopt the revised standard and there is no impact on NZSO's disclosures for 2009 or 2010.

1. OTHER INCOME

	Actual 2010 \$000	Actual 2009 \$000
Sponsorship Income	1,212	2,181*
Radio Broadcast Fee	32	32
Recording Income and Recoveries	154	242
Merchandising Receipts	17	11
Gains on Derivative Financial Instruments	-	52
Fringe Benefit Tax Refunds	227	-
Sundry Income	265	371
TOTAL OTHER INCOME	1,907	2,889

\$606,000 of Sponsorship Income is contra sponsorship (2009: \$564,000). This represents non-cash income and an equivalent amount is expensed or capitalised when NZSO receives goods and/or services from sponsors. In return, sponsors receive various benefits from the NZSO.

* In the 2009 financial year, a total of \$470,000 of sponsorship was related to the NZSO's tour to the Beijing Olympic Festival (in August 2008). In addition, \$250,000 of gaming trust funding was related to NZSO small centre touring. These specific event sponsorships did not recur in 2010.

2. GOVERNMENT FUNDING

Government Funding for the NZSO's ongoing expenditure is provided through Vote: Arts, Culture and Heritage. The funding is remitted to the NZSO under the terms and conditions of a Memorandum of Understanding negotiated each year with the Minister for Arts, Culture and Heritage.

	Actual 2010 \$000	Actual 2009 \$000
Government Funding (GST exclusive)	13,446	13,446
Government Funding (GST inclusive)	15,127	15,127

3. EXPENDITURE

	Actual 2010 \$000	Actual 2009 \$000
Direct Expenses from Orchestral Activity	4,398	6,138
Personnel Costs	9,977	9,940
Occupancy Costs	376	379
Audit Fees for Financial Statements Audit	47	47
Changes in Provision for Doubtful Debts	(6)	17
Depreciation & Amortisation	178	178
Loss on Disposal of Assets	-	-
Board Members fees	106	106
Losses on Derivative Financial Instruments	161	232
General Operating Costs	1,805	1,529
TOTAL EXPENDITURE	17,042	18,566

	Actual 2010 \$000	Actual 2009 \$000
PERSONNEL COSTS		
Salaries & Wages	9,168	9,247
ACC Levy	59	49
Contribution to Superannuation Schemes	325	299
Allowances	201	216
Recruitment & Training	224	129
	9,977	9,940

Payments relating to the cessation of employment totaling \$68,634 for two employees are included in "Salaries & Wages" (2009: \$39,412 for three employees).

4. CASH AND CASH EQUIVALENTS

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

	Actual 2010 \$000	Actual 2009 \$000
Cash at Bank and at Call	3,109	2,487
Fixed Term Deposits < = 3 months	-	500
TOTAL CASH & CASH EQUIVALENTS	3,109	2,987

5. TRADE RECEIVABLES & OTHER RECEIVABLES

As at 30 June 2010 all overdue receivables have been assessed for impairment and irrecoverable amounts.

	Actual 2010 \$000	Actual 2009 \$000
TRADE & OTHER RECEIVABLES		
Current	272	243
Past Due 1 – 30 Days	13	3
Past Due 31 – 90 Days	11	-
Past Due > 90 Days	7	19
TOTAL	303	265

Each and every overdue item is reviewed and debtors contacted when necessary and as at 30th June 2010 it was probable that \$11,250 (Excl. GST) will not be recoverable. A provision for doubtful debts was created for that amount.

"Other Receivables" includes Net GST Receivable of \$29,245 as at 30th June 2010 (In 2009 there was a Net GST Payable reported under "Trade Creditors and Accruals" as shown in Note 7).

6. PROPERTY, PLANT & EQUIPMENT / INTANGIBLE ASSETS

PROPERTY, PLANT & EQUIPMENT	Leasehold Alterations	Computer Equipment	Studio Equipment	Furniture & Fittings	Musical Instrument	Music Library	Capital Work-in-Progress	TOTAL
COST	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2008	768	322	283	360	563	538	3	2,837
Additions	-	20	73	1	63	15	(3)	169
Disposals	-	-	(4)	(5)	(6)	-	-	(15)
Balance at 30 June 2009	768	342	352	356	620	553	-	2,991
Balance at 1 July 2009	768	342	352	356	620	553	-	2,991
Additions	1	13	17	14	37	11	-	93
Disposals	-	(3)	(5)	(1)	-	-	-	(9)
Balance at 30 June 2010	769	352	364	369	657	564	-	3,075
ACCUMULATED DEPRECIATION								
Balance at 1 July 2008	458	291	144	233	232	-	-	1,358
Depreciation Expenses	51	22	23	21	41	-	-	158
Depreciation-Disposals	-	-	(3)	(5)	(3)	-	-	(11)
Balance at 30 June 2009	509	313	164	249	270	-	-	1,505
Balance at 1 July 2009	509	313	164	249	270	-	-	1,505
Depreciation Expenses	52	18	27	20	39	-	-	156
Depreciation-Disposals	-	(3)	(5)	(1)	-	-	-	(9)
Balance at 30 June 2010	561	328	186	268	309	-	-	1,652
NET BOOK VALUE								
At 30 June 2008	310	31	139	127	331	538	3	1,479
At 30 June 2009	259	29	188	107	350	553	-	1,486
At 30 June 2010	208	24	178	101	348	564	-	1,423

INTANGIBLE ASSETS

	Computer Software	Capital Work-in- Progress	TOTAL
COST	\$000	\$000	\$000
Balance at 1 July 2008	172	-	172
Additions	-	10	10
Disposals	-	-	-
Balance at 30 June 2009	172	10	182
Balance at 1 July 2009	172	10	182
Additions	18	-	18
Transfers	6	(6)	-
Disposals	-	-	-
Balance at 30 June 2010	196	4	200
ACCUMULATED DEPRECIATION			
Balance at 1 July 2008	128	-	128
Depreciation Expenses	20	-	20
Depreciation-Disposals	-	-	-
Balance at 30 June 2009	148	-	148
Balance at 1 July 2009	148	-	148
Depreciation Expenses	22	-	22
Depreciation-Disposals	-	-	-
Balance at 30 June 2010	170	-	170
NET BOOK VALUE			
At 30 June 2008	44	-	44
At 30 June 2009	24	10	34
At 30 June 2010	26	4	30

There has been no indication of impairment to any intangible assets during the year.

7. TRADE CREDITORS AND ACCRUALS

	Actual 2010 \$000	Actual 2009 \$000
Revenue in Advance	1,336	703
GST Payable	-	103
PAYE Payable	124	102
Other Creditors and Payables	798	811
Trade Creditors	378	459
TOTAL TRADE CREDITORS AND ACCRUALS	2,636	2,178

All trade creditors are paid within 30 days as the payment terms used by NZSO are 20th of the month following invoice date.

8. EMPLOYEE ENTITLEMENTS

Provision for Employee Entitlements are as follows:

	Actual 2010 \$000	Actual 2009 \$000
CURRENT:		
Annual Leave	739	693
Sick Leave	52	27
Long Service Leave	69	83
Deferred Leave	16	21
Retiring Leave	70	70
	946	894
TERM:		
Long Service Leave	174	154
NET LIABILITY FOR EMPLOYEE ENTITLEMENTS	1,120	1,048

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 on 30 June 2010.

A discount rate of 6% (2009: 6%) and an inflation factor of 3.50% (2009: 2.75%) 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 \$9,000 higher/lower (2009: \$10,000).

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 \$12,000 higher/lower (2009: \$10,000).

9. FINANCIAL INSTRUMENTS

NZSO is party to financial instruments as part of its everyday operations. These include instruments such as cash and bank balances, investments, trade receivables and trade creditors.

MARKET RISK

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. This could particularly impact on the return from investments. The Board do not consider there is any significant exposure to interest rate risk on its investments.

Currency Risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The NZSO has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal operating activities. It is the NZSO's policy to reduce these risks if it is considered prudent, using foreign exchange contracts and foreign currency denominated bank accounts.

The NZSO held bank accounts denominated in foreign currency as at 30 June 2010 totaling \$115,670 (2009: 170,084). Artist contracts with foreign exchange exposure as at 30 June 2010 totalled \$1,631,537 (2009: \$1,203,569). Of this amount, \$503,534 is covered by foreign exchange contracts held by the NZSO as at 30 June 2010 (2009: \$717,619)

These forward exchange contracts have been reported at fair value as at 30 June 2010 and the unrealised losses/gains are

shown in the Statement of Comprehensive Income. The net losses relating to forward exchange contracts for the year ended 30 June 2010 are \$160,606 (2009: \$232,090). This includes unrealised losses of \$85,383 calculated on forward foreign exchange contracts as at 30 June 2010 (2009: \$112,929).

Sensitivity analysis

The NZSO held bank accounts denominated in foreign currency as at 30 June 2010 totaling \$115,670 (2009: \$170,084); consisting of US dollars, Euros, British Pounds and Australian dollars. If the NZ dollar had weakened/strengthened by 10% against these currencies with all other variables held constant, the gain on valuation of these accounts would have been:

- \$10,515 (2009: \$15,462) lower if the NZ dollar had weakened;
- \$12,852 (2009: \$18,898) higher if the NZ dollar had strengthened.

This movement is attributable to the valuation of amounts held in foreign currency accounts as at 30 June 2010.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the NZSO, causing the NZSO to incur a loss.

Financial instruments that potentially subject the NZSO to risk consist of cash and bank, investments and trade receivables. The NZSO invests funds only with registered banks with satisfactory credit ratings. Exposure to any one financial institution is restricted.

The table below analyses the derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the Balance Sheet date to the contractual maturity. The amounts disclosed are the contractual undiscounted cash flows.

2009

Forward Foreign Exchange Contracts

Outflow

Inflow

2010

Forward Foreign Exchange Contracts

Outflow

Inflow

	Less than 6 months \$000	Between 6 months and a year \$000	Greater than 1 year \$000
Forward Foreign Exchange Contracts			
Outflow	718	-	-
Inflow	619	-	-
2010			
Forward Foreign Exchange Contracts			
Outflow	595	-	-
Inflow	485	-	-

Trade creditors and other payables mature within a short period and are non interest bearing.

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

2009

Creditors and Accruals (Note 7)

2010

Creditors and Accruals (Note 7)

	Less than 6 months \$000	Between 6 months and a year \$000	Greater than 1 year \$000
Creditors and Accruals (Note 7)			
	2,178	-	-
2010			
Creditors and Accruals (Note 7)			
	2,636	-	-

Liquidity Risk

Liquidity risk is the risk that the NZSO will encounter difficulty raising liquid funds to meet commitments as they fall due. The cash and bank balances are reviewed on a daily basis.

Fair Values

There were no significant differences between the fair value and carrying amounts of financial instruments shown in the financial statements as at 30 June 2010 or 30 June 2009.

Credit Facilities

The NZSO did not have bank overdraft or other credit facilities as at 30 June 2010 or 30 June 2009.

Letter of Credit

NZSO is party to a Letter of Credit from The National Bank of New Zealand for the sum of \$300,000 to cover payroll direct credits (2009: \$300,000).

10. CATEGORIES OF FINANCIAL ASSETS & LIABILITIES

The carrying amounts of the financial assets & liabilities

	Actual 2010 \$000	Actual 2009 \$000
LOANS & RECEIVABLES		
Cash & cash equivalents	3,109	2,987
Trade & other receivables	303	265
Investments - Term Deposits	1,000	-
	4,412	3,252
FINANCIAL ASSETS AT FAIR VALUE THROUGH STATEMENT OF COMPREHENSIVE INCOME		
Derivative - Forward Exchange contract	-	-
	-	-
FINANCIAL LIABILITIES AT AMORTISED COSTS		
Trade Creditor & Accruals	2,636	2,178
	2,636	2,178
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH INCOME STATEMENT		
Derivative - Forward Exchange contract	85	113
	85	113

FAIR VALUE HIERARCHY DISCLOSURES

NZ IFRS 7 requires financial instruments recognised at fair value to be disclosed according to the following hierarchy:

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

The NZSO has recognised derivative financial instruments at fair value and the derivatives of \$85,383 (2009: \$112,929) above fall under level 2.

11. CONTINGENCIES

The NZSO has no contingent liabilities (In 2009 NZSO had a contingent liability related to an outstanding personal grievance claim).
The NZSO has no contingent assets (2009: nil).

12. RELATED PARTIES

During the year the NZSO transacted with other Government departments and Crown entities. These transactions are carried out on an arms length basis and it is considered that these do not fall within the intended scope of related party disclosures.

- i) NZSO transacted during the year with the New Zealand Symphony Orchestra Foundation Trust, an entity in which NZSO board members, Diana Fenwick and Peter Rowe are trustees. All transactions were carried out on an arms length basis. Total amount paid and payable to the NZSO Foundation \$14,452 (2009: \$11,541).
Received and receivable from Foundation is \$166,146 (2009: \$96,500)
- ii) NZSO has the use of a violin owned by Diessl Investments Limited at no cost. NZSO board member Peter Diessl is also a director of Diessl Investments Limited.
- iii) NZSO has the use of a violin owned by The Cranfylde Charitable Trust at no cost. NZSO board member Roger Taylor is also a Trustee of The Cranfylde Charitable Trust.

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 Board, Chief Executive, Chief Financial Officer, Human Resources Manager, Artistic Manager, Operations Manager, Marketing Manager and the Development Manager.

KEY MANAGEMENT PERSONNEL COMPENSATION

	2010 \$000	2009 \$000
Short Term Employment Benefits	900	1,077
Post Employment Benefits	-	-
Other Long Term Benefits	7	3
Termination Benefits	-	-
	907	1,080

14. BOARD MEMBERS FEES

Board members remuneration received or due and receivable during the year is as follows:

	2010 \$000	2009 \$000
D Best (Chair)	22	-
D Fenwick*	2	24
P Diessl	13.5	13.5
S McCormack	-	1
W Falconer	13.5	13.5
P Rowe**	1	13.5
M J Barrow**	1	13.5
R Taylor	15	15
C Marshall	13.5	12
G Farmer	12	-
M Brown	12	-
TOTAL	106	106

* D Fenwick's term as Chair of the Board expired on 31 July 2009.

** P Rowe's and M J Barrow's term as Board members expired on 31 July 2009.

15. BOARD & 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 annual remuneration and other benefits was above \$100,000 for the year ended 30 June 2010 within \$10,000 bands are as follows:

	2010	2009
\$100,000 - \$109,999	-	2
\$110,000 - \$119,999	2	-
\$120,000 - \$129,999	-	1
\$140,000 - \$149,999	1	-
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	2	1
\$220,000 - \$229,999	1	1

The Chief Executive Officer's remuneration falls within the range \$220,000 to \$229,999.

18. DONATIONS

No donations were made during the year.

19. EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from NZSO's budget figures for 2010 are as follows:

Statement of Comprehensive Income

- The total comprehensive income was greater than budgeted by \$496,000. The most significant variance has been the refund from Inland Revenue of Fringe Benefit Tax paid in earlier financial years. Those refunds and associated interest payments totalled \$260,000.
- The NZSO performed a greater number of concerts than were originally budgeted and the box office results across all performances exceeded budgets by \$359,000 which is attributable to a combination of programming, marketing and an improvement in the New Zealand economy.

Balance Sheet

- Investments in term deposits were greater than budgeted by \$1 million. This was mainly due to investing the income received in advance of the NZSO's October 2010 International Tour.
- Trade Creditors and Accruals were greater than budgeted by \$792,000 which was also mainly due to Revenue in Advance (\$668,000) for the NZSO's International Tour.

Statement Of Objectives and Service Performance

The mission of the New Zealand Symphony Orchestra is:

To enrich the lives of New Zealanders through artistically excellent performances, presented nationally and abroad by a full-time, full-strength professional symphony orchestra of international standing.

Performance Targets

For the year ending 30 June 2010 the NZSO achieved the following results (compared with targets established in the Statement of Intent).

	Actual	Target
	2010	2010
	\$000	\$000
Government Funding	13,446	13,446
General Sponsorship	922	1,049
Other Income	643	366
Overhead Expenses (incl. salaries)	(12,644)	(12,740)
Operating Surplus before Orchestral Activity	2,367	2,121
ORCHESTRAL ACTIVITY		
Concert Income	2,009	1,650
Concert Sponsorship	290	367
Recording Income	86	49
Other Orchestral Activity Income	157	130
Orchestral Activity Expenses	(4,398)	(4,316)
Total Deficit from Orchestral Activity	(1,856)	(2,120)
NET SURPLUS / (DEFICIT)	511	1

Concert Activity

Quantity

The NZSO presented 128 concerts during the year.

Categories

Concerts were presented in the following categories:

	2010	2009
Subscription Concerts	38	44
Education Concerts	76	21
NZSO National Youth Orchestra	3	9
Reduced Sized Orchestra	-	12
International Festival of the Arts	2	-
Auckland Festival	-	3
Special Concerts	9	12
International Tour (China)	-	2
TOTAL	128	103

Location**2010****2009**

Concerts were presented in the following 22 locations:

Alexandra	-	2
Arthurs Pass	1	-
Ashburton	-	1
Auckland	20	20
Blenheim	-	1
Christchurch	11	6
Dunedin	3	5
Gisborne	-	2
Greymouth	2	-
Hamilton	4	7
Hastings	-	2
Huntly	1	-
Invercargill	-	1
Kaikoura	-	1
Kapiti Coast	2	-
Lower Hutt	4	1
Masterton	2	1
Napier	3	9
Nelson	5	-
New Plymouth	3	1
Oamaru	2	-
Palmerston North	1	3
Porirua	2	-
Tauranga	1	1
Te Kuiti	-	1
Timaru	1	-
Twizel	-	1
Upper Hutt	3	-
Waikanae	-	1
Wairarapa	7	-
Wanaka	-	1
Wanganui	-	1
Wellington	48	31
Westport	2	-
Whakatane	-	1
Beijing-China	-	2
TOTAL	128	103

Statement Of Objectives and Service Performance (cont.)

The NZSO's primary activity is to present live concerts throughout the country. Various subsidiary activities are compatible with this primary business and together they enhance New Zealand's cultural life and provide artistic development and satisfaction for the members of the orchestra.

New Zealand Symphony Orchestra Act 2004

- SECTION 8

	SPECIFIC OBJECTIVES	SERVICE TARGET	SERVICE PERFORMANCE
Be a leading New Zealand performing arts organization with a role in the development of a distinctively New Zealand cultural environment.	Ensure that the NZSO's programming includes the best of composition by New Zealanders.	At least two premieres of New Zealand commissioned works. Total NZ compositions played target: 7 to 15	NZSO premiered three NZ compositions and played a total of 29 NZ compositions.
	Develop an education programme that accommodates the cultural and socio-economic diversity and geographical spread of New Zealand society.	The NZSO Education Programme will invest over 180 hours in the development of young New Zealand musicians, composers and conductors. It will provide schools from all parts of New Zealand and all decile ranges with the opportunity to engage with NZSO activity. It will present activities to over 25,000 participants from more than 15 communities. Total schools reached target: 75 to 125.	NZSO invested 176 hours for the development of young New Zealand musicians. 125 schools, 35 communities and a total of 22,311 participants were involved with NZSO education activity. The schools involved were from all 10 deciles.
	Support young musicians through the NZSO National Youth Orchestra.	NZSO players engage with and tutor Youth Orchestra members and the NZSO National Youth Orchestra perform concerts in at least three communities each year.	18 NZSO players tutored National Youth Orchestra members and National Youth Orchestra concerts were performed in Auckland, Christchurch and Wellington.
	Work collaboratively with other performing arts companies in New Zealand.	Collaborate with other performing arts companies where it does not conflict with other NZSO objectives.	This year the NZSO worked with Te Papa on three separate occasions presenting both small group and full orchestral performances. Most notable was our participation in the Italianate concert, in conjunction with the Te Papa <i>A Day in Pompeii</i> exhibition. We worked with the NZIFA to present the Simon O'Neill Wagner Gala and Mahler 8 in March. We worked with Chamber Music NZ to present the NZSO Zukerman Experience which included three concerts in Auckland with the NZSO and enabled a national tour for CMNZ of Zukerman Chamber players and a programme of associated activities included masterclasses in Auckland and Wellington.
		Work with the regional orchestras in the interests of increasing the attendances at all orchestral concerts.	The NZSO makes its concert dates and repertoire available to the regional orchestras as soon as possible in an effort to avoid clashes. Regular meetings are held in particular with the Auckland Philharmonia and Vector Wellington Orchestra to discuss forward planning and repertoire choices. Negotiations are entered into where there are conflicts of date or repertoire.

**New Zealand Symphony
Orchestra Act 2004
- SECTION 8**

	SPECIFIC OBJECTIVES	SERVICE TARGET	SERVICE PERFORMANCE
Provide an orchestra that is highly skilled and artistically imaginative; and	Continue to promote training bursaries and Professional Development opportunities for existing NZSO musicians.	At least two Professional Development bursaries awarded to musicians each year. Recipients report back on performance against objectives set when bursary awarded.	NZSO has funded three Study Awards and Professional Development opportunities. The NZSO Foundation has funded scholarships for two musicians.
	Ensure programmes cover the full range of symphonic repertoire.	Annual programmes include works from the 18th to 21st centuries across all the main symphonic genres.	Subscription programmes and 'special' concerts cover the full range of symphonic repertoire, from 18th century Western European works to 21st century New Zealand commissions. The core repertoire of the NZSO is built around 19th and 20th century masterpieces but many subscription programmes now include at least one contemporary (either NZ or international) item often written for the soloist performing the work.
	Cooperate with New Zealand universities offering advanced level performance tuition in order to encourage and promote the highest standards of orchestral training.	Continuation of NZSO Foundation Masterclasses. At least 15 NZSO principals and senior players engaged as artist teachers at New Zealand universities.	Five NZSO Foundation Masterclasses were conducted during the year and 21 NZSO players are artist teachers at New Zealand universities.
has strong community support.	Be responsive and innovative in our programming to retain and extend our audiences to as wide a cross section of the NZ public as possible.	Total audiences target: 75,000 to 125,000. Total communities reached target : 15 to 25.	128 concerts were performed this year, which attracted total audiences of 82,442. Total communities reached were 22.
	Conduct market research through customer satisfaction surveys to ensure we provide rewarding programmes.	At least 75% satisfaction (very good or better) in surveys conducted.	In a survey conducted in April 2010, 100% of respondents agreed or strongly agreed that they felt engaged by the NZSO performance. In the same survey, all respondents rated between 80%-100% the likelihood that based on their experience they would recommend the NZSO to friends or family.
Provide the public of New Zealand with live and recorded performances of symphonic music performed to an international standard.	Perform quality live concerts throughout New Zealand including a wide variety of programmes.	At least 50 full-orchestra, NZSO promoted performances presented throughout New Zealand, of at least 20 different programmes. Deliver reduced-orchestra performances as financial resources permit. Total performances target: 75 to 125.	NZSO presented 52 full orchestra promoted concerts of 24 different programmes. Reduced-orchestra performances were undertaken as part of education activities. NZSO performed a total of 128 concerts for 2009/2010.
	Work with Radio New Zealand Concert to ensure that as many concerts as possible are broadcast.	At least 12 new NZSO concert performances broadcast nationally.	27 new NZSO concerts were broadcast (live or recorded), during the year by Radio New Zealand Concert.
	Produce high quality music and film recordings, some of which are released and reviewed internationally.	At least six music or film score recordings undertaken.	Six new CD recordings and four film score recordings were undertaken during the year.

New Zealand Symphony Orchestra Act 2004 - SECTION 8

	SPECIFIC OBJECTIVES	SERVICE TARGET	SERVICE PERFORMANCE
Promote and encourage New Zealand musical composition and composers.	Create workshop opportunities for New Zealand composers.	A minimum of two days of rehearsed readings programmed in conjunction with SOUNZ.	Two days of rehearsed and recorded readings of NZ works were undertaken in September 2009 and two in May 2010 in conjunction with SOUNZ.
	Profile New Zealand composition in public concerts and recordings.	Young composer workshop coordinated through our education programme.	Two days of composer workshops involving 12 students were undertaken in August 2009.
		The annual 'Made in NZ' concert presented.	The 'Made in NZ' concert was presented in Wellington in May 2010.
		At least two premieres of New Zealand commissioned works.	NZSO premiered three NZ Compositions.
		Make the Orchestra available for one CD and one film score of New Zealand Music annually without charge for the players' services.	NZSO made the orchestra available for two CDs and one film score of New Zealand Music without charge for players' services.
Provide performance opportunities for New Zealand musicians, whether as members of the Orchestra or as soloists.	Ensure that New Zealand artists perform with the Orchestra as often as possible.	At least 20 New Zealand artists presented with the orchestra annually.	23 New Zealand artists performed with the NZSO during the year.

Measurement of Performance Quality

TARGET	MEASUREMENT	SERVICE PERFORMANCE
Full size orchestra establishment of 90 maintained.	Fewer than 5% vacancies (four positions) exist within the Orchestra's establishment of 90.	The average number of vacancies for 2009/2010 was five. The total number of players that retired or resigned during the year was five and NZSO welcomed two new players. As at 30th June 2010 there were six vacancies in the Orchestra.
Excellent artistic programmes and performances.	Report on reviews/ratings of internationally released recordings. Seek an international review of live performance at least every three years.	Using the same methodology as domestic media comment, international reviews of recordings are collated and rated. In the past year, NZSO recordings have scored in a narrow range between 7 and 9. Major technical performance issues have not been raised in these reviews in the past year
Excellent artistic programme.	Annual statement from the Music Director confirming satisfactory involvement in artistic planning and an assessment of the year's programme.	"I remain closely involved with artistic planning for current and future seasons as well as develop young artist training opportunities as part of NZSO Education Programme. We are continuing to schedule projects and repertoire to develop the orchestra's sound and quality as well ensuring diversity of programmes to reach as many New Zealanders as possible. Our guest conductors and artists remain of the highest international quality and our repertoire includes a mix of some of the most magnificent music written for orchestra as well as some of the most popular. Likewise our soloists celebrate masterpieces written for their instrument." Pietari Inkinen

TARGET	MEASUREMENT	SERVICE PERFORMANCE
NZSO quality equal to that of other 'great' orchestras.	Annual statement from the Music Director assessing NZSO standards.	<p>"The NZSO reputation has grown internationally in the past few years and this is evidenced by the number of international conductors and soloists who approach the NZSO expressing a desire and willingness to come and work with them. The planning of NZSO International tour which takes place in October/November 2010 saw the NZSO receive invitations to perform in the leading concert hall seasons in the world in the company of the undisputed great world orchestras. This is a direct reflection of how highly the standard of the NZSO is perceived internationally and is the result of intensive work undertaken by myself and the Orchestra to continually improve the Orchestra's standard in every area through detailed rehearsing, professional development opportunities for players, recruitment and repertoire choice."</p> <p>Pietari Inkinen</p>
NZSO recognized as an excellent orchestra by international standards.	Informal 'exit' interview carried out with guest conductors and soloists about their satisfaction with the Orchestra. Investigate a formal feedback platform from guest artists.	Informal exit interviews with visiting conductors and soloists are conducted by the CEO and/or Artistic Manager. The musical standard of the NZSO – section by section and as an ensemble, NZSO tour planning and their satisfaction musically and personally are discussed candidly.
The NZSO recruits and retains only musicians of the highest possible caliber.	Statement from the Concertmaster that audition procedures have been rigorous and properly carried out.	<p>"The NZSO's audition and assessment procedures have been carried out according to the high artistic level of the NZSO. All the current musicians of the NZSO are working hard to maintain that level."</p> <p>Vesa-Matti Leppänen</p>
Through identifying professional development needs and aspirations, standards are maintained or enhanced.	Statement from the Concertmaster and Human Resources Manager that professional development procedures have been properly carried out.	Professional Development procedures have been carried out properly and in order to enhance artistic quality of NZSO and individual players. The system includes an individual discussion about performance standards and development needs and opportunities are provided for enhancement of playing performance.
All performances of the NZSO are thoroughly rehearsed to ensure that public performances are of the highest possible standard.	Rehearsal schedules consistent with best international practice.	A minimum of five rehearsals programmed for each subscription concert performance, which is consistent with international practice. Visiting conductors are consulted on rehearsal process and schedule to ensure it meets with international standards.
Assessment of reviews sustains the conviction that the NZSO is operating at a very high level of artistic quality.	Reviews collected and analysed (i) for salient issues, and (ii) statistically for overall quality indicators. (NZSO Concerts)	Continuing the model of previous years, all media coverage, including concert reviews, is collated and accorded a satisfaction/ favorability rating on a scale of 1-10. A summary of articles and the ratings are presented to senior management, Music Director and the Board. The vast majority of NZSO reviews fall between a narrow range of 8 and 9.

TARGET	MEASUREMENT	SERVICE PERFORMANCE
Assessment of reviews sustains the conviction that the NZSO is internationally regarded as achieving a very high level of artistic quality.	Reviews collected and analysed (i) for salient issues, and (ii) statistically for overall quality indicators. (NZSO CDs)	Using the same methodology as domestic media comment, international reviews of recordings are collated and rated. In the past year, NZSO recordings have scored in a narrow range between 7 and 9. Major technical performance issues have not been raised in these reviews in the past year
NZSO recordings compare favourably with the best of what is available internationally.	Number of broadcasts of the NZSO on overseas networks reported.	Ten NZSO recordings were requested or offered by Radio NZ for broadcast on overseas networks.
Major artists continue to be made available to NZSO.	Number of artists successfully contracted and list of agencies reported.	26 high profile international conductors and soloists and 23 NZ artists appeared with the NZSO in the 2009/2010 season including Pietari Inkinen, Vladimir Ashkenazy, Simon O'Neill, Pinchas Zukerman, Leif Segerstam and Alexander Melnikov. World class artists of this kind are represented by leading artists' management companies in Europe and USA including IMG Artists, Intermusica, Kirshbaum Demler, Askonas Holt, and Harrison Parrott. The NZSO continues to work with these leading agencies on a daily basis and their artists regularly appear with the NZSO.
Audiences appreciate NZSO quality.	Surveys carried out and analysed. At least 75% satisfaction (very good or better) in surveys conducted.	In a survey conducted in April 2010, 100% of respondents agreed or strongly agreed that the NZSO performance quality met expectations. In the same survey, all respondents rated between 80%-100% the likelihood that based on their experience they would recommend the NZSO to friends or family.

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Auditor / Audit New Zealand

On behalf of the Controller and Auditor General

Bank / The National Bank of New Zealand, part of ANZ National Bank Limited.

Solicitors / Morrison Kent

NZSO in the news

The NZSO attracts consistent attention from New Zealand's print, broadcast and online media.

From the heavyweight arts pages of the metropolitan newspapers to the rural community press, editors are quick to include reports of NZSO activities, as our comprehensive clippings file attests.

In any given week, news of the NZSO is spread wide. While the *NZ Herald* may run a feature profiling an NZSO tour with an international classical guest star, the *Ruapehu News* will report a trip by local children to an NZSO Education concert.

Media outside the main centres warmly report NZSO visits to local schools or concert-halls as significant cultural events in the lives of their communities. We consider these articles as meaningful and important as NZSO stories reported by the national media or international music press, which we value highly as well.

We take real pride in the interest New Zealanders evidently demonstrate in our work, and the affection they show for their Orchestra.



NZSO in the Community



"NZSO
Concertmaster
Donald Armstrong...
was in for a treat at
Seatoun's Te Kura
Kaupapa Maori o
Nga Mokopuna
School on Monday
when the floating
melodies of his
violin were met with
the beautiful voices
of the whole senior
school."

Dominion Post, Sep 2009

"Being from Invercargill,
we don't get these
opportunities. It's going to be
a hell of a good concert."

Southland Times, Feb 2010



Mini NZSO delights young and old

The musicians were lined up
across the stage which gave
everyone a good view of them
playing. The arrangements, by
Peter Maunder, were extremely
well done with interweaving
melodic lines. Excerpts from

Handel's *Royal*
contrasted with *The*
theme, YMCA and *C*
New Zealand. Introduc
shared by orchestra
who were entertain



"The enthusiastic audience,
especially the many children,
encouraged an encore from the
musicians, and we all went off
humming our special favourites."

Nelson Mail, Mar 2010

"The NZSO in Miniature
is in Oamaru tonight.
NZSO comes to town
as part of its zigzagging
tour of the South
Island...penetrating the
local communities of
mainland New Zealand."

Waitaki Herald, Apr 2010

Small orchestra, big fun

The New Zealand Symphony Orchestra
in Miniature is in Oamaru tonight.

NZSO comes to town as part of its
zigzagging tour of the South Island with
an ensemble of 20 musicians, penetrating
the local communities of mainland New
Zealand.

"Each mus
ture and on
different ins
allowing the
ations involv
ence interact
She said th





The NZSO was also caught up in the [Dunedin Airport bomb] alert. After performing in Dunedin on Wednesday night, the orchestra was due to fly to Auckland...However, the musicians relaxed and entertained the crowd with a spot of music."

New Zealand Herald, Apr 2010



A musical romance with Mother Russia

Berlin-based British pianist Freddy Kempf is in something of a Russian mood when I call him. And I must admit I am too, having fallen under the spell of his new *Prokofiev* album on the BIS label, pairing the popular Third Piano Concerto with the unsparingly virtuosic Second.

over the Third in terms of writing for piano.

"It's a long piece with exciting moments — something up or people. And, because it is tech

"In a major coup, this member of music royalty is in New Zealand playing with the NZSO"

TVNZ One News reporting visit by legendary violinist Pinchas Zukerman, Aug 2009

**NZSO
in the
National
Media**



"The finale [was] an exciting conclusion to a symphony that has the spiritual purity of a great cathedral."

NZ Listener, Apr 2010

"A profound listening experience — throughout the performance the focus of the playing and conducting was palpable, spell-binding in its intensity and brilliance."

Middle C, May 2010

Cellist gives time to teach

SOME people choose the cello, but not New Zealand Symphony Orchestra cellist Robert Ibell.

Ibell wasn't keen on playing the instrument at all but for the intervention of well-known Palmerston North music teacher Viv Bevan.

North teachers' college and a brief stint as a primary teacher, Ibell took off for London and professional training as a cellist.

He's now been a section cellist for the New Zealand Symphony Orchestra for 17 years, and was so



NZSO International



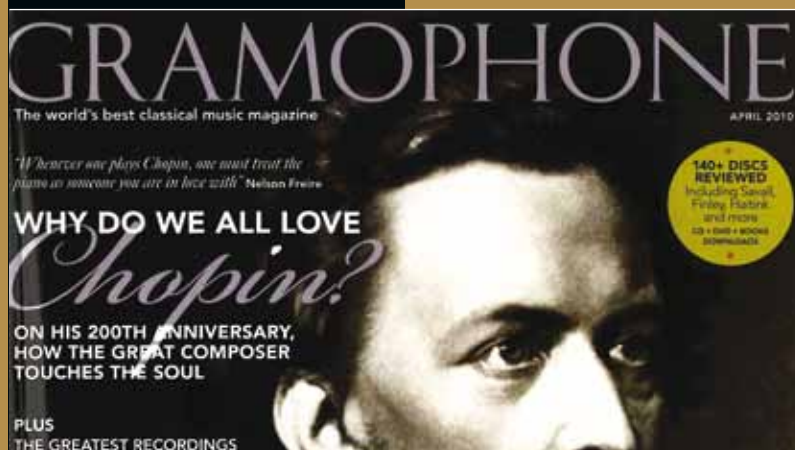
"His delivery of Wagner is thrilling ... He is lavishly supported here by his homeland orchestra under Pietari Inkinen."

BBC Music Magazine awards two sets of five stars to the NZSO "Father & Son" CD featuring Simon O'Neill, Jun 2010



BBC Radio 3: "The New Zealand Symphony Orchestra plays with sensitivity and conviction"

CD Review, May 2010



Gramophone magazine lists Pietari Inkinen and Hilary Hahn with the NZSO as one of its "Best Events Worldwide"

Apr 2010

Leading music to great heights

A young conductor is hitting all the right notes, writes Donna McIntyre

Describe your job.
The most important, of course, is conducting concerts. As music direc-

What skills/characteristics are needed to be a conductor?
Natural musical ability is essential



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2010

