



Pietari Inkinen Music Director

New Zealand Symphony Orchestra

Te Tira Pūoro o Aotearoa



Annual Report 2011

New Zealand Symphony Orchestra

Te Tira Pūoro o Aotearoa

FOR THE YEAR ENDED 30 JUNE 2011



Experience

Glory

with the NZSO



*Image:
EXPERIENCE GLORY
WITH THE NZSO
Malcolm Struthers (bass)
& Robert Orr (oboe) enact
Beethoven's glory of war:
EROICA, while the angelic
Bridget Douglas (flute)
illustrates Mahler's imagined
glory of heaven for the
APOTHEOSIS tour.*

Annual Report 2011

The Board have pleasure in presenting the Annual Report for the New Zealand Symphony Orchestra for the year ended 30 June 2011.

Donald Best
Board Chair
26 August 2011

Roger Taylor
Board Member,
Chair of Audit Committee
26 August 2011

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Colour

Experience

with the NZSO



*Image:
EXPERIENCE COLOUR
WITH THE NZSO
Patrick Barry (clarinet) &
Eleanor Carter (cello) depict
the drama & textural richness
of Spain for the SKETCHES OF
SPAIN tour in September 2011.*

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

"This orchestra need not fear comparison with the very best in Europe."

So wrote the music critic of the *Badische Zeitung* at the beginning of the NZSO's European tour last November. This triumphant tour has served as a potent reminder to New Zealanders that the NZSO enables us all to enjoy live symphonic music played at the very highest level. The timing of this tour - three years after the appointment of Pietari Inkinen as Music Director - was perfect. As many reviewers noted, Maestro Inkinen has brought the Orchestra to an artistic pinnacle.

The tour was - appropriately - supported by a substantial grant from the government's Cultural Diplomacy International Programme. I say "appropriately" because I was able to observe at first hand the way in which the NZSO's concerts presented an image of New Zealand as a culturally sophisticated society that impressed (and even surprised) many Europeans. It was pleasing to see the way in which New Zealand Trade and Enterprise and the Ministry of Foreign Affairs and Trade used selected NZSO concerts as a way of enhancing relationships in each of the countries visited by the Orchestra.

It was particularly pleasing that the Hon Christopher Finlayson, the Minister for Arts, Culture and Heritage, was able to attend the concert in Vienna's fabled Musikverein. The Minister had been a strong advocate for the tour - as he is, in fact, for the NZSO's domestic programme of concerts, recordings and educational activity.

Sponsors played a critical part in the success of the international tour. Most notably, Pacific Blue sponsored our travel and freight. Solid Energy gave substantial support for the Orchestra's visit to the Shanghai World Expo (a prelude to the more extended European itinerary). The Intercontinental Hotels and Resorts Group facilitated our accommodation through the Tour. Our good friend Richard Yan also provided a significant sponsorship of the NZSO's Shanghai visit through Richina (via New Zealand Trade & Enterprise).

Above all, the tour was an artistic triumph. But it was also a logistical and financial success. This \$2.1 million project was completed within the break-even budget (and therefore without any cross subsidy from the funding we apply to our domestic activity). We are also proud that the fees earned by the Orchestra were a major contributor towards covering the costs of the tour.

Our domestic programme, too, has been enormously successful - with excellent (and growing) audiences and, thanks to that, a year-end financial result that is better than projected and a surplus for the second successive year. Subscriptions have risen by 20% for the 2011 season which is a significant achievement given the current economic environment. In total over 145,000 people attended NZSO performances in the 2010/11 year.

Our sponsor partnerships are enormously important. I would like to thank our principal sponsors - Audi, The Radio Network, Pacific Blue, NZ House & Garden and Sunday Star Times, TV33 and Solid Energy - for their ongoing contribution to the NZSO's revenues. GPG stayed with the NZSO through to the end of 2010, completing a proud record of 14 years enlightened support.

The NZSO's supporters programme with its focus on cultural philanthropy (managed in conjunction with the NZSO Foundation) has grown in significance during the past couple of years. The recent report of the Minister's philanthropy taskforce highlights the contribution which private donor support can make to supporting the arts. Thanks to the generosity of our benefactors, we were able to guarantee the viability of the international tour and have acquired assets (mostly much-needed instruments) that enrich the orchestra's performances. Most importantly, an endowment fund is building that will eventually provide the NZSO with a buffer against the vicissitudes of fortune. Of particular note in the current year has been the generosity of Bob and Norma Hudson. For the past few years, Bob and Norma have made an apartment that they owned in Central Wellington available to us for use by guests of the NZSO (often players who are trialling for permanent positions). Earlier this year, they gifted that apartment to the NZSO Foundation. A generous gift of this kind makes a significant contribution towards containing our costs while meeting our obligations to visiting players. The Wellington Friends of the NZSO make a distinctive and valued contribution to our personal giving programme and I would like to record my thanks to them here.

It is now four years since the NZSO's baseline funding was adjusted. While we accept the need for fiscal restraint across the state sector, it is a challenge to absorb rising, externally-driven costs. In the past couple of years it has required considerable ingenuity to sustain an establishment of 90 first-rate players (the minimum number required for an orchestra that would qualify internationally as "full size") while at the same time devising and marketing an artistic programme worthy of such an ensemble. As the gap between NZSO salaries and those of the major Australian orchestras increases, we may face retention and recruitment problems.

For these reasons, the board and management are currently focusing on ways to underpin the future of the orchestra. There is the potential for increased contract earnings through film scoring. For that reason, we see, as a priority, the construction of a permanent rehearsal home for the orchestra - the NZSO Studios - which would also be designed as a recording studio capable of meeting the needs of both the film industry (in other words, a "scoring stage") and other recording opportunities, both of which are currently dependent on the availability of a suitable venue.

The Minister of Finance has recently approved a change recommended by our Minister to shift the NZSO's financial year end from 30 June to 31 December. The rationale for this is that it aligns our planning and delivery of concert seasons with our budget and formal reporting processes. We welcome this change. This, therefore, is the last Annual Report that the NZSO will produce in the middle of the calendar year. We are about to prepare a revised Statement of Intent that will take account of the changed balance date and early next year we will produce a new "Annual" Report that rounds off our reporting cycle through to the end of 2011.

The NZSO comprises a group of outstanding and dedicated musicians. Their abilities and resilience were truly put to the test during the European tour which they responded to with consummate professionalism. Our Music Director, Pietari Inkinen, must be congratulated on the results which he is achieving with the Orchestra. We are indeed fortunate in having a music director of his calibre who is deeply committed to the continuing development

*"One thing is sure: Pietari Inkinen does not lack assurance."
Le Temps, Geneva.*

The NZSO astound audiences in Geneva's stunning Victoria Hall.

of this world class ensemble. Pietari and the NZSO should all feel proud of their outstanding contribution to music in this country and - in this very special year - of what they have done in flying the flag internationally for the outstanding levels of cultural achievement in New Zealand.

The NZSO has a committed and diversely talented management team which has been led by Peter Walls for the past eight and a half years. Peter will complete a period of nine years at the end of 2011. Peter is a musician with a deep commitment to the future of the NZSO who has provided stable and effective management over a long period. His legacy to the NZSO will be more fully acknowledged in next year's Annual Report. He has built up the current management team which his successor will be privileged to inherit. The announcement of a new Chief Executive to succeed Peter will be made in the near future.

I would like to thank my fellow board members for their dedication and commitment to the overall governance of the Orchestra. In particular I would like to place on record the service of Bill Falconer (whose tenure expired in July 2011) having served on the board for eight years. Bill will retain his enormous enthusiasm and respect for the Orchestra and we look forward to seeing him at future concerts.



Donald Best

Maestro Inkinen
has brought the
Orchestra to an
artistic pinnacle.

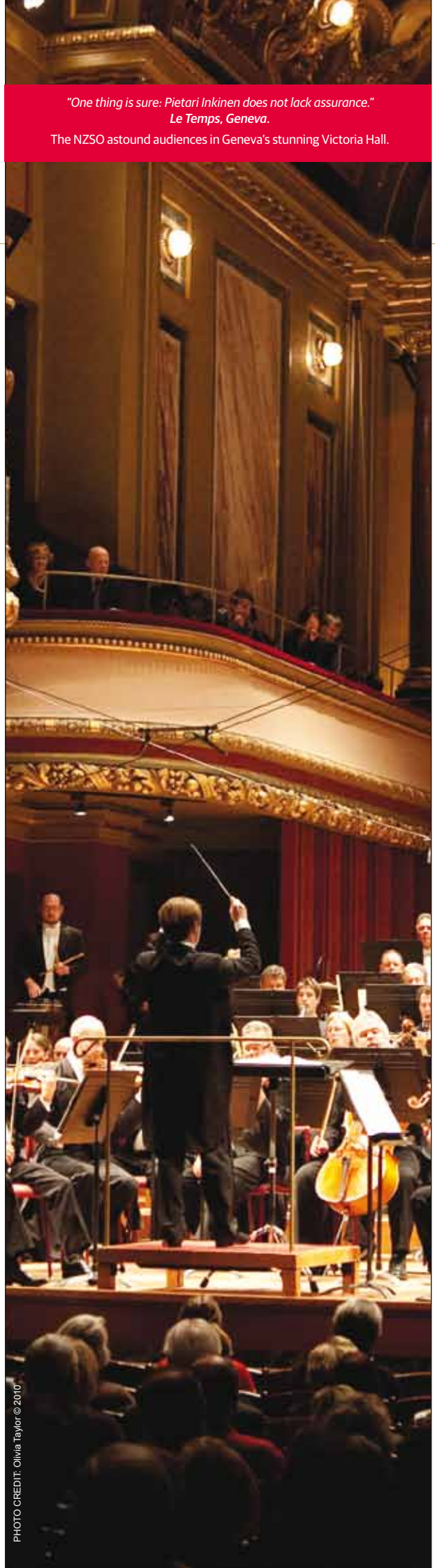


PHOTO CREDIT: Olivia Taylor © 2010



Chief Executive's Overview

In the early hours of 4 September 2010 Christchurch was rocked by a 7.1 magnitude earthquake. Fortunately, nobody was hurt.

Ten days later, the NZSO was due to give a subscription concert in the Christchurch Town Hall. While others concerts were cancelled, we decided to proceed with ours and, moreover, to make it free to Christchurch residents, hoping that that gesture would help lift their spirits. Conductor Alexander Shelley and percussion soloist Colin Currie donated their services. The Town Hall was full to capacity and the audience clearly loved the concert.

Little were we to know that worse was to come. The tragic magnitude 6.3 earthquake in February that claimed 181 lives caused extensive damage to the CBD and it quickly became clear that the Christchurch Town Hall (one of the finest symphonic venues in the country) would be out of commission for an extended period. Our next concert was scheduled for 7 April. Again, we decided to stand by Christchurch music lovers and proceed with a shorter programme (also presented free of charge) at the Aurora Centre at Burnside High School. On this occasion, Music Director Pietari Inkinen, pianist Saleem Abboud Ashkar and soprano Anna Leese donated their services. We invited the Christchurch Symphony Orchestra to share the platform with us that night: an NZSO first half followed by a CSO second half. Once again, there was a capacity audience and we received a great deal of feedback from those who were grateful for the comfort and the sense of optimism that great music can inspire.

What were we then to do about our ongoing commitments to music in Christchurch? V-base, the City Council's venue management company, identified the CBS Canterbury Arena as a space that might be adapted for symphonic use. The Regent Theatre in Palmerston North responded positively to a request from the NZSO to lend their wood-panelled sound shell to the CBS Arena to help focus the sound and this was transported South at no cost by New Zealand Van Lines. Despite further significant aftershocks and the threat of the Chilean volcanic ash cloud disrupting flights, we gave our first concert there on 23 June with Pietari Inkinen conducting. It looks as if the CBS Canterbury Arena will be the NZSO's Christchurch home for quite a while.

The story illustrates our determination to honour a commitment to take high-quality live symphonic music to New Zealand's major cities. We want to do our part to rebuild the cultural life of Christchurch and to contribute to the spiritual wellbeing of its citizens. The NZSO also played for a fundraising concert in aid of Christchurch that was organized by Elizabeth Marvelly at the Bruce Mason Centre on Auckland's North Shore at the beginning of April which raised over \$115,000 for the Earthquake Appeal.

New Zealand's first "super-city" came into being on 1 November 2010. For years we have striven to ensure that Aucklanders were given a rich offering of NZSO programmes. In the 2010-11 year, the NZSO performed 23 concerts in Auckland. For the 2011 Auckland Festival, we presented a concert that focused on some of the major

works of the mid-20th century avant-garde conducted by Music Director Emeritus, James Judd. The centrepiece, Luciano Berio's *Sinfonia*, featured Auckland's own V8 vocal group as soloists (in roles originally written for the Swingle Singers). Thanks to a re-think of our touring patterns, the NZSO will appear in Auckland every month (except January) in 2011.

Hamilton, Napier and Dunedin also receive a generous mix of full-orchestra NZSO subscription programmes. We are able to do this efficiently and at relatively low cost (Hamilton as part of the Auckland-bound leg of a national tour and Dunedin on tours which also take in Christchurch.)

NZSO Soloists

The inaugural tour of the NZSO Soloists' under the artistic direction of our Concertmaster Vesa-Matti Leppänen took place in September. This first tour concentrated on strings, with a varied and original programme that was superbly executed. The next tour, in February, concentrated on woodwind with English oboist Gordon Hunt as guest director. We present NZSO soloists in the main centres because they give audiences an opportunity to savour the virtuosity and musicianship of individual NZSO sections in

repertoire that sits somewhere between chamber and orchestral music. But, thanks to the portability of these ensembles, we are also able to extend our reach to other centres: Invercargill on the first tour, Tauranga and Rotorua on the second. The NZSO Soloists will also visit New Plymouth, Nelson, Ashburton, Timaru and Oamaru later in 2011.

Our woodwind section and horns also presented Mozart's greatest serenade – the *Gran Partita* – at the Adam Chamber Music Festival in Nelson (and Blenheim) in February.

Crossover

This has been a great year for "crossover" projects. In August, the NZSO presented a Rodgers and Hammerstein programme in Auckland and Wellington that was pure fun. In May, we were pleased to feature the young Rotorua singer, Elizabeth Marvelly, on a tour that included a sold-out visit to

her home town. But the highlight of our non-classical activities was performing with Sting in Christchurch and – to an audience of 30,000, at the Mission Vineyard in Hawke's Bay.

NYO and Education

It is appropriate that, with an orchestra of the NZSO's distinction, the primary focus of our education programme should be on the nurturing of the next generation of professional musicians. The most exciting new element in our array of education activities has been the three-day conducting masterclasses taken by Pietari Inkinen. Pietari worked on carefully-chosen repertoire with four talented young conductors, first with two pianos, then with an ensemble of 12 players and finally with the full orchestra.

In August the NZSO National Youth Orchestra enjoyed ten days of intensive work with the Bulgarian conductor, Rossen Milanov (with young Korean/New Zealand pianist Jason Bae as soloist



This year's exciting new conductor masterclasses are testament to the vision and drive Pietari brings to the NZSO's education programme.

in Stravinsky's Concerto for Piano and Wind Instruments). NYO players also had the privilege of a day's workshop in March studying Tchaikovsky's Symphony No. 6 with Pietari Inkinen.

During his tour with the NZSO in September, Colin Currie led a "percussion day" (masterclass, lecture/demonstration and performances) at the New Zealand School of Music. In July, Li-Wei Qin and in May Sébastien Hurtaud gave NZSO Foundation Masterclasses to students studying cello with James Tennant at Waikato University.

The other arm of our Education programme is concerned with inspiring young people to study music and developing audiences for the future. In the course of the year, the full orchestra gave eight schools concerts in six centres. Smaller groups of players constantly visit schools and retirement villages. One special feature of our calendar is the annual visit to Huntly College sponsored by Solid Energy. An evening community concert is followed, the next day, by two performances for school children featuring instrument demonstrations and arrangements (by NZSO Associate Principal Trombone Peter Maunder) of popular tunes for an ensemble of about 20 players.

NZ Music

Our commitment to New Zealand music remains steadfast. First there are the annual fixtures: the NZSO/Todd Corporation Young Composer Awards (a 3-day workshop on new compositions by young composers in September) and the rehearsed readings of New Zealand works presented in conjunction with SOUNZ (two pairs of days in September and May). For the first time since its inception in 2003, we presented our "Made in New Zealand" programme in Auckland as well as Wellington during New Zealand Music Month. Among the New Zealand works performed during the year were several premieres, including Gareth Farr's *Shakespeare Sonnets* and Ross Harris's *Three Pieces for Orchestra* (commissioned by Peter and Kathryn Walls for the European tour). The Orchestra recorded three CDs of New Zealand music: one of music by Jenny McLeod (for Naxos), another of music by Jack Body (also for Naxos), and a third of music by Christopher Blake (for Atoll).

Film scoring and recordings

Meanwhile, three of the four discs in our Sibelius Symphony cycle with Pietari Inkinen have been released and have been receiving accolades in the international press. The *International Record Review* welcomed the first disc in October by writing, "this is a scrupulously-played and artfully-coloured performance (the horn quartet, for instance, is impressively rich). It's also unfailingly attentive to the musical architecture". The *Guardian* critic agreed: "Inkinen seems a conductor of bold, sure-footed intelligence, and on this evidence the New Zealand orchestra is a fine, responsive unit, too." In March 2011, the *Financial Times* raved about Pietari's interpretation of Symphonies 4 and 5 noting, too, that "The orchestra plays magnificently". When the next CD appeared, the same critic wrote that "the third volume of Inkinen's Sibelius cycle with the New Zealand Symphony Orchestra boasts the same sure interpretative instincts, warm-hearted playing and excellent sound as its predecessors". Release of the final CD in the set (together with the boxed collection) is imminent.

At the same time, we have been taking steps to ensure that we keep abreast of the technological developments that suggest that CDs may be obsolescent. The NZSO has been working in conjunction with Radio New Zealand Concert to stream video footage of selected concerts via the NZSO and RNZ websites. The first concert



The 2011 Made in New Zealand concerts featured three world premieres including Anthony Ritche's 30-year-old *A Shakespeare Overture* - well worth the wait.

in a planned video series was the performance of Mahler's Sixth Symphony given in the Auckland Town Hall on 18 June, which was streamed live and then made available as a webcast for six weeks. These concerts will subsequently be available through Naxos Video Library.

Film scoring has become an important element in the NZSO's annual work schedule, not least because it brings with it the potential for revenue that helps sustain other parts of our artistic programme. In recent months, the Orchestra has recorded the soundtrack for a *Cirque du Soleil* 3D film. Other notable recording projects during the year have included recording all the anthems for use at 2011 Rugby World Cup matches.

Concerts

Full orchestra concerts are the heart of the NZSO's annual programme. There have been new developments in the overall shape of our concert schedule. The 2010 season ended with Christmas concerts in Wellington, Auckland, and Christchurch that featured New Zealand soprano Aivale Cole with English conductor Paul Goodwin. (In the light of that experience, we have decided to create two-split orchestra-regional Christmas tours encompassing eleven centres in 2011.)

The Orchestra gave its first full concert for 2011 just three days after returning from annual leave. This was our first Chinese New Year tour with concerts in Wellington, Auckland, and Christchurch featuring two brilliant young Chinese artists, conductor Perry So and violinist Tianwa Yang. Guest conductors on subscription tours during the year have ranged from up-and-coming talents like Alexander Shelley through to the distinguished Polish maestro, Antoni Wit.

The concerts with our Music Director are particularly memorable. In the year under review he has led the Orchestra in two more Mahler Symphonies: No. 5 in July 2010 and No. 6 in June 2011. His repertoire choices are made with one eye on "the NZSO sound". In this respect, the luxuriant performances of Schönberg's *Verklärte Nacht* with full strings stands out. Li-Wei Qin (cello) and Saleem Abboud Ashkar (piano) were soloists on two of Pietari's tours, but in the most recent tour we decided that it was right to focus on Pietari himself. As a parallel programme to Mahler 6, we presented a programme of music by Tchaikovsky, Berlioz and Prokofiev inspired by Shakespeare's *Romeo and Juliet*.

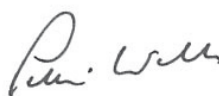
The international tour in October-November demonstrated the strength of the artistic partnership between the NZSO and its Music Director. At the tour's conclusion, we published a full report which is available from the NZSO's website (www.nzso.co.nz). That report documents the full houses, the standing ovations, and the outstanding reviews given for our concerts. The *Frankfurter Allgemeine Zeitung* (the German newspaper with the widest international circulation) summed it up by saying, "Leading the excellent NZSO on this extended European tour is Pietari Inkinen, one of the most exciting conductors of the new generation . . . the musicians are able to realize in sound his precise, artistic gestures."

The pinnacle of the tour was undoubtedly the concert in Vienna's hallowed Musikverein. No New Zealander could have heard that magnificent concert or witnessed the rapturous audience response without feeling immense pride. One abiding memory for me will be the extended lyrical horn solo in the second movement of Tchaikovsky's Symphony No. 5. Our principal horn, Ed Allen, played it like a god, despite having been quite ill with a chest infection.

Ed retired from the NZSO at the end of June after 27 years. In that time, he had an enormous influence on horn playing in this country. Quite a number of professional horn players in New Zealand and abroad studied with him at some time. Robin Perks retired in April after nearly four decades of service in the second violins. In October we welcomed Andrew Joyce as our new Principal Cello and three new violinists joined our ranks during the year: Anna van der Zee, Pam Jiang, and Vanya Mateeva.

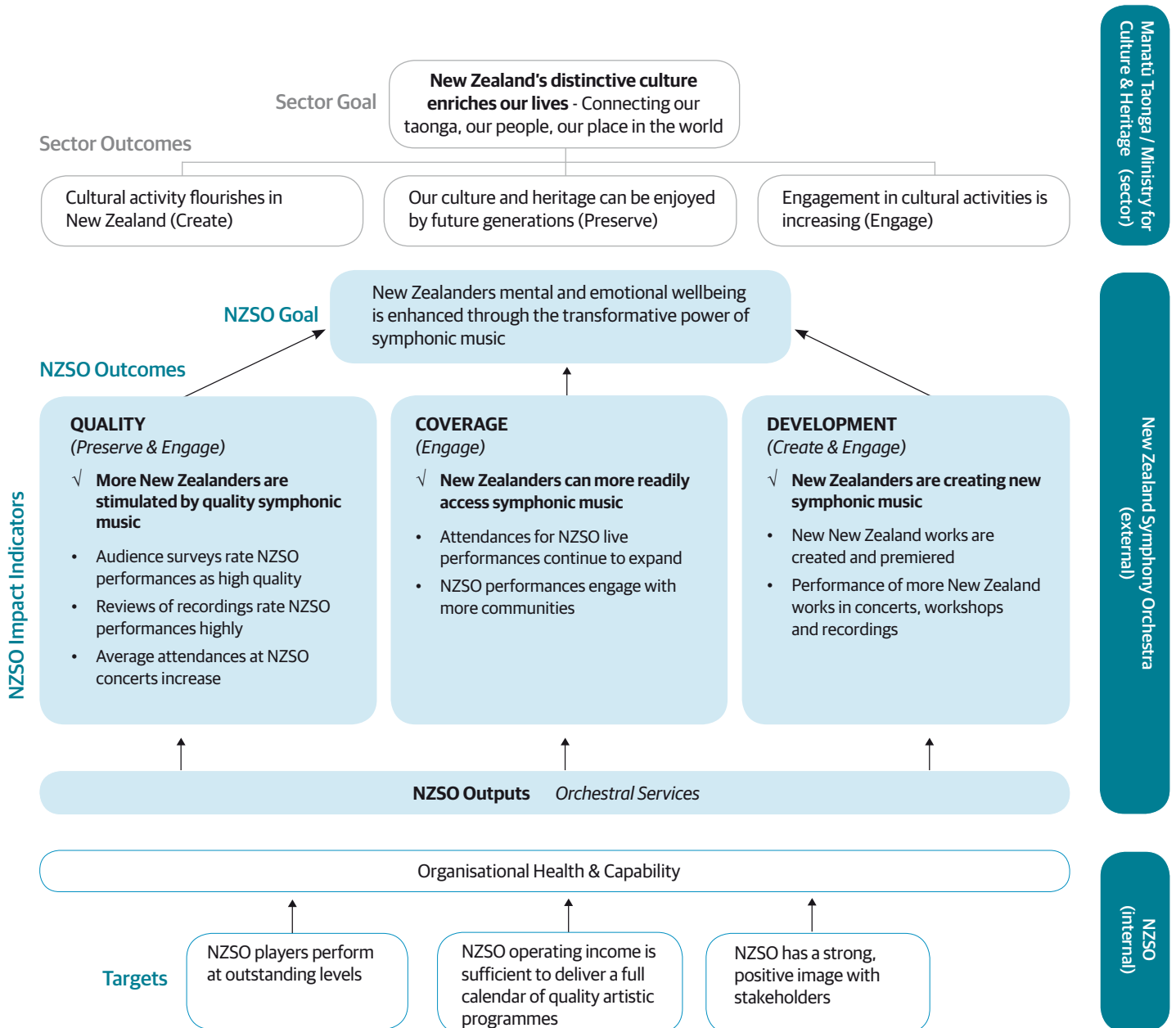
There have been changes in management, too. Our Operations Manager, Heikki Mohell, returned to Australia with his wife, Megan, from our finance team. Jameson Perrine, having qualified as a chartered accountant, moved to a position of greater responsibility. Jameson and Megan have been replaced by Maneesha Cumarasinghe and Janne Natrass. Claire Hewitt began as Development Manager at the beginning of 2011, replacing Lisa Ramsell, who left the NZSO to take up a position with wider responsibilities. Alix Chapman resigned as publicist to devote more time to her family and was replaced by the immensely talented Leah McFall. Eva Prowse from our Artistic Planning Team (and "Fly my Pretties") set off to try her fortunes in London and has been replaced by Sarah Chesney. Shelley Davis, a talented design graduate, has joined the Marketing team.

In the Preface to this Annual Report, our Chair, Donald Best, has paid tribute to the members of this exceptional Orchestra and their Music Director, and to the admirable commitment of my gifted colleagues in management. I would like to record my own praise and thanks here. Many times in the past year, the performances of the NZSO have thrilled me. We are fortunate to have players who combine exceptional talent with a sense of idealism that means that, given inspiring direction from our Music Director, they are always aspiring for the ultimate artistically. They are supported by a management team that I feel immensely proud to be part of. Apart from servicing the NZSO's regular domestic programme, my colleagues applied themselves unsparingly to the enormous challenges of a major international tour. I would wish to conclude this overview by congratulating and thanking all of those who have contributed to a brilliantly successful year.



Peter Walls

Performance Reporting Framework



The NZSO adopted the above non-financial Performance Reporting Framework on 20 June 2011. The three NZSO Outcomes feed positively into the Ministry for Culture & Heritage's sector outcomes under the *Create, Preserve, Engage* headings. While this framework and associated measures have been adopted for financial years ending after 30 June 2011, the impact indicators are equally valid for the year in review. A number of 2010/11 highlights for the above Outcomes are shown below, and a full list of Outcome measures and performance is included in this report on page 39.

Outcome: Quality: More New Zealanders are stimulated by quality symphonic music.
Impact: Average attendances at NZSO concerts increase.

2010/11 audiences total	145,329
Change over past year	↑ 76%
Change over past 3 years	↑ 39%

Outcome: Coverage: New Zealanders can more readily access symphonic music.
Impact: NZSO performances engage with more communities.

2010/11 communities reached total	26
Change over past year	↑ 18%
Change over past 3 years	↑ 37%

Outcome: Development: New Zealanders are creating new symphonic music.
Impact: Performance of more New Zealand works in concerts, workshops and recordings.

2010/11 NZ works performed total	42
Change over past year	↑ 45%
Change over past 3 years	↑ 31%

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.

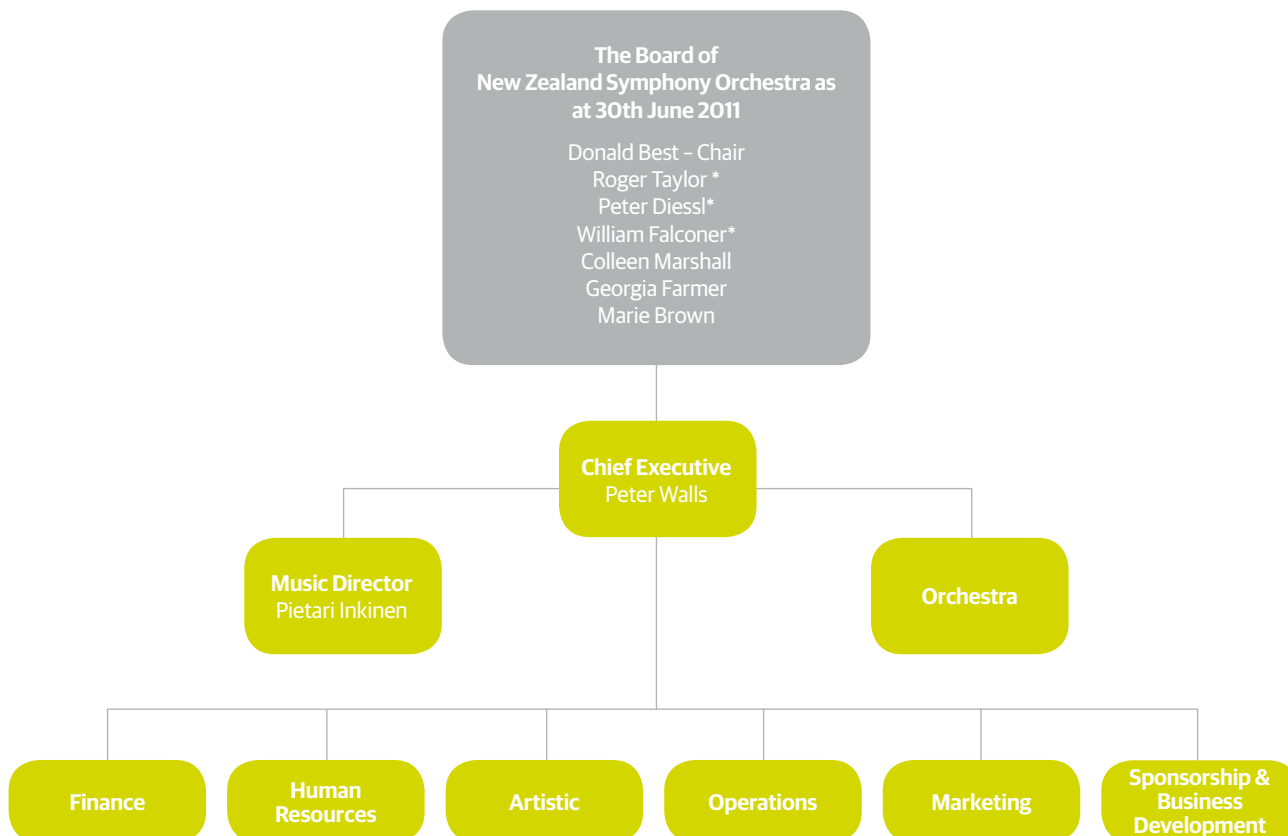
The players and some management staff of the NZSO are employed under collective employment agreements. The NZSO enters negotiations with the Service and Food Workers Union (SFWU) adhering to the principles of good faith bargaining. The NZSO provides fair and reasonable terms and conditions of employment.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

Management positions are formally evaluated so that salaries remain competitive with the NZ 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 as at 30th June 2011.

Financial Statements

Statement Of Responsibility

The Board and management of 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 2011 and the results of its operation and service performance for the year ended on that date.



Donald Best
Board Chair
26 August 2011



Roger Taylor
Board Member,
Chair of Audit Committee
26 August 2011

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 (NZSO) for the year ended 30 June 2011 included on the NZSO's website. The Board members of NZSO are responsible for the maintenance and integrity of the NZSO's website. We have not been engaged to report on the integrity of the NZSO'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 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 as well as the related audit report dated 26 August 2011 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.



Independent Auditor's Report

To The Readers Of The New Zealand Symphony Orchestra's Financial Statements And Statement Of Service Performance For The Year Ended 30 June 2011

The Auditor-General is the auditor of the New Zealand Symphony Orchestra (NZSO). The Auditor-General has appointed me, Clare Helm, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and statement of service performance of the NZSO on her behalf.

We have audited:

- the financial statements of the NZSO on pages 16 to 32, that comprise the balance sheet as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the NZSO on pages 33 to 38.

Opinion

In our opinion:

- The financial statements of the NZSO on pages 16 - 32:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect the NZSO's:
 - financial position as at 30 June 2011; and
 - financial performance and cash flows for the year ended on that date.
- The statement of service performance of the NZSO on pages 33 - 38:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects for each class of outputs for the year ended 30 June 2011, the NZSO's:
 - service performance compared with the forecasts in the statement of forecast service performance for the financial year; and
 - actual revenue and output expenses compared with the forecasts in the statement of forecast service performance at the start of the financial year.

Our audit was completed on 26 August 2011. This 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 our responsibilities and we explain our independence.

Basis of Opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

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.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected

depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the NZSO's preparation of the financial statements and statement of service performance that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the NZSO's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board

The Board is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- fairly reflect the NZSO's financial position, financial performance and cash flows; and
- fairly reflect its service performance.

The Board is also responsible for such internal control as is determined necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our 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 NZSO.



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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
INCOME				
Concert Income		2,429	2,279	2,009
Interest Income		183	142	191
Other Income	1	2,950	3,206	1,907
INCOME EARNED BY THE NZSO		5,562	5,627	4,107
Government Funding	2	13,446	13,446	13,446
TOTAL INCOME		19,008	19,073	17,553
Less: TOTAL EXPENDITURE	3	18,939	19,233	17,042
NET SURPLUS/(DEFICIT) & TOTAL COMPREHENSIVE INCOME		69	(160)	511

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Net Surplus/(Deficit)	69	(160)	511
Total Comprehensive Income for the Year	69	(160)	511
Opening Balance of Equity	2,131	1,995	1,620
Balance as at 30 June	2,200	1,835	2,131

The accompanying notes and policies on pages 21 to 32 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Notes	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Total Equity		2,200	1,835	2,131
CURRENT ASSETS				
Cash & Cash Equivalents	4	4,109	1,939	3,109
Trade Receivables	5	191	150	193
Other Receivables	5	85	100	110
Prepayments		200	174	107
Investments		-	1,000	1,000
TOTAL CURRENT ASSETS		4,585	3,363	4,519
NON - CURRENT ASSETS				
Property, Plant & Equipment	6	1,336	1,412	1,423
Intangible Assets	6	13	61	30
TOTAL NON - CURRENT ASSETS		1,349	1,473	1,453
TOTAL ASSETS		5,934	4,836	5,972
CURRENT LIABILITIES				
Trade Creditors and Accruals	7	2,416	1,923	2,636
Employee Entitlements	8	1,126	930	946
Derivative Financial instruments	9	3	-	85
TOTAL CURRENT LIABILITIES		3,545	2,853	3,667
NON - CURRENT LIABILITIES				
Employee Entitlements	8	189	148	174
TOTAL NON - CURRENT LIABILITIES		189	148	174
TOTAL LIABILITIES		3,734	3,001	3,841
NET ASSETS		2,200	1,835	2,131

The accompanying notes and policies on pages 21 to 32 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

Notes	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	4,224	4,104	3,851
Interest Received	201	142	173
Government Funding	13,446	13,446	13,446
Payments to and on behalf of employees	(10,029)	(10,321)	(9,825)
Payments to Suppliers	(7,733)	(7,835)	(6,315)
Net Goods and Services Tax	(35)	-	(132)
NET CASH FLOWS FROM OPERATING ACTIVITIES	74	(464)	1,198
CASH FLOWS FROM INVESTING ACTIVITIES			
Sales of Property, Plant & Equipment	-	-	-
Purchases of Property, Plant & Equipment	(74)	(176)	(58)
Purchases of Intangible Assets	-	(4)	(18)
Term Deposits > 3 months	1,000	-	(1,000)
NET CASH FLOWS FROM INVESTING ACTIVITIES	926	(180)	(1,076)
NET INCREASE / (DECREASE) IN CASH HELD	1,000	(644)	122
ADD: CASH AT BEGINNING OF THE YEAR	3,109	3,583	2,987
CASH AT END OF THE YEAR	4,109	2,939	3,109
Represented by:			
Cash & Cash Equivalents			
Bank	3,099	1,939	3,109
Term Deposits <= 3 months	1,010	1,000	-
	4,109	2,939	3,109

The accompanying notes and policies on pages 21 to 32 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 2011

Notes	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
NET SURPLUS/(DEFICIT)	69	(160)	511
<i>Add / (Deduct) Non-Cash Items:</i>			
Depreciation & Amortisation	176	187	178
Property, Plant & Equipment received under sponsorship	-	-	(36)
Property, Plant & Equipment written off	2	-	-
Net (gains) / losses on derivative financial instruments	(82)	-	(28)
Changes in Doubtful Debt Provision	-	-	(6)
	165	27	619
<i>Add / (Deduct) Movements in Other Working Capital Items:</i>			
Decrease/(Increase) in Receivables	27	20	(2)
Decrease/(Increase) in Prepayments	(93)	93	81
Increase/(Decrease) in Creditors & Accruals	209	(223)	(94)
Increase/(Decrease) in Leave Provisions	195	16	72
Increase/(Decrease) in Revenue in Advance	(378)	(397)	632
Increase/(Decrease) in PAYE	(16)	-	22
Increase/(Decrease) in Net GST	(35)	-	(132)
	(91)	(491)	579
NET CASH FLOWS FROM OPERATING ACTIVITIES	74	(464)	1,198

The "Net GST" component of Cash Flows 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 2011

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:

	2011 \$000	2010 \$000
Less than One Year	313	313
Between One and Two Years	313	313
Between Two and Five Years	287	601
Greater than Five Years	-	-
TOTAL NON - CANCELLABLE OPERATING LEASE	913	1,227

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:

	2011 \$000	2010 \$000
Less than One Year	10	13
Between One and Two Years	-	13
Between Two and Five Years	-	-
Greater than Five Years	-	-
TOTAL NON - CANCELLABLE OPERATING LEASE	10	26

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

	2011 \$000	2010 \$000
Less than One Year	1,083	1,296
Between One and Two Years	423	458
Between Two and Five Years	186	605
Greater than Five Years	-	-
TOTAL ARTISTS CONTRACTS	1,692	2,359

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

	2011 \$000	2010 \$000
Less than One Year	14	14
Between One and Two Years	13	15
Between Two and Five Years	19	27
Greater than Five Years	31	35
TOTAL MUSICAL INSTRUMENTS LEASE COMMITMENTS	77	91

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 21 to 32 form an integral part of these financial statements.

Notes To And Forming Part Of The Financial Statements For The Year Ended 30 June 2011

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity and Statutory Base

The New Zealand Symphony Orchestra (NZSO) was established on the 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 2011, and were approved by the Board on 26 August 2011.

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.

Early adopted amendments to standards

The following amendments to standards have been early adopted:

- NZ IFRS 7 Financial Instruments: Disclosures – The effect of early adopting these amendments is the following information is no longer disclosed:
 - the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated; and
 - the maximum exposure to credit risk by class of financial instrument if the maximum credit risk exposure is best represented by their carrying amount.
- NZ IAS 24 Related Party Disclosures (Revised 2009) – The effect of early adopting the revised NZ IAS 24 is:
 - more information is required to be disclosed about transactions between the NZSO and entities controlled, jointly controlled, or significantly influenced by the Crown;
 - commitments with related parties require disclosure;
 - information is required to be disclosed about any related party transactions with Ministers of the Crown.

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 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 in respect of GST is included as part of other receivables.

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

There have been no changes in accounting policies during the financial year.

1. OTHER INCOME

	Actual 2011 \$000	Actual 2010 \$000
Sponsorship Income	1,691 *	1,212
Radio Broadcast Fee	32	32
Recording Income and Cost Recoveries	232 **	154
International Tour Funding	738 ***	-
Merchandising Receipts	19	17
Fringe Benefit Tax Refunds	-	227
Sundry Income	238	265
TOTAL OTHER INCOME	2,950	1,907

* \$823,000 of Sponsorship Income is contra sponsorship (2010: \$606,000). 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.

** Recording Income includes \$75,000 received from the New Zealand Lottery Grants Board (NZ 2011 Festival Lottery Fund) to record the music for the Anthems of all 20 nations competing in the Rugby World Cup 2011.

*** International Tour Funding includes \$500,000 received from the Cultural Diplomacy International Programme for the NZSO's 2010 tour to Shanghai and Europe.

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 2011 \$000	Actual 2010 \$000
Government Funding (GST exclusive)	13,446	13,446
Government Funding (GST inclusive)	15,379 *	15,127

* The first quarter of the Government Funding for the 2011 financial year was paid to the NZSO with GST at the 12.5% rate. The final three-quarters of the funding was paid with GST at the current 15% rate.

3. EXPENDITURE

	Actual 2011 \$000	Actual 2010 \$000
Direct Expenses from Orchestral Activity	6,309	4,398
Personnel Costs	10,224	9,977
Occupancy Costs	379	376
Audit Fees for Financial Statements Audit	47	47
Changes in Provision for Doubtful Debts	-	(6)
Depreciation & Amortisation	176	178
Loss on Disposal of Assets	2	-
Board Members Fees	106	106
Losses on Derivative Financial Instruments	8	161
General Operating Costs	1,688	1,805
TOTAL EXPENDITURE	18,939	17,042

	Actual 2011 \$000	Actual 2010 \$000
PERSONNEL COSTS		
Salaries & Wages	9,364 *	9,168
ACC Levy	69	59
Contribution to Superannuation Schemes	321	325
Allowances	196	201
Recruitment & Training	274	224
	10,224	9,977

* There were no payments made relating to the cessation of employment of any employees (2010: \$68,634 for two employees).

4. CASH AND CASH EQUIVALENTS

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

	Actual	Actual
	2011	2010
	\$000	\$000
Cash at Bank and at Call	3,099	3,109
Fixed Term Deposits < = 3 months	1,010	-
TOTAL CASH & CASH EQUIVALENTS	4,109	3,109

5. TRADE RECEIVABLES & OTHER RECEIVABLES

As at 30 June 2011 all overdue receivables have been assessed for impairment and irrecoverable amounts.

	Actual	Actual
	2011	2010
	\$000	\$000
TRADE & OTHER RECEIVABLES		
Current	233	272
Past Due 1 - 30 Days	32	13
Past Due 31 - 90 Days	-	11
Past Due > 90 Days	11	7
TOTAL	276	303

"Other Receivables" includes Net GST Receivable of \$64,283 as at 30th June 2011 (2010: \$29,245).

6. PROPERTY, PLANT & EQUIPMENT / INTANGIBLE ASSETS

PROPERTY, PLANT & EQUIPMENT	Leasehold Alterations	Computer Equipment	Studio Equipment	Furniture & Fittings	Musical Instrument	Music Library
COST	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 July 2009	768	342	352	356	620	553
Additions	1	13	17	14	37	11
Disposals	-	(3)	(5)	(1)	-	-
Balance at 30 June 2010	769	352	364	369	657	564
Balance at 1 July 2010	769	352	364	369	657	564
Additions	-	19	6	3	16	4
Disposals	-	(167)	-	(4)	-	-
Balance at 30 June 2011	769	204	370	368	673	568
ACCUMULATED DEPRECIATION						
Balance at 1 July 2009	509	313	164	249	270	-
Depreciation Expenses	52	18	27	20	39	-
Depreciation-Disposals	-	(3)	(5)	(1)	-	-
Balance at 30 June 2010	561	328	186	268	309	-
Balance at 1 July 2010	561	328	186	268	309	-
Depreciation Expenses	52	17	28	21	41	-
Depreciation-Disposals	-	(165)	-	(4)	-	-
Balance at 30 June 2011	613	180	214	285	350	-
NET BOOK VALUE						
At 30 June 2009	259	29	188	107	350	553
At 30 June 2010	208	24	178	101	348	564
At 30 June 2011	156	24	156	83	323	568

There has been no indication of impairment to any Property, Plant and Equipment during the year.

Capital Work-in-Progress	TOTAL	INTANGIBLE ASSETS	Computer Software	Capital Work-in-Progress	TOTAL
\$000	\$000	COST	\$000	\$000	\$000
-	2,991	Balance at 1 July 2009	172	10	182
-	93	Additions	18	-	18
-	(9)	Transfers	6	(6)	-
-	3,075	Disposals	-	-	-
-	3,075	Balance at 30 June 2010	196	4	200
26	74	Balance at 1 July 2010	196	4	200
-	(171)	Additions	4	-	4
26	2,978	Transfers	-	(4)	(4)
-	-	Disposals	-	-	-
-	-	Balance at 30 June 2011	200	-	200
-	-	ACCUMULATED AMORTISATION	-	-	-
-	1,505	Balance at 1 July 2009	148	-	148
-	156	Amortisation Expenses	22	-	22
-	(9)	Amortisation-Disposals	-	-	-
-	1,652	Balance at 30 June 2010	170	-	170
-	1,652	Balance at 1 July 2010	170	-	170
-	159	Amortisation Expenses	17	-	17
-	(169)	Amortisation-Disposals	-	-	-
-	1,642	Balance at 30 June 2011	187	-	187
-	-	NET BOOK VALUE	-	-	-
-	1,486	At 30 June 2009	24	10	34
-	1,423	At 30 June 2010	26	4	30
26	1,336	At 30 June 2011	13	-	13

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

7. TRADE CREDITORS AND ACCRUALS

	Actual 2011 \$000	Actual 2010 \$000
Revenue in Advance	971	1,336
PAYE Payable	107	124
Other Creditors and Payables	878	798
Trade Creditors	460	378
TOTAL TRADE CREDITORS AND ACCRUALS	2,416	2,636

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 2011 \$000	Actual 2010 \$000
CURRENT:		
Annual Leave	891	739
Sick Leave	51	52
Long Service Leave	68	69
Deferred Leave	16	16
Retiring Leave	100	70
	1,126	946
TERM:		
Long Service Leave	189	174
NET LIABILITY FOR EMPLOYEE ENTITLEMENTS	1,315	1,120

The present value of the term long service leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability. The NZSO has used an actuarial model issued for this purpose by The Treasury, effective on 30 June 2011.

A discount rate of 6% (2010: 6%) and an inflation factor of 2.50% (2010: 3.50%) 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 (2010: \$9,000).

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 \$11,000 higher/lower (2010: \$12,000).

9. FINANCIAL INSTRUMENTS

The 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 2011 totaling \$3,912 (2010: \$115,670). Artist contracts with foreign exchange exposure as at 30 June 2011 totalled \$924,507 (2010: \$1,631,537). Of this amount, \$33,589 is covered by foreign exchange contracts held by the NZSO as at 30 June 2011 (2010: \$503,534)

These forward exchange contracts have been reported at fair value as at 30 June 2011 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 2011 are \$7,766 (2010: \$160,606). This includes unrealised losses of \$2,942 calculated on forward foreign exchange contracts as at 30 June 2011 (2010: \$85,383).

Sensitivity Analysis

The NZSO held bank accounts denominated in foreign currency as at 30 June 2011 totaling \$3,912 (2010: \$115,670); 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:

- \$356 (2010: \$10,515) lower if the NZ dollar had weakened;
- \$435 (2010: \$12,852) 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 2011.

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.

2011

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	34	-	-
Inflow	31	-	-
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 cashflows.

2011

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)			
Creditors and Accruals (Note 7)	2,416	-	-
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 2011 and 30 June 2010.

Credit Facilities

The NZSO did not have bank overdraft or other credit facilities as at 30 June 2011 and 30 June 2010.

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 (2010: \$300,000).

10. CATEGORIES OF FINANCIAL ASSETS & LIABILITIES

The carrying amounts of the financial assets & liabilities

	Actual 2011 \$000	Actual 2010 \$000
LOANS & RECEIVABLES		
Cash & cash equivalents	4,109	3,109
Trade & other receivables	276	303
Investments - Term Deposits	-	1,000
	4,385	4,412
FINANCIAL ASSETS AT FAIR VALUE THROUGH INCOME STATEMENT		
Derivative - Forward Exchange contract	-	-
	-	-
FINANCIAL LIABILITIES AT AMORTISED COSTS		
Trade Creditor & Accruals	2,416	2,636
	2,416	2,636
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH INCOME STATEMENT		
Derivative - Forward Exchange contract	3	85
	3	85

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 \$2,942 (2010: \$85,383) above fall under level 2.

11. CONTINGENCIES

The NZSO has no contingent liabilities (2010: nil). The NZSO has no contingent assets (2010: nil).

12. RELATED PARTIES

All related party transactions have been entered into on an arms' length basis. The NZSO is an autonomous crown entity, wholly-owned by the Crown.

Significant transactions with government-related entities

The NZSO was provided with funding from the Crown of \$13.446m (2010: \$13.446m) from Vote: Arts, Culture & Heritage for its ongoing operations.

Collectively, but not individually, significant, transactions with government-related entities

In conducting its activities, the NZSO is required to pay various taxes and levies (such as GST, FBT, PAYE, and ACC levies) to the Crown and entities related to the Crown. The payment of these taxes and levies, other than income tax, is based on the standard terms and conditions that apply to all tax and levy payers. The NZSO is exempt from paying income tax.

The NZSO also purchases goods and services from and sells services to entities controlled, significantly influenced, or jointly controlled by the Crown. Purchases and sales from/to these government-related entities for the year ended 30 June 2011 totalled \$1.136m (2010: \$0.750m). The purchases included air travel from Air New Zealand and postal services from New Zealand Post. Sales included sponsorship to Solid Energy New Zealand and New Zealand Trade & Enterprise and broadcasting rights to Radio New Zealand.

Key management personnel

i) The 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.

ii) The 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*

Short Term Employment Benefits	817	900
Post Employment Benefits	-	-
Other Long Term Benefits	8	7
Termination Benefits	-	-
	825	907

	2011 \$000	2010 \$000
	817	900
	-	-
	8	7
	-	-
	825	907

* In 2010 the Key management personnel also included the Operations Manager. That position was vacant in 2011 and was being temporarily overseen by the Artistic Manager.

14. BOARD MEMBERS FEES

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

	2011 \$000	2010 \$000
D Best (Chair)	24	22
D Fenwick *	-	2
M J Barrow **	-	1
P Rowe **	-	1
M Brown	13.5	12
P Diessl	13.5	13.5
W Falconer	13.5	13.5
G Farmer	13.5	12
C Marshall	13.5	13.5
R Taylor	14.5	15
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 2011 within \$10,000 bands are as follows:

	2011	2010
\$100,000 - \$109,999	1	-
\$110,000 - \$119,999	1	2
\$120,000 - \$129,999	1	-
\$140,000 - \$149,999	1	1
\$160,000 - \$169,999	2	2
\$220,000 - \$229,999	-	1
\$230,000 - \$239,999	1	-

The Chief Executive Officer's remuneration falls within the range \$230,000 to \$239,999 (2010: \$220,000 - \$229,000).

18. DONATIONS

No donations were made during the year (2010: nil).

19. EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from NZSO's budget figures for 2011 are as follows:

Statement of Comprehensive Income

- Total Income was \$65,000 less than budgeted with Concert Income \$150,000 more than budgeted and Other Income \$256,000 below budget. The favourable Concert Income variance represents the steadily increasing audience attendance figures being achieved by the NZSO while the lower Other Income total reflects a continuation of the challenging sponsorship environment.
- Total expenditure was \$294,000 less than budgeted and most significantly reflects savings achieved in Employee Costs. Several Orchestra positions were vacant for all or part of the year including the *Section Principal* positions of the Bassoon and Viola sections. Other senior positions in the Orchestra achieved savings due to periods of unpaid leave taken for various reasons by the incumbent players.

Balance Sheet

- Cumulatively, Cash & cash equivalents and Investments were \$1,170,000 higher than budgeted. This reflects higher levels of Revenue in Advance for NZSO performances from July to December 2011 than forecast. It also reflects the favourable operating result of \$229,000 ahead of budget and a higher opening cash balance at the beginning of the financial year than expected.
- Trade Creditors and Accruals were \$493,000 more than budgeted but were \$220,000 less than last year. The timing of settlement of Creditors has a significant impact on this variance and is consequently reflected in higher than budgeted cash balances (as noted above).

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 2011 the NZSO achieved the following results (compared with targets established in the Statement of Intent).

	Actual	Target
	2011	2011
	\$000	\$000
Government Funding	13,446	13,446
Interest & Sundry Income	447	368
Overhead Expenses (incl. salaries)	(12,452)	(12,735)
Depreciation & Amortisation	(178)	(187)
Operating Surplus before Orchestral Services	1,263	892
ORCHESTRAL SERVICES		
Concert Income	2,429	2,279
Sponsorship	1,691	2,053
Other Orchestral Services Income	995	927
Orchestral Services Expenses	(6,309)	(6,311)
Total Deficit from Orchestral Activity	(1,194)	(1,052)
NET SURPLUS / (DEFICIT)	69	(160)

Concert Activity

Quantity

The NZSO presented 102 concerts during the year.

Categories

Concerts were presented in the following categories:

	2011	2010
International Tour (China & Europe)	12	-
Subscription Concerts	39	38
Special Concerts	24	9
Education Concerts	23	76
NZSO National Youth Orchestra	2	3
International Festival of the Arts	-	2
Auckland Festival	2	-
TOTAL	102	128

Location	2011	2010
Concerts were presented in the following 26 locations (2010: 22):		
Arthurs Pass	-	1
Auckland	23	20
Christchurch	7	11
Dunedin	3	3
Greymouth	-	2
Hamilton	6	4
Huntly	5	1
Invercargill	1	-
Kapiti Coast	-	2
Lower Hutt	-	4
Masterton	1	2
Napier	6	3
Nelson	-	5
New Plymouth	1	3
Oamaru	-	2
Palmerston North	2	1
Porirua	-	2
Rotorua	2	-
Tauranga	1	1
Timaru	-	1
Upper Hutt	-	3
Wairarapa	-	7
Wellington	31	48
Westport	-	2
Whanganui	1	-
Shanghai, China	1	-
Freiburg, Germany	1	-
Stuttgart, Germany	1	-
Mannheim, Germany	1	-
Frankfurt, Germany	1	-
Essen, Germany	1	-
Dusseldorf, Germany	1	-
Hamburg, Germany	1	-
Maribor, Slovenia	1	-
Lucerne, Switzerland	1	-
Geneva, Switzerland	1	-
Vienna, Austria	1	-
TOTAL	102	128

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
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.	NZSO presented 54 full orchestra promoted concerts of 39 different programmes. Reduced orchestra performances were undertaken as part of educational activities and under the NZSO Soloists brand.
		Total performances target: 75 to 125	NZSO performed a total of 102 concerts for 2010/11.
	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.	55 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. Reviews/ratings of internationally released recordings are reported.	Five new CD recordings and one film score recording were undertaken during the year.
	Ensure that performance quality measures are observed	Refer performance quality measures on page 37.	
provide an orchestra that: - is highly skilled and artistically imaginative;	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.	The June Violet Commons Scholarship was awarded to second violinist Elspeth Gray and bassist Alexander Gunchenko received a Mary Fitzwilliam Scholarship. A further 10 musicians received individual professional development awards.
	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.
and has strong community support	Cooperate with New Zealand universities offering advanced level performance tuition in order to encourage and promote the highest standards of orchestral training	At least two NZSO Foundation Masterclasses are provided. At least 15 NZSO principals and senior players engaged as artist teachers at New Zealand universities.	There were three NZSO Foundation Masterclasses undertaken during the year and 17 NZSO players are artist teachers at New Zealand Universities.
	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	Audiences totalled 145,329 for 102 concerts during the year. A total of 26 communities were reached for those concerts.

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

	SPECIFIC OBJECTIVES	SERVICE TARGET	SERVICE PERFORMANCE
be a leading New Zealand performing arts organisation 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 works. Total NZ compositions played target: 7 to 15	There were three premieres of New Zealand works performed during the year. NZSO played a total of 42 NZ compositions.
	Develop an education programme that accommodates the cultural and socio-economic diversity and geographical spread of New Zealand society	The Music for Schools, Young Originals, NZSO National Youth Orchestra and NZSO Community Programmes will invest over 180 hours in the development of young New Zealand musicians, composers and conductors. It will present activities to over 25,000 participants from more than 15 communities. Total schools reached target: 75 to 125	NZSO invested 347 hours for the development of young New Zealand musicians. In total, there were 25,381 participants from 17 different communities involved in the various activities. The NZSO's activities reached 190 different schools and the schools involved were from all 10 deciles.
	Support young musicians through the NZSO National Youth Orchestra	NZSO players engage with and tutor National Youth Orchestra members and the NZSO NYO perform concerts in at least two communities each year	17 NZSO players tutored National Youth Orchestra members during the year and National Youth Orchestra concerts were performed in Wellington and Auckland.
	Work collaboratively with other performing arts companies in New Zealand	At least two collaborations with other performing arts/cultural organisations are undertaken.	This year the NZSO worked with the Museum of New Zealand Te Papa Tongarewa presenting activities and concerts in both August and September 2010. In March 2011 we worked with the Capital E National Theatre for Children presenting activities over five days and we worked with SOUNZ Centre for New Zealand Music for two days in September 2010 and two days in May 2011 presenting readings of New Zealand works. In April we co-presented a free Christchurch concert with the Christchurch Symphony Orchestra.
	Promote and encourage New Zealand musical composition and composers	Create workshop opportunities for New Zealand composers Profile New Zealand composition in public concerts and recordings	A minimum of two days of rehearsed readings of NZ compositions programmed in conjunction with SOUNZ. At least eight student compositions workshopped through our education programme.

	SPECIFIC OBJECTIVES	SERVICE TARGET	SERVICE PERFORMANCE
		At least one Made in New Zealand concert presented which includes all NZ works.	The Made in New Zealand concert was presented in both Wellington and Auckland in May 2011.
		The orchestra is available for one CD and 1 film score of New Zealand music annually without charge for the players' services.	NZSO made the orchestra available for two CDs of New Zealand music (by Christopher Blake and Jack Body) 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.	In total, 35 different New Zealand artists performed with the NZSO during the year with 26 different overseas artists also engaged.
	Conduct market research through customer satisfaction surveys to ensure we provide rewarding performances	At least 75% satisfaction (very good or better) in surveys conducted.	In surveys conducted since May 2011, 89% of respondents had an overall satisfactory experience at the NZSO performances.

Measurement of Performance Quality

PROCESS	TARGET	MEASUREMENT	PERFORMANCE
The NZSO follows a preparation and rehearsal process that accords with leading international practice. All performances of the NZSO are thoroughly rehearsed to ensure that public performances are of the highest possible standard.	Excellent artistic performances	A minimum of two days of rehearsals and a dress rehearsal are undertaken for all NZSO full orchestra performances.	Two days of rehearsals and a dress rehearsal have been undertaken before all full orchestra performances.
Independent international reviewing rates quality of orchestra performances	Excellent artistic performances	Reviews of internationally released recording and where possible live performances collated and analysed (i) for salient issues, and (ii) statistically for overall quality indicators. At least 3.5 stars (out of 5) or 7/10 applicable grading scale achieved on average.	Using the same methodology as domestic media comment, international reviews of recordings are collated and rated. The reviews relating to the European tour were included in the official European tour report which was sent to the Ministry for Culture & Heritage and is available online. In the past year, NZSO recordings have scored in a narrow range between 8 and 10. Major technical performance issues have not been raised in these reviews in the past year.
Critical reviews are collated and analysed after every New Zealand performance.	Excellent artistic performances	Reviews are collated and analysed (i) for salient issues and (ii) statistically for overall quality indicators. At least 8/10 of applicable satisfaction/ favourability scale achieved on average.	Continuing the model of previous years all media coverage including concert reviews, are collated and accorded a satisfaction/ favourability rating on a scale of 1-10. A summary of articles are ratings are presented to senior management, Music Director and the Board. On average NZSO reviews have an 8.5/10 satisfaction rate.

PROCESS	TARGET	MEASUREMENT	PERFORMANCE
International artists rate quality of orchestra and performances	NZSO recognised as an excellent orchestra by international standards.	'Exit' polling of guest conductors and soloists about their experience with the orchestra gains at least 75% satisfaction (very good or better).	'Exit' polling of guest conductors and soloists was carried out informally during the year. The NZSO's Artistic Manager discusses the guest artists musical (and personal) satisfaction with; NZSO performance standards (both section-by-section and as an ensemble); concert, repertoire and tour planning. Due to the informal nature of the interviews, no satisfaction grading can be attributed against the 75% (very good or better) target for the current year. A formal feedback template has been implemented for the new financial year
International broadcasters increase their programming of NZSO recordings recognizing quality.	NZSO recognised as an excellent orchestra by international standards.	Number of broadcasts of the NZSO on overseas networks (over a three year period) increase.	11 NZSO recordings were requested or offered by Radio NZ for broadcast on overseas networks (2010: ten, 2009: four).
Audiences for full orchestra performances increase over time.	Audience appreciate NZSO quality.	Average attendances (over a three year period) increase.	145,329 people attended NZSO concerts over the last year (up from 104,774 three years ago).
Regular audience satisfaction surveys are conducted and the results carefully assessed.	Audience appreciate NZSO quality.	At least 75% satisfaction (very good or better) in surveys conducted.	In a survey conducted between May and June, 89% of the respondents had an overall satisfaction rate at the NZSO concerts they had attended.

Organisational Health and Capability

PROCESS	TARGET	MEASUREMENT	PERFORMANCE
Establish quality ensemble through maintaining a full-time full-size orchestra	Full size orchestra establishment of 90 players maintained.	Fewer than 5% vacancies (four positions) exist within the orchestra's establishment of 90.	The average number of vacancies for 2010/2011 was four.
Maintain quality ensemble through continuity of musicians and conductor.	Low player turnover and regular Music Director visits.	Music director conducts at least 15 performances annually for at least three years. Player turnover at less than 7.5% p.a. (seven positions)	28 performances were conducted by the Music Director between July 2010 and June 2011. The total number of players that retired or resigned during the year was two and NZSO welcomed four new players. As at 30 June 2011 there were six vacancies in the Orchestra, however one of these vacancies became vacant on the last day of June 2011 while another one is being filled by a triallist on a one year contract.
Audition and assessment procedures, for new and current players are consistent with leading international practice and ensure that the NZSO recruits and retains only musicians of the highest possible calibre.	NZSO musicians are of the highest possible calibre.	Annual statement from the concertmaster that audition and assessment procedures have been rigorous and properly carried out.	"The NZSO audition and assessment procedures continue to be carried out according to the high artistic level of the NZSO. All current musicians of the NZSO are working hard to maintain that level." Vesa-Matti Leppänen

Performance Reporting: Impacts & Outcomes

OUTCOME: Quality		More New Zealanders stimulated by quality symphonic music.				
Impact indicator	Impact measure	2009/10 Actual	2010/11 Projection	2010/11 Actual	One Year Change*	Three Year Change**
Audience surveys rate NZSO performances as high quality	Average grading achieved for quality of performance in surveys of NZSO audiences	-	-	8.5/10	N/A	N/A
Reviews of recordings rate NZSO performances highly	Average grading achieved for NZSO recordings released and reviewed	Avg 8 / 10	Avg 8 / 10	Avg 9/10	↑ 13%	N/A
OUTCOME: Coverage		New Zealanders can more readily access symphonic music				
Impact indicator	Impact measure	2009/10 Actual	2010/11 Projection	2010/11 Actual	One Year Change	Three Year Change
NZSO performances engage with more communities	Total communities reached by NZSO performances	22	25	26	↑ 18%	↑ 37%
Attendances for NZSO live performances continue to expand	Total audience attendances for NZSO performances	82,442	131,000	145,329	↑ 76%	↑ 39%
OUTCOME: Development		New Zealanders are creating new symphonic music				
Impact indicator	Impact measure	2009/10 Actual	2010/11 Projection	2010/11 Actual	One Year Change	Three Year Change
New New Zealand works are created and premiered	Number of new New Zealand works premiered in performances by the NZSO	3	4	3	→ 0%	N/A
Performance of more New Zealand works in concerts, workshops and recordings	Total number of existing or new New Zealand works performed by the NZSO	29	27	42	↑ 45%	↑ 31%

* The percentage change in the same non-financial Impact Measure since last year's Annual Report. Where a measure was not used last year a N/A (not applicable) is used.

** The percentage change in the same non-financial Impact Measure since the 2008 Annual Report. Where a measure was not used in 2008 a N/A (not applicable) is used.

NZSO NATIONAL YOUTH ORCHESTRA

THE SOUND OF TOMORROW

The **NZSO National Youth Orchestra** is firmly established as the pre-eminent training orchestra for the leading young musicians in New Zealand. For 51 years it has given talented young people the chance to come together and develop their musical skills with their peers and contemporaries in a uniquely elite environment.

In 2010, the NZSO National Youth Orchestra's 51st Year, the orchestra was lead by Bulgarian maestro Rossen Milanov. His patience and attention to detail drew from the students a finessed performance worthy of a professional ensemble.

The repertoire of the programme gave opportunity for individual sections of the orchestra to fine tune their sound, with the strings performing Vaughan William's *Fantasia on a Theme by Thomas Tallis* and the Wind, Brass and Percussion sections coming together for Stravinsky's Concerto for Piano and Wind instruments.

In an expansion of the NYO experience an ensemble of NYO players had the opportunity to take part in a **day-long workshop with Pietari Inkinen** in March 2011, working through standard symphonic repertoire. It was a day of focused work where the students had the opportunity to experience the vision and interpretive process of our Music Director whilst beginning to forge a special NYO/MD relationship.

Principal sponsors



Central to all NYO activity are the following core objectives:

**TO WORK WITH
INTERNATIONAL
CONDUCTORS
AND ARTISTS
OF EXCELLENT
REPUTE**



**TO STUDY
WITH AND
LEARN FROM
THE NZSO
PRINCIPAL
MUSICIANS**



**TO PLAY
EXPANSIVE
AND
EXCITING
REPERTOIRE**



Young Originals

All musicians need support in the early stages of their career. When I was starting out on my musical journey I was fortunate to be nurtured by people who understood my passion for playing the violin and for conducting. They believed enough in my talent to invest their time in me...

Pietari Inkinen, NZSO Music Director



Pietari Inkinen with fellowship student Briony Gibson Cornish.

Central to NZSO education is a programme of activities which offer developmental opportunities for New Zealand's outstanding young musicians, capitalising on the skills and knowledge of our Music Director, musicians and visiting artists. This programme is driven by the vision of Pietari Inkinen who not only leads in the development and planning of each activity but also actively participates, giving freely of his time to mentor students through the NZSO Fellowship and run Conductor Training sessions in a new initiative for 2011.

In 2010/2011 the NZSO provided 332 hours of call time to the development of young musicians, composers and conductors.

Young Originals Programme





musicforschools

The NZSO have consistently sought to support the delivery of the Sound Arts (music) curriculum through targeted schools concerts for children; fostering a love of orchestra music in our future audiences at an early age.

In 2010/2011 we have expanded this offering through a dedicated sub-brand of exciting and varied concerts, school visits by NZSO chamber ensembles, and online resources to support classroom teaching.



18 musicians from the NZSO, representing one musician from each section of the orchestra (NZSO In Miniature) visited Huntly in August 2010 and May 2011, performing to **1500 pupils** from **25 schools** from across the Waikato region.

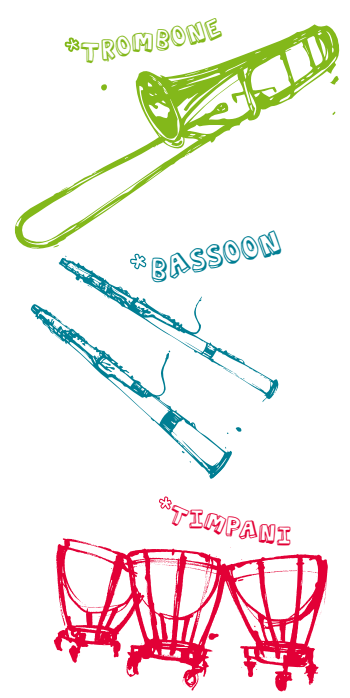
“Thank you for the wonderful show and for sponsoring the show and for letting us come. I have just started playing the cornet and next year I'm looking forward to playing in the band”

Huntly school concert,
Audience feedback

The NZSO performed eight full orchestra concerts in six centres. These concerts were attended by **8613 pupils** from **104 schools**.

“The children (and staff!) loved it!! It was lovely to see their faces as they walked into the hall with serene music playing. The Simpsons hooked them in from the start and the presentation was 'pitched' at just the right level. Thank you.”

Principal, Taita Central School



Musicians from the NZSO delivered 58 chamber ensemble visits which were attended by **85 schools** (a host school will often invite cluster schools), with a total audience of **11,448 pupils**.

“The concert was fantastic... exactly the right level for intermediate age students and such a clever way to introduce them to the instruments of the orchestra. Everyone thoroughly enjoyed it!”

Principal, Napier Intermediate School



CLASSROOM RESOURCE

All NZSO Music for Schools activity was supported by online resources and worksheets which teachers and pupils could download. The resources explore the instruments, sections, and inner workings of the orchestra.



Children take in an NZSO schools' concert at Napier's Municipal Theatre

Community Programmes

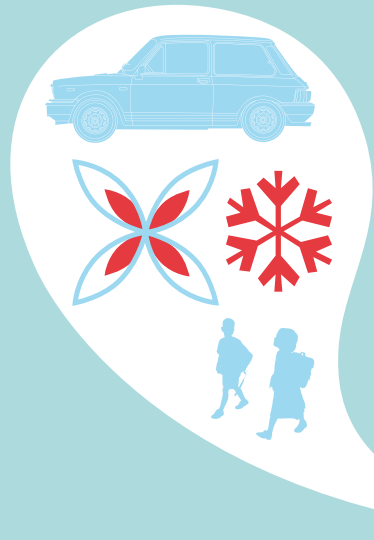
The New Zealand Symphony Orchestra is continually looking to find new ways in which we can encourage the development of New Zealanders knowledge and appreciation of orchestral music as a deliverable of the New Zealand Symphony Orchestra Act 2004.

Throughout 2010/2011 we have expanded our Community Programmes offering to ensure that we are delivering innovative activities and targeted artistic content which give more people the opportunity to engage with the NZSO and live orchestral music

A key objective under the NZSO Community Programme sub-brand is to introduce new audiences to orchestral music through programming which removes the concept that an orchestra is something unfamiliar or inaccessible.

- 1 In August 2010 the NZSO put on two free concerts in Wellington; NZSO Close Encounters. Australian conductor and pedagogue Richard Gill explained to audiences of 2605 people, many of them new to the NZSO, how and why Dvorak's 9th Symphony and Beethoven's 6th symphony are such iconic works. Using the orchestra as a teaching tool, ideas were brought to life and the music was made accessible through a greater understanding.
- 2 We enchanted 1500 people in September 2010, mainly families with young children, during a musical day at Te Papa Tongarewa with a programme which included Prokofiev's much loved *Peter and the Wolf*.
- 3 Percussionist Colin Currie delighted an Auckland audience with a family percussion show which saw an eager group of potential young drummers line-up along the stage of the Auckland Town Hall to have a go on the elaborate percussion set up.
- 4 A partnership with the Auckland Festival saw the NZSO deliver a family concert on the theme of Space in March 2011. Under the baton of Music Director Emeritus James Judd we were able to bring together the disciplines of music and science.
- 5 NZSO In Miniature; an ensemble of 18 NZSO players, one player of each instrument, visited Huntly College in an event sponsored by Solid Energy. In addition to a schools' concert, we performed for 250 people from the Huntly community, with a programme of specially arranged musical classics and Māori waiata.

We also recognise that something which may hinder a person from attending a concert is not a lack of interest or understanding of orchestral music, but the loss of mobility or a physical or mental issue which prohibits them from engaging with us through attending concerts. In 2011 the NZSO have started a programme sending chamber ensembles to residential care homes, sheltered accommodation, hospices and mental health charities so that people from all areas of the community can share in the beauty and power of music. So far 450 people from Nelson, Palmerston North and Wellington have benefited from this programme which is expanding at an exciting rate.



Above: Artwork used to promote community Family Days sampled the many elements of everyday life, aligning the NZSO brand with an approachable community feel.



Images from left: CLOSE ENCOUNTERS artwork and Nigel Collins brings Peter and the Wolf to life at the Te Papa Day.



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* Current musicians with the NZSO.

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Beiyi Xue (violin) & Haihong
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