



ANNUAL REPORT
2015

FOR THE YEAR ENDED
31 DECEMBER 2015

NEW ZEALAND SYMPHONY ORCHESTRA
TE TIRA PŪORO O AOTEAROA

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*current musicians with the NZSO

ANNUAL REPORT

The Board have pleasure in presenting the Annual Report for the New Zealand Symphony Orchestra for the year ended 31 December 2015.



DONALD BEST
BOARD CHAIR

2 May 2016



PETER DIESSL
BOARD MEMBER,
AUDIT COMMITTEE MEMBER

2 May 2016

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NZSO: VISION AND MISSION

THE VISION

Providing world class musical experiences that inspire all New Zealanders.

achieved by

THE MISSION

Deepening and expanding musical connections and engagement with our communities.

through

A NATIONAL FULLTIME FULL SIZE SYMPHONY ORCHESTRA

which

Performs to an international standard

is

Excellent in performance

has

Relevant and engaging programming, Reaches large and diverse audiences

and asserts

Musical and artistic leadership

A symphony orchestra which has

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

and

Excellent systems and processes

NZSO: VALUES

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

FUNCTIONS OF THE ORCHESTRA

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

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

OBJECTIVES OF THE ORCHESTRA

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

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

CHAIR'S PREFACE

New Zealand audiences responded strongly to the NZSO's 2015 Season which was one of the most successful and acclaimed of recent times.

Of the many musical highlights the NZSO's concert with the brilliant American soprano Renée Fleming in her New Zealand debut was a stand out. *Renée Fleming: A Gala Evening* conducted by NZSO Music Director Emeritus James Judd played to a sold out audience which enjoyed superlative singing in music ranging across the soprano repertoire.

The concert included memorable performances of Ravel, Canteloube, Richard Strauss and the celebrated aria 'O mio babbino caro' from Puccini's opera *Gianni Schicchi*. Renée Fleming is both a great artist and a compelling ambassador for music and was generous with her time with masterclass students and supporters.

2015 was an important transitional year in the artistic life of the NZSO. It was the final year of Pietari Inkinen's eight year tenure as Music Director of the Orchestra. This was celebrated in another musical highlight of the year, the *Inkinen Festival* which toured in June.

This was Pietari Inkinen's final concert tour as the NZSO's Music Director and featured two programmes designed to showcase music which has been strongly associated with his tenure. A Wagner programme which was presented in Wellington, Christchurch and Auckland and a programme of Beethoven and Sibelius in Wellington, Dunedin and Auckland.

Singers Christine Goerke and Simon O'Neill were exceptional soloists in the Wagner programme and violinist Karen Gomyo gave an insightful account of the Beethoven *Violin Concerto* in her tour performances. Appropriately, this programme concluded with moving performances of the *Lemminkäinen Suite* of Pietari Inkinen's great compatriot Sibelius.

This was a superb series of six concerts. Both programmes enjoyed standing ovations and acclaim, a fitting coda to the maestro's time with the Orchestra. He has now assumed the role of Honorary Conductor.

Pietari Inkinen has made an immense contribution to the NZSO over his time as Music Director. His many achievements include leading the hugely successful European tour in 2010 when the ability and quality of the NZSO was recognised in an international context. This marked an important milestone in the Orchestra's artistic maturity. Other important achievements were recording

the complete Sibelius symphony cycle for Naxos and the award winning Wagner CD for EMI Classics with tenor Simon O'Neill, *Father and Son: Wagner Scenes and Arias*.

A number of artists debuted with the NZSO during the year. It is a reflection of the established reputation of the NZSO that high calibre artists are prepared to make the long journey to perform with New Zealand's national orchestra. Notable debut artists in 2015 included violinists Janine Jansen and Karen Gomyo and conductors Jaime Martín and Thomas Søndergård. Many of these artists become regular guests in future seasons once the initial connection is made. It was pleasing to welcome back conductors Vasily Petrenko and Simone Young, pianist Simon Trpčeski and clarinetist Kari Kriikku.

At the end of the year the NZSO was nominated for a Grammy Award for Best Orchestral Performance at the 58th Annual Grammy Awards. This was for *Symphony 'Humen 1839'*, a recording of works by Pulitzer Prize-winning Chinese composer Zhou Long, with the title work written in collaboration with compatriot Chen Yi. Singaporean Darrell Ang conducts the recording, which was released on the Naxos label in May. Other nominees in the category were the Pittsburgh Symphony Orchestra, Seattle Symphony, Boston Symphony Orchestra and The Oregon Symphony with the winner to be announced in 2016. This was further and welcome international recognition of the NZSO and the quality of its work.

The NZSO's Crown funding which comprises approximately 70-75% of total annual revenue has been fixed since 2008. This has resulted in increasing financial pressures on the organisation. Over the year the Board has been vigilant in controlling costs and increasing box office, commercial hire and private and corporate fundraising income. As a result the NZSO has improved on the 2015 Statement of Performance Expectations of a budgeted deficit of \$125,000 and posted a modest surplus of \$114,000. The Equity position has also been maintained above the Board's target year-end minimum of \$1.5 million, and stands at just over \$2.0 million as at 31 December 2015.

However, the increasing financial pressures are impacting on the NZSO's activities and reducing its ability to maintain levels of live concert presentation in its annual touring schedules.

In the latter part of the year the Board provided the Ministry for Culture and Heritage with a comprehensive analysis, which identified the additional funding required to enable the Orchestra to be utilised to its full potential. This would increase annual orchestral activity by 40%, add 40 more concerts to the schedule

Renée Fleming

A GALA EVENING

and increase audience numbers by 30%, thereby substantially increasing the return on the Government's investment in the NZSO. The increased activity would also enable more growth in box office and other commercial revenue.

As noted in the previous annual report, the sustained period of fixed funding will need to be addressed if the orchestral services and international standards of performance prescribed in the Orchestra's legislation are to be sustained.

Significant gains were made in income generation during the year and it was pleasing to see that individual giving into The NZSO Foundation continued to grow. There were increases in all donor appeal campaigns compared to previous years and a notable increase over 2014 levels. The NZSO Foundation contributed over \$400,000 in support of the NZSO in 2015 whilst continuing to grow its endowment funds.

One reason for this strong performance is the Supporters' Programme which provides key opportunities for supporters to engage with the orchestra in meaningful ways. An Auckland Members' Lounge was established in 2015 and has proved a key development in increasing the Orchestra's profile in Auckland. The Wellington Lounge continues to strengthen donor and corporate relationships and a Christchurch Lounge is scheduled to be launched in early 2016.

Securing funding from Trusts and Foundations is another important priority for the NZSO. The NZSO's success rate was above the industry standard reported by Fundraising New Zealand for 2015 and included six new Trusts supporting the Orchestra, a satisfying outcome in an increasingly competitive environment.

It was pleasing to enjoy strong and continuing support from the NZSO's family of sponsors including Principal Partners Ryman Healthcare, Newstalk ZB, The NZSO Foundation and Wellington City Council. Four new sponsors joined over the year including new Circle Partner Dimension Data, supporter of the *Renée Fleming: A Gala Evening*.

The 2015 Season performed well at the box office with sales exceeding targets. Surveys reported high levels of audience satisfaction with concerts, a high likelihood of patrons recommending the NZSO to others and high satisfaction levels with the quality of the performances. All these measures exceeded the sector benchmarks from the get-smart Arts Audience Research system and contributed to the improved sales performance over the year.





A number of budgeted commercial performance activities did not eventuate in the early part of 2015. Three anticipated performances in Melbourne for the *BBC Proms* did not take place as the Australian debut season of the festival was re-scheduled to April 2016. The highly acclaimed *BBC Doctor Who Symphonic Spectacular* was undertaken in Auckland but with one performance rather than the anticipated two. These four commercial performances together had budgeted concert income of nearly \$475,000. The concerts were also expected to attract audiences of nearly 10,000. Without these activities, the NZSO's total audiences for 2015 finalised at 95,658 – a shortfall of 9,342 against the budget of 105,000.

The acquisition of a well appointed permanent home for the NZSO is a key strategic issue. During the year the NZSO continued its engagement with the Wellington City Council over proposals for the Wellington Town Hall to become that home following its earthquake strengthening. At the beginning of the year Victoria University joined the project and work commenced on examining the feasibility of establishing a music hub in the Civic Precinct incorporating the New Zealand School of Music.

The project to strengthen the Wellington Town Hall and establish a music hub in partnership with the NZSO and the NZ School of Music was included in the Wellington City Council's 2015-2025 Long Term Plan following community consultation during the year. Subsequently Athfield Architects were appointed to the project to assess requirements and develop a concept brief.

Good progress has been made on this accommodation project which will present important and exciting opportunities for the NZSO and Wellington when it comes to fruition. The NZSO is continuing to work closely with the Wellington City Council on the concept brief and feasibility study. It is expected that this stage will conclude during 2016.

I congratulate our musicians on their achievements and the quality of their work. The Orchestra continues to develop its artistic qualities. High standards of performance were sustained throughout the year and the quality and abilities of our musicians were showcased in the concerto performances of Principal Trombone David Bremner, Principal Flute Bridget Douglas and Concertmaster Vesa-Matti Leppänen.

In June the NZSO announced the appointment of Dutch conductor Edo de Waart as Music Director from 2016. This is an

important step in the artistic development of the NZSO and will have a significant impact on further building and enhancing the quality and standards of the Orchestra.

Edo de Waart is a well regarded and acclaimed conductor working at the highest level internationally. He has a prolific and illustrious conducting career spanning five decades and worked with the world's leading orchestras including the Royal Concertgebouw, Berlin Philharmonic, Metropolitan Opera, Los Angeles Philharmonic, and the Chicago Symphony Orchestra.

He is also a very experienced Music Director and currently Chief Conductor of the Royal Flemish Philharmonic, Music Director of the Milwaukee Symphony Orchestra and Conductor Laureate of the Netherlands Radio Philharmonic Orchestra. His previous Music Director roles include Rotterdam Philharmonic Orchestra, San Francisco Symphony, Minnesota Orchestra, Sydney Symphony and the Hong Kong Philharmonic Orchestra.

The NZSO is excited at this appointment which heralds a new era for the NZSO and its audiences across New Zealand.

The Strategic Leadership Team under Chief Executive Christopher Blake brought a number of important strategies to a conclusion during the year.

As part of its ongoing response to the financial pressures the NZSO completed initiatives to simplify and streamline operations and improve capability. A new organisational structure was implemented in the Orchestra's administration. This maintained the same staff complement but refocused resources on revenue generation in Marketing and Development and rationalised arrangements in Corporate Services, Artistic Planning and Orchestra Management.

A new and completely revised Players Collective Employment Agreement was settled with substantial improvements in the ability to schedule and manage the Orchestra efficiently.

Both the new orchestra scheduling system which was commissioned during the year and the new customer relationship system were instrumental in enabling more efficient use of resources and improved and streamlined operational logistics. I thank them for their achievements and dedication to the Orchestra.

Long serving Board member Roger Taylor retired during the year after sustained and distinguished service. He has subsequently accepted an appointment as independent chair of the Audit Committee which ensures his skills and experience continue to support the Orchestra and its work. In September we were pleased to welcome to the Board Clare Murray from Christchurch who brings strong skills and experience in governance and music to the role.

The NZSO Board has provided strong leadership and direction to the Orchestra over the year. I would like to thank my colleagues for their commitment and contribution to ensuring that the NZSO continues to flourish and develop.



DONALD BEST
BOARD CHAIR



CHIEF EXECUTIVE'S OVERVIEW

THE NATIONAL TOURING PROGRAMME

2015 was a year of strong artistic achievement for the NZSO. Superb orchestral performances were presented in 13 centres across the country in the national touring programme which is at the heart of the Orchestra's music making each year. In total, 15 centres were reached with different NZSO performances and audiences came from 34 different communities to engage with the music.

There were 55 concerts in the core national touring programme featuring 18 separate concert programmes in 13 tours. Thirty two guest artists and two choirs were engaged. Seven of these artists were New Zealanders including the NZSO Concertmaster and two NZSO Principal musicians.

The year started with two highly successful tours. *Freddy Kempf's Beethoven* was the first of these presented in a nine performance tour covering Wellington, Auckland, Tauranga, Hamilton, Napier, Christchurch, Dunedin and Invercargill. Freddy Kempf player-directed the Beethoven piano concerti in an extraordinary display of musicianship and collaborative music making with the musicians of the Orchestra. This tour was a critical success and attracted large audiences around the country.

Swedish conductor Daniel Blendulf directed the Orchestra in the second of these opening tours, *Janine Jansen plays Tchaikovsky* presented in Wellington and Auckland. This was an attractive programme which opened with Liadov's *The Enchanted Lake* and included a robust reading of Prokofiev's *Symphony No 5*. The star of the concerts was Janine Jansen who confirmed her status as one of the most outstanding violinists of her generation. Her performances of the Tchaikovsky *Violin Concerto* were rightly hailed with extended applause and critical acclaim.

GALLIPOLI CENTENARY

The NZSO marked the centenary of the Gallipoli campaign in a joint project with the Sydney Symphony Orchestra. The *Spirit of Anzac* programme was performed in Auckland and Wellington under the baton of Australian conductor Benjamin Northey. Specially commissioned commemorative works by a New Zealand and an Australian composer were premiered in contemporaneous performances by the two orchestras.

The two commissioned works were very effective and appreciated by audiences which included large contingents from the diplomatic and consular corps and representatives of local and central government. New Zealand composer Michael Williams' work *Symphony No.1 Letters from the Front* featured New Zealand soprano Madeleine Pierard and actor George Henare in moving settings of texts from wartime letters and poetry. Australian composer James Ledger's *War Music* included a fine choral contribution from the New Zealand Youth Choir.

The programme as a whole made for a satisfying musical experience appropriate to the occasion with Copland's *Fanfare for the Common Man* and Vaughan Williams' *Fantasia on a Theme of Thomas Tallis* providing just the right context for the new works.

The emphasis on new and contemporary music continued in May, with Wellington and Auckland performances of *Aotearoa Plus*, the NZSO's contemporary music programme presented in May each year as part of New Zealand Music Month.

This programme premiered a new commission *Claro* from New Zealand composer Michael Norris, a performance of Lilburn's *Symphony No 2* to mark the centenary of his birth and the NZSO's Principal Trombonist David Bremner as a soloist in Swedish composer Jan Sandström's concerto for two trombones *Echoes of Eternity*.

The extroverted Swede, Christian Lindberg, was both the conductor and a trombone soloist. The concerto was a virtuosic tour de force by the two soloists in a bold and entertaining contemporary work which complemented the skilled and evocative orchestral writing in *Claro* which opened the concert. Lindberg also gave a taut and compelling reading of Lilburn's symphony conducting the work from memory in a significant acknowledgement of this pioneer of New Zealand composition.

Later in May young Danish conductor Thomas Søndergård made his NZSO debut in *Into the Storm* a four concert tour to Wellington, Napier, Hamilton and Auckland with returning British violinist Anthony Marwood as soloist in the Benjamin Britten *Violin Concerto*. Søndergård quickly built a strong rapport with the Orchestra which produced a series of exciting performances of both the concerto and the two larger orchestral works on the programme, Britten's *Four Sea Interludes* and the Sibelius *Symphony No 2*.

INKINEN FESTIVAL

The *Inkinen Festival* in June was Pietari Inkinen's final concert tour as the NZSO's Music Director after eight seasons. This was marked with two programmes featuring music with which he has strong affinities. His highly successful final tour comprised six concerts featuring the music of Wagner, Beethoven and Sibelius.

Two popular artists returned for the four concert *Power and Passion* tour to Wellington, Christchurch, Auckland and Hamilton. Vasily Petrenko conducted electrifying performances of Mahler's *Symphony 5* and Macedonian pianist Simon Trpčeski was an engaging soloist in Liszt's *Piano Concerto No 2*. These high calibre artists are well known to NZSO audiences and their appearances were very well received both critically and in audience support.

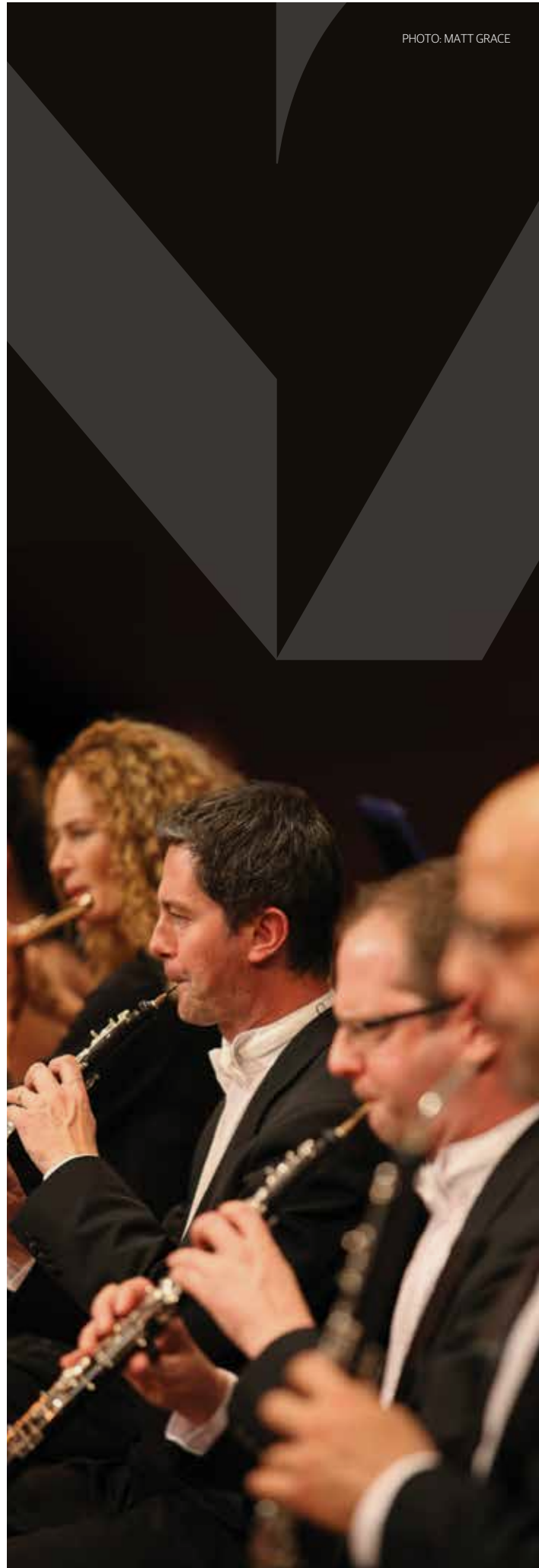
Australian conductor and Bruckner specialist Simone Young made her second visit to the NZSO in early September for the *Cathedral of Sound* tour to Wellington, Dunedin and Auckland. Her reading of the Bruckner *Symphony No 8* was masterly and maintained a robust forward momentum in the work's vast symphonic spans. Popular soloist Baiba Skride made a welcome return and gave performances of the Sibelius *Violin Concerto* which were dark-toned and taut.

RENÉE FLEMING

A centrepiece of the year was the sell out gala evening with renowned American soprano Renée Fleming. The programme, taken from popular and art song, opera and the musical theatre demonstrated both her consummate artistry and mastery of genres and styles.

Following this the Orchestra embarked on a nine centre *Classical Hits* tour which visited New Plymouth, Palmerston North, Wellington, Blenheim, Napier, Rotorua, Hamilton, Auckland and Whangarei.

This tour attracted large and diverse audiences to a programme of popular orchestral works expertly presented by conductor James Judd. On tour he took the opportunity to highlight to audiences the quality and importance of the Orchestra and underscore that it belonged to the people of New Zealand. He also spent time meeting donors and concert goers at post concert functions.





The four concert tour of *Bold Worlds*, the NZSO's annual programme of international contemporary music, toured in the first week of November to Wellington, Christchurch, Auckland and Hamilton. The Orchestra enjoys working with conductor Miguel Harth-Bedoya who has a flair for the highly coloured contemporary music featured. This proved an interesting and energising programme greatly enhanced by the charismatic Finnish clarinetist Kari Kriikku performing a concerto written especially for him by fellow Finn Kimmo Hakola. This continues the *Bold Worlds* programming approach of presenting contemporary concertos to New Zealand audiences performed by the original artist.

SEASON FINALE

The 2015 national touring season concluded with the NZSO debut of Spanish conductor Jaime Martín touring two programmes, *Garrick Ohlsson plays Brahms* (Wellington and Auckland) and *Rite of Spring* (Auckland, Wellington, Christchurch and Dunedin). These programmes concluded the year on a high note with large audiences enjoying memorable performances. The NZSO received well deserved praise for the high quality of these concerts.

American pianist Garrick Ohlsson was magisterial in the Brahms *Piano Concerto No 1* demonstrating just why he is such a renowned artist. The audience was treated to a well shaped and coherent performance of a work that presents notorious technical and interpretive challenges.

Jaime Martín's second programme opened with a beautiful performance of Vaughan William's *The Lark Ascending* by NZSO Concertmaster Vesa-Matti Leppänen. This was followed by Swedish cellist Jakob Koranyi in the Walton *Cello Concerto*. This had a lyrical focus on the introspective qualities of the work which elicited warm applause.

Jaime Martín's *Rite of Spring* was energetic with just the right amount of primeval savagery to make the work as fresh and exciting as it was at its premiere in 1913. This was a notable debut by Jaime Martín. He drew excellent performances from the Orchestra and brought insights to a range of contrasting repertoire across the two programmes.

The NZSO's annual performance of *Messiah* was directed by popular regular guest Nicholas McGegan, a specialist in this

RITE of
SPRING

repertoire. The NZSO Messiah Chorale, comprising a number of Wellington's finest choral singers was convened especially for this performance. The Chorale and soloists soprano Anna Leese, mezzo soprano Sally Anne Russell, Steve Davislim tenor and bass James Clayton delivered a stylish and vibrant performance of this appealing and familiar work to an enthusiastic full house.

ACCOMPANIMENT, PROJECTS AND COMMUNITY

In addition to the national touring programme the year included a number of other projects and engagements. The NZSO collaborated with the Royal New Zealand Ballet and New Zealand Opera accompanying performances in their Wellington seasons.

The Ballet's new production of *A Midsummer Night's Dream* was created by the outstanding young British choreographer Liam Scarlett. This was a superb new work and a rewarding collaboration for the NZSO. The Orchestra's performances of the Mendelssohn music to which the ballet was set complemented and enhanced the high production values.

In October the NZSO accompanied New Zealand Opera's production of Puccini's *Tosca* directed by the company's General Director Stuart Maunder with Swedish conductor Thomas Ringborg providing strong and idiomatic music direction. The strong cast featured New Zealand tenor Simon O'Neill with Irish soprano Orla Boylan in the title role. This was a fine production of a popular opera which enjoyed a well patronised Wellington season.

The NZSO also collaborated with Te Papa on the creation of the soundscape to accompany the exhibition *Gallipoli: The Scale of Our War* which opened at Te Papa in April. 2015 was the 150th anniversary of Wellington becoming New Zealand's capital. The NZSO contributed to the celebrations by presenting three concerts in the Banquet Hall of the Beehive at Parliament in July. These were programmed for a broad audience and proved popular among families with young children.

The NZSO concludes each year with a Te Papa Day. The programme varies from year to year but always has community/family focus. The theme for Te Papa Day 2015 was singing. The day started with a free singing workshop run by conductor Richard Gill which attracted over 300 participants. Following these preparations, participants sang with the NZSO in a

performance of well known vocal, opera and music theatre repertoire to an audience of over 800 people in the Te Papa foyer.

Recording work included a film sound track and a CD. American feature film *Krampus* was filmed and edited in New Zealand and the NZSO recorded the score in September. The film was released at the end of the year and performed well above expectations at the box office especially in North America. New Zealand composer Kenneth Young conducted his own works in a new CD recording for Atoll titled *Shadows and Light*.

Commercial and promotional work included accompanying a presentation of a symphonic *BBC Doctor Who* performance for a commercial promoter in Auckland and a performance at Palliser Estate. Symphonic Feast was a high profile event in the Palliser Estate Wines Wellington on a Plate programme and featured NZSO Concertmaster Vesa-Matti Leppänen as soloist in movements from Vivaldi's *Four Seasons*.

MUSIC IN SCHOOLS

In 2015 the NZSO presented a varied and engaging range of education, community and development activities with mentoring and coaching initiatives, specialist training opportunities, workshops and performances.

The Music in Schools scheme featured performances of *The Happiness Box* in Wellington, Palmerston North, Taupo, Hamilton and Auckland, conducted by Hamish McKeich and presented by actor Cole Jenkins.

The Happiness Box tells the story of three best friends, a lizard, a monkey and a frog, who find a magical box and embark upon a journey through the jungle to discover the secret of happiness. This delightful tale was originally written for Changi Jail's child prisoners in 1942 by Australian POW David Griffin and illustrated by fellow POW Leslie Greener while they were interned in the camp.

It has been adapted and scored for young audiences by award-winning composer Bryony Marks to capture the sense of wonder, trepidation and delight of the friends' adventure. Greener's beautiful illustrations from the 1947 edition of the book accompany the narration and music. The themes of *The Happiness Box* are timeless and universal: the value of

kindness, resilience, industriousness, humour, courage and most importantly the value of friendship.

The work is striking and engaging and proved absorbing and entertaining for student audiences. The scheduling of these performances capitalised on connections to the Gallipoli centenary and Anzac Day commemorations.

YOUNG MUSICIANS

The NZSO's Mentoring Programme provides opportunities for students to have invaluable direct contact with NZSO musicians as well as access to NZSO rehearsals and concerts throughout the year. Students are from 13 to 18 years old and meet with their mentors three to four times during the year.

In 2015 there were 29 applicants for the programme. Of the 15 successful mentoring students, four came from Auckland, four from Christchurch, two from Wellington, two from New Plymouth and one each from Tauranga and Napier.

The NZSO Fellowship Programme is an initiative of the NZSO's Music Director Pietari Inkinen. It is the NZSO's premier offering for emerging orchestral musicians, providing a unique year-long association with the Orchestra and bespoke opportunities to work with the NZSO players, international conductors, soloists and educators. Students work directly with NZSO musicians, soloists and conductors through lessons and meetings. Fellowship students play with the NZSO as appropriate and also complete a casual NZSO audition as part of the process of gaining experience of the professional orchestra environment.

Six students participated in the NZSO's fellowship programme from an applicant pool of 22. These students were from Auckland, Christchurch and Wellington and included two violinists and a violist, a harpist, percussionist and conductor. In 2015 the programme was expanded to provide additional activities for participants including a day with Australian conductor and music educator Richard Gill.

In providing further development opportunities for young conductors Music Director Emeritus James Judd ran a full day conductor workshop with NZSO Fellowship Programme student Vincent Hardaker and conductor in training Timothy Carpenter. They spent a half day in coaching and preparation before working with the Orchestra on Tchaikovsky's *Romeo and Juliet Fantasy-Overture*.

There were a number of open rehearsals throughout the year in Wellington and during the *Classical Hits* tour. The latter were attended by Idea Services in Blenheim, Sistema Whangarei in Whangarei and school students in Palmerston North.

The Todd Corporation Young Composers Award is now in its 12th year and over that time has stimulated the composition of many works for symphony orchestra. The Award's impact on the creation of a New Zealand symphonic literature both directly and indirectly is enormous.

In 2015 there were 32 applicants for positions in the Awards programme, evidence of the enduring interest in symphonic composition by emerging young composers. The nine successful composers worked with Australian conductor Richard Gill and composer mentor Michael Norris to workshop and prepare their works for performance and recording by the NZSO. Composer Reuben Jelleyman with his work *Strobe* and Jay Greenberg with *Water Wheel with Mantras* were joint winners of the 2015 Award. Jay Greenberg also won the Orchestra's Choice award.

NZSO NATIONAL YOUTH ORCHESTRA

Since its inception in 1959, the NZSO National Youth Orchestra has played a vital role in providing unique opportunities for the country's most gifted young orchestral performers, many of whom have followed a successful musical path to becoming international soloists, chamber musicians, orchestral players and teachers.

170 talented young musicians from all corners of New Zealand applied for positions in the 2015 NYO. 92 were successful and had the opportunity to perform under internationally acclaimed conductor José Luis Gomez in his debut with the NYO. Venezuelan-born Gomez is a product of the ground-breaking El Sistema programme and his educational philosophy aligned well with NYO musicians. His engagement was timely given the continued rise of El Sistema-inspired programmes in New Zealand.

The NYO gave performances in Wellington and Christchurch in July in a French inspired programme which featured NZSO Principal Flute Bridget Douglas, herself a former member of the NYO, as soloist in Ibert's *Flute Concerto*. Dukas' *The Sorcerer's Apprentice* and Debussy's *La Mer* concluded the French contribution and the programme was completed by the premiere

of NYO Composer in Residence Salina Fisher's attractive commissioned work *Rainphase*.

TRAINING AND COACHING

The NZSO was very active during 2015 with training and coaching initiatives and collaborations with a number of organisations.

The programme of youth orchestra coaching delivered by NZSO musicians was maintained over the year. With the assistance of the Wellington Community Trust, the Orchestra continued working with the Wellington Youth Sinfonietta and Wellington Youth Orchestra and sessions were also held with Kapiti, Christchurch, Dunedin, Hawke's Bay and Taranaki Youth Orchestras.

There were two significant initiatives for young singers. The NZSO collaborated with the Dame Malvina Major Foundation to provide an opportunity for three singers to work with Nicholas McGegan during the preparation of *Messiah*. The Orchestra also collaborated with New Zealand Opera in the selection of three young NZ Opera Emerging Artists to participate in the Renée Fleming masterclass.

The NZSO provided former London Symphony Orchestra Principal Double Bass Thomas Martin to the Southern Sinfonia for a workshop with their musicians during the year. Thomas Martin who is a professor at both the Royal College of Music London and the Royal Scottish Academy of Music Glasgow was brought to New Zealand during 2015 to work with the NZSO Double Bass section under the NZSO's Professional Development Scheme. The association with the Southern Sinfonia also included contributions from Section Principal Percussion Lenny Sakofsky and Section Principal Timpani Larry Reese who provided professional development to its members.

MASTERCLASSES

Artist masterclasses are an important way of sharing the expertise and skill of the major international artists that visit New Zealand to work and tour with the NZSO each year. The annual programme of masterclasses is supported by The NZSO Foundation. Their contribution ensures that the benefits of having these superb musicians in New Zealand are fully realised.



2015 had a very full programme of six masterclasses and visiting artists were generous with the time and effort they contributed to working with New Zealand's young musicians. Four masterclasses were held at the New Zealand School of Music. These included Christian Lindberg, trombone; Christine Goerke, voice; Baiba Skride, violin; and, Kari Kriikku, clarinet. Soprano Renée Fleming's masterclass was at the Michael Fowler Centre and pianist Simon Trpčeski's at Waikato University.

The Kari Kriikku masterclass was live streamed thanks to the expertise of the NZSO's business partner Canon. This was a first for the Orchestra and significantly boosted access to the event in New Zealand and internationally with over 700 views over a two month period.

Guest Artist violinist Anthony Marwood also provided a masterclass together with a full day of activity for students from the Pettman National Junior Academy following his Auckland performance.

NEW ZEALAND MUSIC

The NZSO had an active year in the support of New Zealand composers. In addition to the nine works performed and recorded in the Todd Corporation Young Composers Award scheme, seven works were recorded under the auspices of the SOUNZ Recordings scheme. This is a long-running initiative which is in association with RNZ Concert and SOUNZ (Centre for New Zealand Music) and designed to make new and existing works by New Zealand composers available to a wider audience.

The Orchestra performed four major New Zealand works in its main bill programmes including Lilburn's *Symphony No 2* and three commissions, Michael Williams' *Symphony No 1 Letters from the Front, Claro* by Michael Norris and *Rainphase* by NYO Composer in Residence Salina Fisher. In May, Jack Body's *Meditations on Michelangelo: Non posso altra figura immaginarmi* was performed in four touring centres shortly after the New Zealand composer passed away.

CONCLUSION

2015 was the first full year of the implementation of the Orchestra Sector Review. APOA (Association of Professional Orchestras Aotearoa) with membership comprising the NZSO,

Orchestra Wellington, Auckland Philharmonia, Christchurch Symphony Orchestra and Southern Sinfonia (now Dunedin Symphony Orchestra) was formed in 2013 in response to the Review recommendations. APOA met regularly during the year to plan and coordinate national orchestral services, consider industry issues and work with the Joint Monitoring Team of the Ministry for Culture and Heritage and Creative New Zealand. The Association has an important function in the New Zealand orchestra sector, providing a national voice for orchestras and orchestral musicians.

A number of important initiatives were brought to a conclusion in 2015. Foremost of these was the appointment of Edo de Waart as the NZSO's Music Director to succeed Pietari Inkinen. The appointment of such an experienced and renowned conductor is a major step in the ongoing artistic development of the Orchestra as one of New Zealand's premier professional performing arts organisations.

Work concluded on organisational developments and improvements. The Management Review was completed and a new four Department structure implemented and staffed by year's end. The Players Collective Employment Agreement was settled with a new and substantially revised and streamlined document agreed for a three year term.

I would like to thank the NZSO Board and Chair Donald Best for their leadership and wise counsel which ensured a successful year of achievement and progress. I would also like to thank all musicians, staff and colleagues in the Strategic Leadership Team for their skill, energy and commitment to the Orchestra. Challenges abound in the volatile world of the professional performing arts. Over the year these were carefully managed to ensure that New Zealanders enjoyed performances of the highest possible standard by their national orchestra.



CHRISTOPHER BLAKE QSO
CHIEF EXECUTIVE

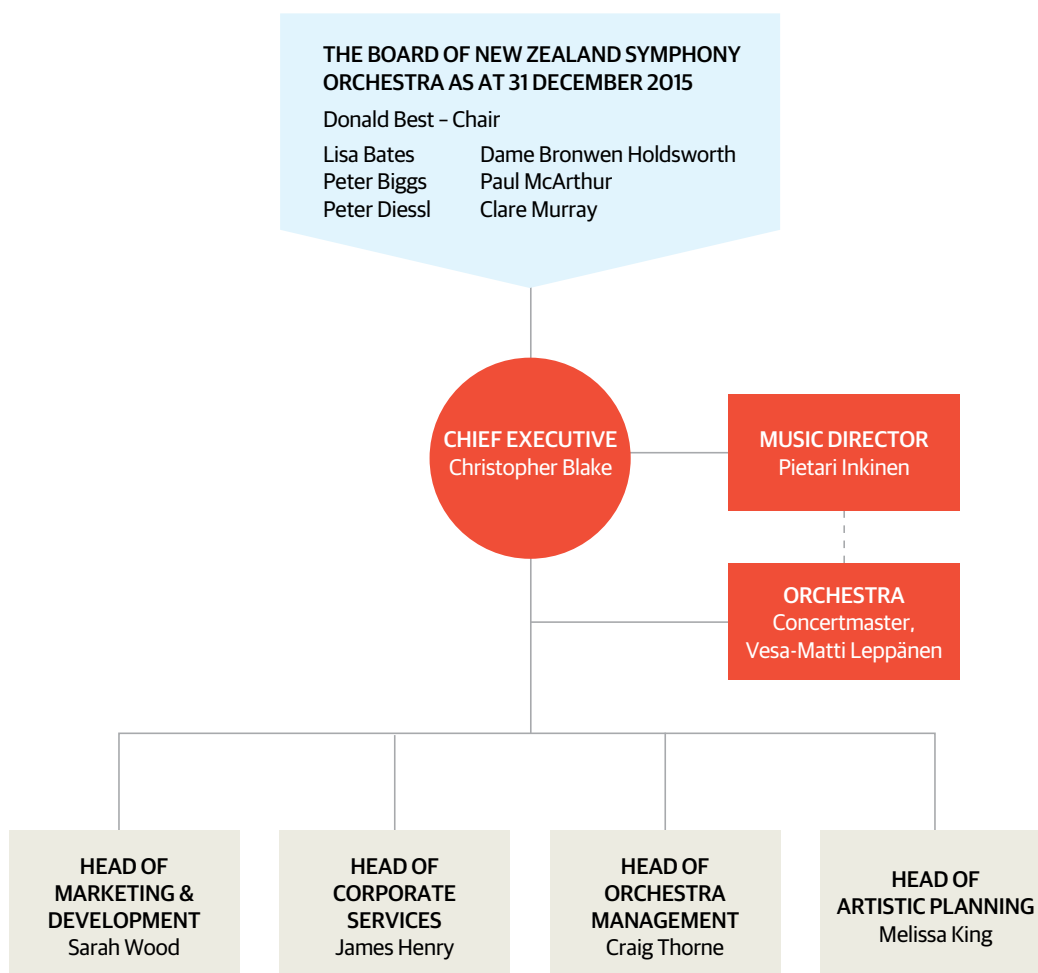


ORGANISATIONAL HEALTH & CAPABILITY

ORGANISATIONAL STRUCTURE

The NZSO's organisational structure is shown below. The Board of NZSO are appointed by the Minister for Arts, Culture and Heritage and the Board have appointed Christopher Blake as Chief Executive. The Music Director is an independent contractor appointed by the NZSO after a consultation process involving the Board, management and the players of the orchestra. The current

Music Director's (Pietari Inkinen) term expired on 31 December 2015 and a new Music Director (Edo de Waart) has been appointed from 1 January 2016. The Strategic Leadership Team (SLT) consists of the Chief Executive, Head of Corporate Services, Head of Marketing & Development, Head of Artistic Planning, Head of Orchestra Management and the NZSO's Concertmaster.



PERSONNEL POLICY

To ensure the NZSO can continue to deliver on its objectives, it must maintain a motivational and positive working environment. The NZSO's financial resources need to be sufficient (and utilized effectively) to deliver a diverse, quality artistic programme.

Employee participation is important to the Orchestra. The NZSO encourages staff to be involved in the development, review and renewal of policies. In 2015, the NZSO undertook an employee engagement survey which hasn't occurred for a number of years. The survey will be run again in 2016 and information gathered from the survey and the results of any changes in levels of engagement will be included in future Annual Reports.

The NZSO is a good employer, adheres to the principles of being a good employer and the principle and practice of equal employment opportunities in the recruitment, employment, training and promotion of staff, and to the identification and elimination of barriers that cause or perpetuate inequality in employment opportunities. Specifically, the NZSO has policies and procedures covering the seven key elements of being a 'good employer', as defined by the Human Rights Commission and is committed to demonstrating best practice in those areas.

SAFE AND HEALTHY ENVIRONMENT

The NZSO strives to provide employees with a healthy and safe working environment. Systems are in place to ensure that hazards are identified and their impact minimized. The NZSO operates a Health & Safety Committee with the membership covering all areas of the organisation. The NZSO retains a tertiary level accreditation for the ACC Workplace Safety Management Practices programme. Each year the Health & Safety Committee sets a comprehensive plan of activities to be completed in the year and in 2015 98% of the planned activities were delivered including a number of training and briefing sessions on the new *Health and Safety at Work Act 2015*.

RECRUITMENT, SELECTION AND INDUCTION

The NZSO is committed to providing equality of opportunity in its employment policies. All permanent positions are advertised externally to attract a wide range of candidates. The best candidates are appointed to positions after following a strict selection process. The Orchestra ensures that gender balance is achieved on all appointment panels. For the selection of players, all applicants are invited to audition and to ensure impartiality the

first and second rounds of auditions are held behind screens. The NZSO also follows a structured and formalised induction process for new employees. The NZSO auditions policy for orchestral players will be reviewed during the 2016 year.

FLEXIBILITY AND WORK DESIGN

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

LEADERSHIP, ACCOUNTABILITY AND CULTURE

The NZSO has a commitment to consultation to allow employees to have an opportunity to participate in decision making. Consultative committees are set up to ensure regular consultation with employees. A shared and productive organisational culture is recognised as a key to achieving our Vision and Mission and is reflected in those statements (refer page 2). In 2015 consultative committees have included: the Players Committee; the Health & Safety Committee; the Artistic Planning Forum; Personnel Manual Review Committee; and Hui Matua. An organisational culture survey is scheduled to be undertaken early in the 2016 year. The Chief Executive regularly reports to all staff including participating in open administration staff meetings, has regular face-to-face meetings and engages with players in the open forum "brown bag lunches" and in the weekly "Friday Flash" report. At the commencement of each board meeting, the Players Committee are invited to an open discussion with the Board, Chief Executive and CFO.

EMPLOYEE DEVELOPMENT, PROMOTION AND EXIT

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

offered to all resigning staff. Each year the NZSO includes as a nonfinancial performance measure the players receiving professional development awards/bursaries. In 2015 those were: The June Violet Commons Scholarship was awarded to first violinists Malavika Gopal, Ursula Evans and Anna van der Zee and second violinists Simon Miller and Janet Armstrong; the Mary Fitzwilliam study award enabled professional development for the entire NZSO doublebass section.

REMUNERATION, RECOGNITION AND CONDITIONS

The players and some administration staff of the NZSO are employed under collective employment agreements. The NZSO enters negotiations with the E tū (the union formed by the merger of the Engineering, Printing and Manufacturing Union and the Service and Food Workers' Union in October 2015) adhering to the principles of good faith bargaining. The NZSO provides fair and reasonable terms and conditions of employment. Many entitlements exceed the statutory minimums as set out in New Zealand legislation.

Administration positions are formally evaluated so that salaries remain competitive with the New Zealand general market (while being mindful of the government's expectations for pay and conditions in the public sector). The Board of the NZSO consults with the State Services Commission with regards review and remuneration of the Chief Executive.

HARASSMENT AND BULLYING PREVENTION

The NZSO is committed to providing a safe workplace that is free from harassment and bullying. All employees are required to behave appropriately in the workplace. This includes treating all people with respect, as well as developing awareness of the impact of behaviour on other people. Policies are included in the NZSO's Personnel Manual in relation to both bullying and harassment.

WORKPLACE PROFILE

The following table shows the workplace profile (including headcount, age ranges, gender, length of service and ethnicity) of the NZSO (both administration and players and aggregated) as at 31 December 2015. In 2016, the NZSO will look to introduce disability information gathering into this profile.

LENGTH OF SERVICE

	Admin	Players	Total	
0-5 years	17	13	30	27%
5-15 years	8	20	28	25%
15-25 years	1	28	29	26%
25-35 years	1	16	17	15%
35+ years	0	7	7	6%
Total	27	84	111	

AGE RANGES

	Admin	Players	Total	
0-25 years	2	0	2	2%
25-35 years	4	13	17	15%
35-45 years	11	23	34	31%
45-55 years	2	23	25	23%
55-65 years	3	24	27	24%
65+ years	4	1	5	5%
Not declared	1	0	1	1%
Total	27	84	111	

GENDER

	Admin	Players	Total	
Male	8	49	57	51%
Female	19	35	54	49%
Total	27	84	111	

ETHNICITY

	Admin	Players	Total	
Asian	4	3	7	6%
European	5	15	20	18%
Māori	0	1	1	1%
NZ European	13	43	56	50%
Other	1	1	2	2%
Not declared	4	21	25	23%
Total	27	84	111	

GOVERNANCE STATEMENT

The NZSO is an autonomous Crown Entity under the *Crown Entities Act 2004* and the *New Zealand Symphony Orchestra Act 2004* defines the orchestra's functions and objectives.

GOVERNING BOARD

The Board is appointed by the Responsible Minister – the Minister for Arts, Culture & Heritage, Hon. Maggie Barrie – and is comprised of seven non-executive members. The appointments are made having regard to the need for members to have among them, an appropriate balance of governance and financial skills and an awareness of artistic matters, as relevant to the role of the Board. The Board meets regularly in accordance with a schedule prepared in advance at the start of each calendar year. The Board met seven times in the 2015 year.

BOARD REMUNERATION

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

BOARD AUDIT COMMITTEE

The Audit Committee comprises two non-executive board members and an independent Chair appointed by the Board. The committee reports to the Board and has direct and unrestricted access to the external auditors and to all senior management of the NZSO. The objective of the committee is to assist in discharging the Board's responsibilities relative to financial reporting and regulatory compliances. It must also monitor and help in the establishment of sound risk management and internal control systems. The committee meets at least twice a year and any member of the committee, the CE, the CFO or the external auditors may request a meeting at any time if they consider it necessary.

MANAGEMENT DELEGATIONS & GOVERNANCE

Within the guidelines of the New Zealand Symphony Orchestra Act 2004, the governing board has been authorised by the Responsible Minister to manage the business of the NZSO and has delegated the day to day operational authority to the Chief Executive (CE), to do this in the best artistic and commercial interests of the organisation. The CE's terms and conditions of employment are determined by the Board in consultation with the State Services Commission.

MANAGEMENT

The Strategic Leadership Team (SLT) meets on a regular basis to discuss various operational and policy issues and is a platform where key functional decisions are made.

The following leaders report to the CE (Christopher Blake):

Head of Corporate Services and Chief Financial Officer (CFO) (James Henry)

Strategic planning; Budget management; Financial planning and management, reporting and policies; Legislative compliance; Human Resources function; Health and Safety; Business continuity and disaster management; Information technology management; Facilities and property management; Records management.

Head of Marketing and Development (Sarah Wood)

Strategic planning; Audience development; Non government revenue generation function (public sources); Box office income generation; Private and corporate philanthropy and partnerships income generation; Marketing and brand strategy and implementation; Communications, public relations and publicity; Customer relations; Support organisations.

Head of Artistic Planning (Melissa King)

Strategic planning; Artistic planning and leadership function; Planning and implementation of all artistic activities; Non government revenue generation function (industry sector fee sources); Programme development including artists, repertoire and touring; National and international artist negotiation and liaison; Representation, liaison, cooperation with national and international arts organisations; Education and community programmes; NZSO National Youth Orchestra; Titled conductors engagement and relationship management; International tour development and management.

Head of Orchestra Management (Craig Thorne)

Strategic planning; Orchestra operations function; Day to day operations activity; Operations management of national and international touring; Management of contract and casual players; Personnel monitoring and reporting; Auditions; Artists touring management.

Concertmaster (Vesa-Matti Leppänen)

Orchestra leadership.

MANAGEMENT REMUNERATION

The CE's remuneration is set by the Board after consultation with the State Services Commission. The Strategic Leadership Team's remuneration is set by the CE in consultation with the Chair of the Board.

CONFLICTS OF INTEREST

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

APPROVAL PROCESS

The CE's expenses are approved by the CFO and later countersigned by the Chair of the Board; The CFO's expenses are approved by the CE and all other Heads' of Department expenses are reviewed and approved by the CE or CFO.

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

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



FINANCIAL STATEMENTS

Statement of Responsibility

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

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

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

In the opinion of the Board, the attached financial statements fairly reflect the NZSO's financial position as at 31 December 2015 and the results of its operation and service performance for the year ended on that date.

In the opinion of the Board, the attached financial statements comply with the new Public Benefit Entity accounting standards and the Equity of the NZSO is accurately stated as \$2.047 million as at 31 December 2015 in the Statement of Financial Position and the Statement of Changes in Equity.



SIGNED:

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DONALD BEST
BOARD CHAIR

2 May 2016



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PETER DIESSL
BOARD MEMBER,
AUDIT COMMITTEE MEMBER

2 May 2016

Independent Auditor's Report

To the readers of New Zealand Symphony Orchestra's financial statements and performance information

FOR THE YEAR ENDED 31 DECEMBER 2015

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

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

We have audited:

- the financial statements of the NZSO on pages 23 to 40, that comprise the statement of financial position as at 31 December 2015, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the NZSO on pages 42 to 47.

Qualified opinion on the statement of financial position and statement of changes in equity - A receivable for Crown funding has not been recognised

The NZSO receives Crown funding that is appropriated from Vote Arts, Culture and Heritage. The period of this annual appropriation is 1 July to 30 June and differs from the NZSO's financial year of 1 January to 31 December.

As explained in the statement of accounting policies on page 26, the NZSO recognises Crown funding over the period of its agreed Statement of Performance Expectations (SPE), which is from 1 January to 31 December. We do not agree that the period of the SPE should define the recognition of Crown funding. Under the Crown Entities Act 2004, the purpose of the SPE is for setting performance expectations, rather than approving or setting funding.

To comply with PBE IPSAS 23 *Revenue from Non-Exchange Transactions*, the NZSO is required to recognise Crown funding at the time that it controls the funding. In our view, the annual Crown funding is controlled by NZSO at the date the approved appropriation is effective. Consequently, the NZSO should recognise a receivable of \$6.723 million as at 31 December 2015 for Crown funding appropriated but not yet received.

The effect of this departure from PBE IPSAS 23 is that assets and equity in the statement of financial position are understated by \$6.723 million. The comparative year statement of financial position is also understated by the same amount. The opening and closing balances in the statement of changes of equity are similarly understated.

In our opinion, except for the effects of matter explained above, the statement of financial position and statement of changes in equity of the NZSO:

- present fairly, in all material respects its financial position as at 31 December 2015; and
- comply with generally accepted accounting practice in New Zealand and has been prepared in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime.

Unmodified opinion on the statement of comprehensive revenue and expense and the statement of cash flows and the performance information

In our opinion:

- the statement of comprehensive revenue and expense and statement of cash flows of the NZSO:
 - present fairly, in all material respects, its financial performance and cash flows for the year ended 31 December 2015; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime.
- the performance information:
 - presents fairly, in all material respects, the NZSO's performance for the year ended 31 December 2015, including:
 - for each class of reportable outputs:
 - its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year;
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 2 May 2016. 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 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 the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. We found a material misstatement that was not corrected, as we referred to in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the NZSO's financial statements and performance information 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 NZSO;
- the appropriateness of the reported performance information within the NZSO's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

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

Responsibilities of the NZSO

The NZSO is responsible for preparing financial statements and performance information that:

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

The NZSO's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

The NZSO is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The NZSO is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

Other than the audit, we have no relationship with or interests in the NZSO.



Chrissie Murray
Audit New Zealand

On behalf of the Auditor-General
Wellington, New Zealand

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000
REVENUE				
Concert Revenue		2,755	3,075	2,794
Interest Revenue		192	204	185
Other Revenue	1	1,751	2,012	2,503
REVENUE EARNED BY THE NZSO		4,698	5,291	5,482
Government Funding		13,446*	13,446	13,446**
TOTAL REVENUE	1	18,144	18,737	18,928
EXPENDITURE				
Personnel Costs	2	10,394	10,382	10,178
Depreciation and Amortisation Expense	6	110	160	143
Other Expenditure	3	7,526	8,320	8,308
TOTAL EXPENDITURE		18,030	18,862	18,629
NET SURPLUS/(DEFICIT)		114	(125)	299
Other Comprehensive Revenue and Expense		-	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		114	(125)	299

* Comprised of four equal payments of \$3.3615m from the Ministry for Culture & Heritage to NZSO on 5 January 2015 and 1 April 2015 (from government's 2014/15 appropriation) and 1 July 2015 and 1 October 2015 (from government's 2015/16 appropriation).

** Comprised of four equal payments of \$3.3615m from the Ministry for Culture & Heritage to NZSO on 3 January 2014 and 1 April 2014 (from government's 2013/14 appropriation) and 1 July 2014 and 1 October 2014 (from government's 2014/15 appropriation).

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000
Balance as at 1 January	1,933	1,647	1,634
Total Comprehensive Revenue and Expense for the year	114	(125)	299
Balance as at 31 December	2,047	1,522	1,933

The accompanying notes and policies on pages 26 to 40 form an integral part of these financial statements.
Explanations of major variances against budget are included in Note 18.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000
EQUITY				
General Funds		2,047	1,522	1,933
TOTAL EQUITY		2,047	1,522	1,933
CURRENT ASSETS				
Cash and Cash Equivalents	4	3,404	2,361	3,334
Trade Receivables and Other Receivables	5	158	274	59
Prepayments		53	105	61
Investments		-	500	-
TOTAL CURRENT ASSETS		3,615	3,240	3,454
NON-CURRENT ASSETS				
Property, Plant and Equipment	6	1,052	1,080	1,075
Intangible Assets	6	130	118	70
TOTAL NON-CURRENT ASSETS		1,182	1,198	1,145
TOTAL ASSETS		4,797	4,438	4,599
CURRENT LIABILITIES				
Trade Payables and Other Payables	7	1,511	1,688	1,308
Employee Entitlements	8	1,064	1,030	1,174
TOTAL CURRENT LIABILITIES		2,575	2,718	2,482
NON-CURRENT LIABILITIES				
Employee Entitlements	8	175	198	184
TOTAL NON-CURRENT LIABILITIES		175	198	184
TOTAL LIABILITIES		2,750	2,916	2,666
NET ASSETS		2,047	1,522	1,933

The accompanying notes and policies on pages 26 to 40 form an integral part of these financial statements.
Explanation of major variances against budget are included in Note 18.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Actual 2015 \$000	Budget 2015 \$000	Actual 2014 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers		3,908	4,524	4,750
Interest Received		189	204	179
Government Funding		13,446	13,446	13,446
Payments to and on behalf of employees		(10,613)	(10,189)	(10,362)
Payments to Suppliers		(6,714)	(8,053)	(7,688)
Net Goods and Services Tax		(35)	-	(84)
NET CASH FLOWS FROM OPERATING ACTIVITIES		181	(68)	241
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales of Property, Plant and Equipment		2	-	51
Purchases of Property, Plant and Equipment		(71)	(100)	(112)
Purchases of Intangible Assets		(42)	(95)	(43)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(111)	(195)	(104)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		70	(263)	137
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		3,334	3,124	3,197
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4	3,404	2,861	3,334
Represented by: Cash & Cash Equivalents				
Bank		1,404	2,361	525
Term Deposits less than or equal to 3 months		2,000	500	2,809
		3,404	2,861	3,334

The accompanying notes and policies on pages 26 to 40 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

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

The financial statements for NZSO are for the year ended 31 December 2015, and were approved by the Board on 2 May 2016.

BASIS OF PREPARATION

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

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

Statement of Compliance

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

The financial statements have been prepared in accordance with Tier 2 PBE accounting standards. These financial statements comply with PBE accounting standards. These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in Note 20.

Presentation currency and rounding

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue

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

Funding from the Crown (Government funding)

NZSO is significantly funded from the Crown. This funding

is restricted in its use for the purpose of NZSO meeting the objectives specified in its founding legislation (*New Zealand Symphony Orchestra Act 2004*) and the scope of the relevant appropriations of the funder. NZSO recognises such funding as revenue at the point when control of the resource passes to NZSO. NZSO considers the Crown Payments made by the Ministry for Culture & Heritage to the NZSO meet the applicable control test for recognition when two events have occurred; (1) the responsible Minister has formally approved a Crown Payment from the Ministry to the NZSO of all (or a specific portion) of an existing appropriation which relates to an agreed Statement of Performance Expectations, and (2) the agreed Statement of Performance Expectations is effective. The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements. In NZSO's view, the recognition of Government funding in this way meets the requirements of the applicable accounting standard (PBE IPSAS 23, *Revenue from Non-Exchange Transactions*).

Grants received

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

Contra sponsorship received

Sponsorship revenue can be received by NZSO in cash and/or non-cash (contra) exchange transactions. Revenue is recognised when it becomes receivable except when in the case of contra sponsorship there is a realistic expectation that those sponsored services will not be realised. Where the contra sponsorship generates a physical asset (rather than services) as consideration the asset is recognised at fair value and the difference between the consideration provided and fair value of the asset is recognised as revenue. The fair value of such assets is determined as follows:

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

Interest revenue

Interest revenue is recognised using the effective interest method.

Provision of services / Concert Revenue

Services provided to third parties on commercial terms are exchange transactions. Revenue from these services is recognised in proportion to the stage of completion at balance date. Concert Revenue received for NZSO's 2016 performances is Revenue in Advance at balance date and will be fully recognised as Revenue in the 31 December 2016 financial statements.

Foreign Currency Transactions

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

Operating Leases

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

Receivables

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

Investments

Term deposits

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

Property, plant and equipment

Property, plant and equipment consists of the following asset classes: computer hardware, leasehold improvements, musical instruments, studio equipment, furniture and office

equipment and music library. All assets classes are measured at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to NZSO and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Disposals

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

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to NZSO and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Depreciation

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

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

Intangibles assets

Software acquisition and development

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

Amortisation

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

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

Impairment of Property, Plant and Equipment and Intangible assets

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

Non-cash-generating assets

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

Payables

Short-term payables are recorded at their face value.

Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued

entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date, deferred and retiring leave (vested and available to be cashed-in) and sick leave. A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where there is a contractual obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

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

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

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

Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

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

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

Equity

Equity is measured as the difference between total assets and total liabilities. There is no basis on which to disaggregate equity and so it is recognised in total as general funds.

Goods and Services Tax ("GST")

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

Income Tax

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

Budget Figures

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

Critical accounting estimates and assumptions

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

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

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

An incorrect estimate of the useful life or residual value will affect the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the statement of financial position. NZSO minimises the risk of this estimation uncertainty by:

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

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

Long service leave

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

Critical judgements in applying accounting policies

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

Leases classification

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

1. REVENUE

OTHER REVENUE	Actual 2015 \$000	Actual 2014 \$000
Sponsorship Revenue and Grants *	1,417	1,368
Recording Revenue and Cost Recoveries	72	890
Foreign exchange gains, excluding derivatives	34	11
Gains on Disposal of Assets	2	23
Sundry Revenue	226	211
Total Other Revenue	1,751	2,503

* \$604,000 of Sponsorship Revenue and Grants is contra sponsorship (2014: \$585,000). This represents non-cash (or "in-kind") revenue and an equivalent amount is expensed or capitalised when NZSO receives goods and/or services from sponsors or funders. In return, sponsors/funders may receive various benefits from NZSO. Although these are non-cash transactions they may be classified as either exchange or non-exchange transactions for reporting purposes depending on the substance of the specific funding arrangements and the obligation for NZSO to provide benefits in return for the funding. The two major classes of contra sponsorship relate to media advertising agency (41%, 2014: 36%) and concert/rehearsal venue agency (24%, 2014: 29%).

TOTAL REVENUE	Actual 2015 \$000	Actual 2014 \$000
Exchange and non-exchange revenue		
Non-exchange revenue		
Government Funding	13,446	13,446
Other Revenue – Grants *	584	632
Other Revenue – Sponsorship	543	441
Total non-exchange revenue	14,573	14,519
Exchange revenue		
Concert Revenue	2,755	2,794
Interest Revenue	192	185
Other Revenue – Sponsorship **	290	295
Other Revenue – Recording Revenue	72	890
Other Revenue – Foreign exchange gains	34	11
Other Revenue – Gains on Disposal of Assets	2	23
Other Revenue – Sundry Revenue	226	211
Total exchange revenue	3,571	4,409
TOTAL REVENUE	18,144	18,928

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

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

2. PERSONNEL COSTS

	Actual 2015 \$000	Actual 2014 \$000
Salaries and wages *	9,634 **	9,552
ACC Levy	26	37
Contribution to Superannuation Schemes	340	325
Allowances	205	60
Recruitment and Training	189	204
Total personnel costs	10,394	10,178

* As at 31 December 2015, the NZSO has a staff establishment of 118 Full-Time Equivalent employees made up of 28 administration staff and 90 musicians (this was the same as 31 December 2014). At balance date, there were 7 vacancies in the establishment (2014: 15). Of the 7 vacancies, 4 have been recruited as at balance date and begin work in 2016.

** Payments totalling \$26,239 were made in relation to the cessation of employment of one employee (2014: \$49,504, 1 employee).

3. OTHER EXPENDITURE

	Actual 2015 \$000	Actual 2014 \$000
Direct Expenses from Orchestral activity	5,401	6,286
Occupancy Costs	374	378
Audit Fees for financial statements audit *	54	53
Board Members fees	105	106
Foreign exchange losses, excluding derivatives	14	3
General Operating Costs	1,578	1,482
Total Expenditure	7,526	8,308

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

4. CASH AND CASH EQUIVALENTS

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

	Actual 2015 \$000	Actual 2014 \$000
Cash at bank and on hand	1,404	525
Term deposits with maturities less than 3 months	2,000	2,809
Total Cash and Cash Equivalents	3,404	3,334

5. TRADE RECEIVABLES AND OTHER RECEIVABLES

As at 31 December 2015 all overdue receivables have been assessed for impairment and irrecoverable amounts. The carrying value of receivables approximates their fair value.

	Actual 2015 \$000	Actual 2014 \$000
TRADE AND OTHER RECEIVABLES		
Gross Trade and Other Receivables	158	59
Less: Provision for Impairment	-	-
Total Trade & Other Receivables *	158	59
*Represented by:		
Trade Receivables	20	31
Other Receivables	138 **	28 **
	158	59

** In 2015, "Other Receivables" includes Net GST Receivable of \$42,849 (2014, \$7,846). Net GST Receivable is a non-exchange transaction receivable.

**The balances of Trade Receivables and Other Receivables were \$147,000 (54%) lower at year-end than budgeted. This is the result of an accounting treatment review. In previous years (and in the 2015 Statement of Performance Expectations budget) subscription bookings received at year-end for the succeeding NZSO season where actual payment was either deferred in full or by half (instalment payments) were recognised in full as Subscription Revenue in Advance and the unpaid portion as a Subscription Debtor (Other Current Asset). At the 2015 year-end, neither the unpaid portion of the future subscription nor the subscription income has been included in the Statement of Financial Position. The Other Receivables balance reported as \$444,000 in the 2014 annual report has been reduced by \$416,000 to reflect this change in accounting treatment.

	Actual 2015 \$000	Actual 2014 \$000
MOVEMENTS IN THE PROVISION FOR IMPAIRMENT OF RECEIVABLES		
Balance as at 1 January	-	52
Additional Provisions made during the year	-	-
Receivables written off during the year	-	(52)*
Balance as at 31 December	-	-

* The receivables written off during the 2014 year relate to sponsorship due & receivable from Solid Energy New Zealand Limited for the 2012 financial year.

6. PROPERTY, PLANT AND EQUIPMENT / INTANGIBLE ASSETS

PROPERTY, PLANT AND EQUIPMENT

Cost	Leasehold Alterations \$000	Computer Hardware \$000	Studio Equipment \$000	Furniture and Office Equipment \$000	Musical Instruments \$000	Music Library \$000	Capital Work-in- Progress \$000	Total \$000
Balance at 1 January 2014	769	176	437	363	674	600	35	3,054
Balance at 31 December 2014	297	214	478	369	644	610	17	2,629
Balance at 1 January 2015	297	214	478	369	644	610	17	2,629
Additions	-	13	18	1	29	7	3	71
Transfers	-	1	-	7	9	-	(17)	-
Disposals	-	(47)	-	(23)	-	-	-	(70)
Balance at 31 December 2015	297	181	496	354	682	617	3	2,630

Accumulated Depreciation

Balance at 1 January 2014	760	158	285	323	432	-	-	1,958
Balance at 31 December 2014	294	180	318	334	428	-	-	1,554
Balance at 1 January 2015	294	180	318	334	428	-	-	1,554
Depreciation expenses	1	20	34	7	31	-	-	93
Depreciation- Disposals	-	(46)	-	(23)	-	-	-	(69)
Balance at 31 December 2015	295	154	352	318	459	-	-	1,578

Net Book Value

At 1 January 2014	9	18	152	40	242	600	35	1,096
At 31 December 2014	3	34	160	35	216	610	17	1,075
At 31 December 2015	2	27	144	36	223	617	3	1,052

INTANGIBLE ASSETS

	Computer Software	Capital Work- in-Progress	Total
Cost	\$000	\$000	\$000
Balance at 1 January 2014	279	32	311
Balance at 31 December 2014	316	38	354
Balance at 1 January 2015	316	38	354
Additions	9	69	78
Transfers	-	-	-
Disposals	(58)	-	(58)
Balance at 31 December 2015	267	107	374

Accumulated Amortisation

Balance at 1 January 2014	246	-	246
Balance at 31 December 2014	284	-	284
Balance at 1 January 2015	284	-	284
Amortisation expenses	17	-	17
Amortisation-Disposals	(57)	-	(57)
Balance at 31 December 2015	244	-	244

Net Book Value

At 1 January 2014	33	32	65
At 31 December 2014	32	38	70
At 31 December 2015	23	107	130

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

7. TRADE PAYABLES AND OTHER PAYABLES

	Actual 2015 \$000	Actual 2014 \$000
Payables under exchange transactions		
Trade Creditors	334	175
Revenue in Advance	750	678
Accrued Expenses	230	154
Other Creditors and Payables	90	94
Total Payables under exchange transactions	1,404	1,101
Payables under non-exchange transactions		
PAYE Payable	107	207
Total Payables under non-exchange transactions	107	207
Total Trade Payables and Other Payables	1,511	1,308

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

8. EMPLOYEE ENTITLEMENTS

	Actual 2015 \$000	Actual 2014 \$000
Provision for Employee Entitlements are as follows:		
Current:		
Accrued Salary & Wages	60	26
Annual Leave	766	855
Sick Leave	50	48
Long Service Leave	111	136
Deferred Leave	17	17
Retiring Leave	60	92
	1,064	1,174
Non-Current:		
Long Service Leave	175	184
Total Employee Entitlements	1,239	1,358

The present value of the term long service leave obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will impact on the carrying amount of the liability. The NZSO has used an actuarial model issued for this purpose by The Treasury, effective for 31 December 2015.

A discount rate of 5.22% (2014: 5.5%) and an inflation factor of 3.00% (2014: 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 (2014: \$8,000).

If the salary inflation factor were to differ by 1% from the estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$10,000 higher/lower (2014: \$12,000).

9. FINANCIAL INSTRUMENT CATEGORIES

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

	Actual 2015 \$000	Actual 2014 \$000
Loans & Receivables		
Cash and cash equivalents	3,404	3,334
Trade Receivables and Other Receivables	158	59
Total Loans & Receivables	3,562	3,393
Financial liabilities measured at amortised cost		
Trade Creditors and Other Payables (excluding Revenue in Advance)	761	630
Total financial liabilities measured at amortised cost	761	630

Fair value hierarchy

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

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

10. CAPITAL COMMITMENTS AND OPERATING LEASES

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

	2015	2014
	\$000	\$000
Less than One Year	313	313
Between One and Two Years	313	313
Between Two and Five Years	940	940
Greater than Five Years	2,637	2,951
Total non-cancellable operating lease	4,203	4,517

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:

	2015	2014
	\$000	\$000
Less than One Year	4	16
Between One and Two Years		4
Between Two and Five Years	-	-
Greater than Five Years	-	-
Total non-cancellable operating lease	4	20

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

	2015	2014
	\$000	\$000
Less than One Year	1,241	1,067
Between One and Two Years	478	-
Between Two and Five Years	478	-
Greater than Five Years	-	-
Total artists contracts	2,197	1,067

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

	2015	2014
	\$000	\$000
Less than One Year	17	17
Between One and Two Years	13	13
Between Two and Five Years	36	36
Greater than Five Years	64	76
Total musical instruments lease commitments	130	142

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

11. CONTINGENCIES

The NZSO has no contingent liabilities (2014: nil).

The NZSO has no contingent assets (2014: nil).

Superannuation schemes

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

If the other participating employers ceased to participate in the Scheme, the NZSO could be responsible for any deficit of the Scheme. Similarly, if a number of employers ceased to participate in the Scheme, the NZSO could be responsible for an increased share of any deficit. As at 31 March 2015, the Scheme had a past service surplus of \$20.9 million (11.4% of the liabilities) exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on net assets, but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS25.

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

12. RELATED PARTIES

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

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

Related party transactions required to be disclosed

i) NZSO has the use of a violin owned by Diessl Investments Limited at no cost. NZSO board member Peter Diessl is also a director of Diessl Investments Limited. The value of this transaction has been recognised at an assessed market value of \$25,000 in the financial statements.

ii) 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. The value of this transaction has been recognised at an assessed market value of \$5,000 in the financial statements.

iii) The NZSO transacts with The NZSO Foundation a separate registered charitable trust in which NZSO board members Lisa Bates and Peter Diessl are current trustees. All transactions were carried out on an arms length basis. Total amounts paid to The NZSO Foundation were \$23,550 (2014: \$21,960) and received were \$436,327 (2014: \$313,648).

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 seven members of the Board, the Chief Executive, Head of Corporate Services, Head of Marketing & Development, Head of Artistic Planning, Head of Orchestral Management and the Concertmaster.

Key management personnel compensation	2015 \$000	2014 \$000
Board Members		
Remuneration	105	106
Full-time equivalent members	0.2	0.2
Strategic Leadership Team		
Remuneration	1,004	1,104
Full-time equivalent members	6.0	6.0
Total key management personnel remuneration	1,109	1,210
Total full-time equivalent personnel	6.2	6.2

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

14. BOARD MEMBER FEES

Board members remuneration received or due and receivable during the year is as follows:	2015 \$000	2014 \$000
D Best (Chair)	24.0	24.0
L Bates	13.5	13.5
P Biggs ¹	13.5	5.6
M Brown ²	-	7.9
P Diessl	13.5	13.5
B Holdsworth ³	13.5	5.6
P McArthur	13.5	13.5
C Marshall ⁴	-	7.9
C Murray ⁵	3.5	-
R Taylor ⁶	10.0	14.9
Total	105.00	106.40

¹ P Biggs was appointed as a board member effective from 1 August 2014.

² M Brown's term as a board member expired on 31 July 2014.

³ B Holdsworth was appointed as a board member effective from 1 August 2014.

⁴ C Marshall's term as a board member expired on 31 July 2014.

⁵ C Murray was appointed as a board member effective from 1 September 2015.

⁶ R Taylor's term as a board member expired on 31 August 2015.

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 remuneration and other benefits was above \$100,000 for the year ended 31 December 2015 within \$10,000 bands are as follows:

	2015	2014
\$100,000 - \$109,999	7	4
\$120,000 - \$129,999	-	1
\$130,000 - \$139,999	2	1
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	1	-
\$180,000 - \$189,999	1	-
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	1	-
\$250,000 - \$259,999	-	2
\$260,000 - \$269,999	1	-

The Chief Executive's remuneration fell within the range \$260,000 to \$269,999 for the 2015 year. In 2014 the Chief Executive's remuneration fell within the range \$250,000 to \$259,999.

18. EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations of major variations from the NZSO's published budget figures for 2015 are as follows:

Statement of Comprehensive Revenue and Expense

a) Concert Revenue was \$320,000 (10%) lower than budgeted. The unfavourable variance was related to budgeted contract fees for the NZSO to perform in three BBC Proms concerts in Melbourne in 2015. Those concerts did not proceed and the budgeted income and expenses did not eventuate. The three Proms performances were budgeted to break-even and so a similar favourable variance was achieved in Direct Expenses from Orchestral activity (refer Note 3).

The anticipated BBC Proms concert audiences were also included in budgeted "Total audience" for 2015 and the non-performance of those concerts is the reason for the shortfall of the Statement of Service Performance measure (refer page 42).

b) Other Revenue was \$261,000 (13%) lower than budgeted. The unfavourable variance was most substantially due to lower than budgeted Sponsorship Revenue as the result of lower recognition of existing contra sponsorships. Although sponsorship revenue showed a small increase over 2014 (refer Note 1), the NZSO had budgeted for a larger increase (\$324,000). The NZSO is reviewing all contra sponsorship agreements where the full contracted value was not delivered to NZSO by the sponsor during the financial year.

c) Other Expenditure was \$794,000 (10%) lower than budgeted. The favourable variance was partially due to the non-performance of the three BBC Proms concerts noted in a) above. The other major favourable variance was also achieved in Direct Expenses from Orchestral activity (refer Note 3) in relation to International Artist Travel and Accommodation Costs. The NZSO achieved significant savings (\$238,000) through sharing international airfares for conductors and soloists with Australian orchestras where those artists were also performing. When not sharing airfares the NZSO was also able to achieve savings through the All-of-Government procurement contract for air travel.

Statement of Financial Position

a) Cumulatively the balances of Cash & Cash Equivalents and Investments were \$543,000 (19%) higher at year end than budgeted. This is partially reflective of the favourable year-end surplus vs. budget (of \$208,000) in addition to a higher opening cash position at the beginning of the year than budgeted (\$210,000).

19. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date.

20. ADJUSTMENTS ARISING ON TRANSITION TO THE NEW PBE ACCOUNTING STANDARDS

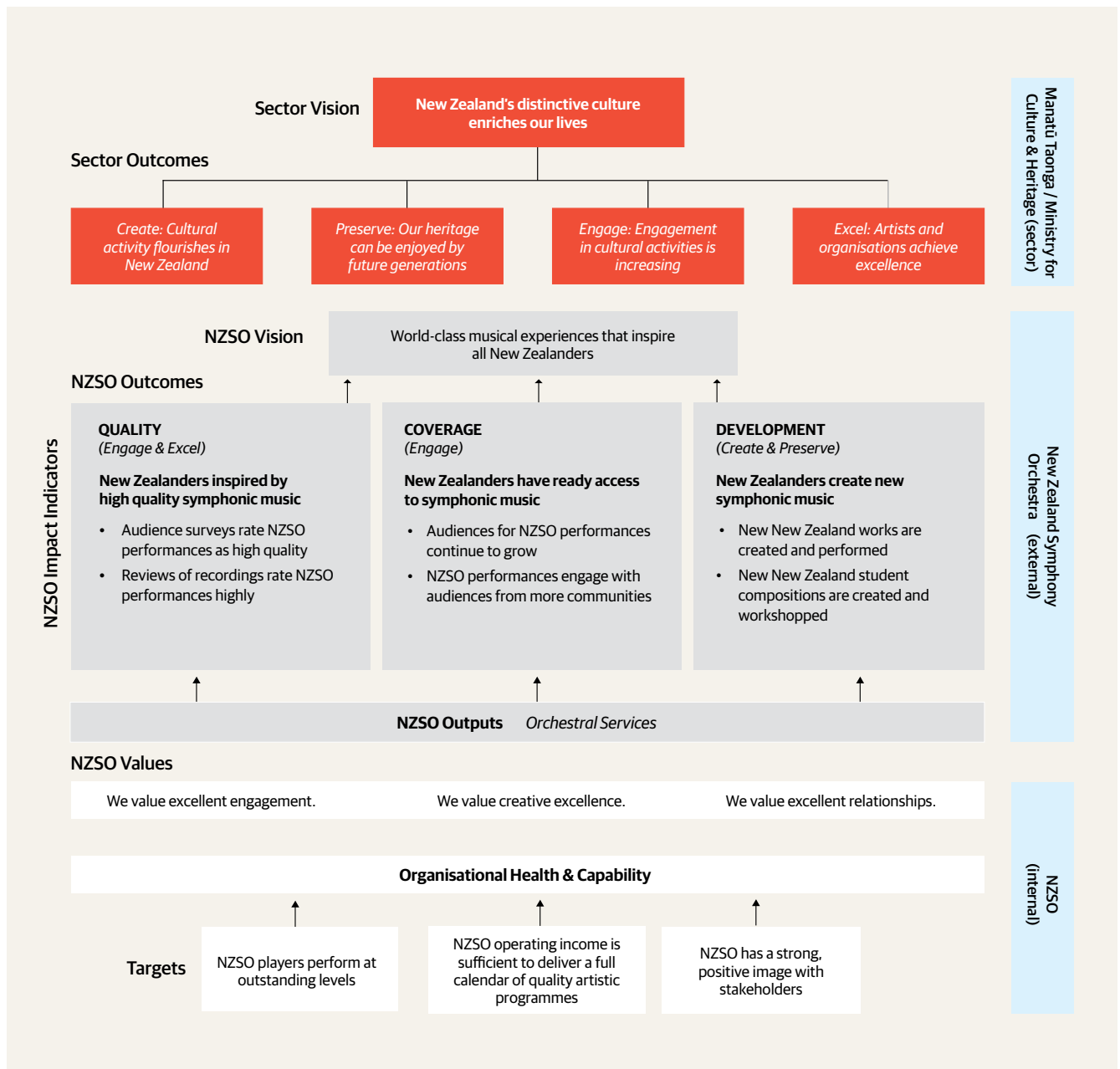
Reclassification adjustments

There have been no reclassifications on the face of the financial statements in adopting the new PBE accounting standards.

Recognition and measurement adjustments

There have been no recognition and measurement adjustments on the face of the financial statements in adopting the new PBE accounting standards.

PERFORMANCE REPORTING FRAMEWORK 2015



PERFORMANCE REPORTING: IMPACTS & OUTCOMES

OUTCOME: Quality

New Zealanders inspired by high quality symphonic music

Impact indicator	Impact measure	2015 Actual	2015 Budget	2014 Actual	Target Achievement
Audience surveys rate NZSO performances as high quality	Average grading achieved for quality of performance in surveys of NZSO audiences	9.4/10	9/10	9.6/10	Yes
Reviews of recordings rate NZSO performances highly	Average grading achieved for NZSO recordings released and reviewed	10/10	9/10	9.6/10	Yes

OUTCOME: Coverage

New Zealanders have ready access to symphonic music

Impact indicator	Impact measure	2015 Actual	2015 Budget	2014 Actual	Target Achievement
Attendances for NZSO live performances continue to expand	Total audience attendances for NZSO performances	95,658	105,000	100,792	No, -9,342 *
NZSO performances engage with audiences from more communities	Total number of communities represented in NZSO audiences for live performances	34	26	45	Yes, +8

OUTCOME: Development

New Zealanders create new symphonic music

Impact indicator	Impact measure	2015 Actual	2015 Budget	2014 Actual	Target Achievement
New New Zealand works are created and premiered	Number of new New Zealand works premiered in performances by the NZSO	3	4	3	No
New New Zealand student compositions are created and workshopped	Number of new New Zealand student compositions workshopped by NZSO	10	10	10	Yes

*Major variances from budget are explained on page 47

OUTPUT SERVICES REVENUE & EXPENDITURE

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

	2015 Actual Cost of Service \$000	2015 Budget Cost of Service \$000	2014 Actual Cost of Service \$000
Government Funding	13,446	13,446	13,446
Interest & Sundry Revenue	423	448	384
Overhead Expenses (incl. salaries)	(12,519)	(12,384)	(12,200)
Depreciation & Amortisation	(110)	(160)	(143)
Surplus / (Deficit) before Orchestral Services	1,240	1,350	1,487
ORCHESTRAL SERVICES			
Concert Revenue	2,755	3,075	2,794
Sponsorship Revenue	1,417	1,710	1,368
Other Orchestral Services Revenue	103	58	936
Orchestral Services Expenses	(5,401)	(6,318)	(6,286)
Surplus / (Deficit) from Orchestral Services	(1,126)	(1,475)	(1,188)
Net Surplus / (Deficit) and Total Comprehensive Income	114	(125)	299
Government Funding % of Total Income	74%	72%	71%

STATEMENT OF SERVICE PERFORMANCE

New Zealand Symphony Orchestra Act 2004 - s8	Specific Objectives	Outcome	2015 Service Performance Actual	2015 Service Performance Budget	2014 Service Performance Actual
<i>Provide the public of New Zealand with live and recorded performances of symphonic music performed to an international standard</i>	Provide quality live performances throughout the country	Coverage	NZSO presented 50 full orchestra concerts and there were 28 reduced orchestra concerts undertaken during the period.* Total performances: 78	At least 62 full-orchestra performances presented throughout New Zealand with at least 12 reduced-orchestra performances Total performances target: 74	NZSO presented 69 full orchestra concerts and there were 15 reduced orchestra concerts undertaken during the period. Total performances: 84
	Ensure that as many concerts as possible are broadcast	Coverage	25 new NZSO concerts were broadcast (live or recorded), during the year by Radio New Zealand Concert.	At least 25 new NZSO performances broadcast nationally on radio or television.	25 new NZSO concerts were broadcast (live or recorded), during the year by Radio New Zealand Concert.
	Produce high quality music and film recordings	Coverage	4 new recordings were undertaken during the period including one for international film score, two for New Zealand CD releases and one accompaniment recording.	At least two music or film score recordings undertaken.	5 new recordings were undertaken during the period including one for international film score, two for international CD release and two for New Zealand CD releases.
	Performances are of international quality	Quality	Refer performance quality measures on Page 46.	Refer performance quality measures on Page 46.	Refer performance quality measures on Page 46.
<i>Provide an orchestra that is highly skilled and artistically imaginative;</i>	Provide Professional Development opportunities for existing NZSO musicians	Development (and Capability)	The June Violet Commons Scholarship was awarded to first violinist's Malavika Gopal, Anna van der Zee, Ursula Evans and second violinist's Simon Miller, Janet Armstrong. Double Bass players Matthew Cave, Stephen Gibbs, Alexander Gunchenko, Malcolm Struthers, Steve Taylor, Joan Perarnau Garriga and Nicholas Sandle received Mary Fitzwilliam study award.	At least four professional development activities and/or bursaries awarded to musicians each year.	The June Violet Commons Scholarship was awarded to first violinist's Anne Loeser, Pam Jiang and second violinist's Vanya Mateeva, Simeon Broom. Trombonist David Bremner and second violinist Andrew Thomson received Mary Fitzwilliam study awards.
	Live performances include a wide variety of programmes	Development	NZSO presented full orchestra concerts of 16 different programmes and reduced orchestra concerts of 11 different programmes during the period.	Full orchestra performances presented of at least 19 different programmes with at least 6 different reduced orchestra programmes.	NZSO presented full orchestra concerts of 28 different programmes and reduced orchestra concerts of 5 different programmes during the period.
<i>Provide an orchestra that has strong community support</i>	Live performances reach as many communities as possible	Coverage	The NZSO performed full-orchestra or reduced-orchestra concerts in 15 different centres including 13 centres with populations in excess of 50,000	At least one performance is undertaken in each of 13 New Zealand centres with population in excess of 50,000.	The NZSO performed full-orchestra or reduced-orchestra concerts in 15 different centres.

*Major variances from budget are explained on page 47

New Zealand Symphony Orchestra Act 2004 - s8	Specific Objectives	Outcome	2015 Service Performance Actual	2015 Service Performance Budget	2014 Service Performance Actual
<i>Be a leading New Zealand performing arts organisation with a role in the development of a distinctively New Zealand cultural environment</i>	Provide opportunities for the training and development of young and emerging musicians	Development	NZSO National Youth Orchestra performed 2 NYO performances, 14 students participated in Mentor programme, 6 students participated in Fellowship programme, 6 Master-Classes were held with NZSO Players or guest coaching and provided coaching to students in 8 Regional Youth Orchestra	At least 2 NZSO National Youth Orchestra performances, 8 students in NZSO Mentor programme, 10 students in fellowship programme, 4 master-classes with NZSO Players or guest artists and provide coaching to students in 6 New Zealand regional Youth Orchestras.	NZSO National Youth Orchestra performed 4 NYO performances, 13 students participated in Mentor programme, 6 students participated in Fellowship programme, 4 Master-Classes were held with NZSO Players or guest coaching and provided coaching to students in 7 Regional Youth Orchestra
	Work collaboratively with other performing arts companies in New Zealand	Development	During the period, NZSO worked with the Royal New Zealand Ballet in 5 collaborated performances, New Zealand Opera in 4 collaborated performances and the Museum of New Zealand Te Papa in 2 collaborated performances.	At least 10 collaborations with other arts/cultural organisations are undertaken annually.	During the period, NZSO worked with the New Zealand Festival in 10 collaborated performances and the Museum of New Zealand Te Papa in 2 collaborated performances.
<i>Promote and encourage New Zealand musical composition and composers</i>	Create workshop opportunities for New Zealand composers	Development	Seven compositions were workshopped during NZSO recording sessions in February 2015. One composition was workshopped during the National Youth Orchestra in July 2015 and nine compositions were workshopped during the NZSO/Todd Corporation Young Composer Awards in December 2015.	At least 8 student compositions workshopped through our education programme and 8 other New Zealand compositions workshopped	One composition was workshopped during the National Youth Orchestra in July 2014 and nine compositions were workshopped during the NZSO/Todd Corporation Young Composer Awards in December 2014.
	Profile New Zealand composition in public concerts and recordings	Development	The NZSO played a total of 24 New Zealand compositions in 2015.	At least 20 New Zealand works performed.	The NZSO played a total of 27 New Zealand compositions in 2014.
<i>Provide performance opportunities for New Zealand musicians, whether as members of the orchestra or as soloists</i>	Ensure that New Zealand artists perform with the orchestra as often as possible	Development	In total, 12 different New Zealand artists performed with the NZSO during the period. *	Orchestra performance include at least 20 New Zealand artists.	In total, 21 different New Zealand artists performed with the NZSO during the period.
<i>New Zealand Professional Orchestra Sector Review, Final Report, February 2013, recommendation 3</i>	That the orchestra sector is encouraged to establish a leadership body to increase collaboration and provide collective representation with central government funders		NZSO actively participated in an annual report of nation-wide orchestral services which was presented to the Ministry for Culture & Heritage and Creative New Zealand. NZSO attended all 2015 meetings of APOA (Association of Professional Orchestras Aotearoa).	Actively participate in the production of an annual report of nation-wide orchestral services. Actively participate in regular meetings of APOA (Association of Professional Orchestras Aotearoa).	New Measure for 2015.

*Major variances from budget are explained on page 47

MEASUREMENT OF QUALITY SERVICE PERFORMANCE

Process	Target	2015 Service Performance Actual	2015 Service Performance Budget	2014 Service Performance Actual
Regular audience surveys are conducted and the results carefully assessed.	Audiences appreciate NZSO quality.	In surveys conducted between January and December, 9.4/10 of the respondents had an overall satisfaction rate at the NZSO concerts they had attended.	Audience surveys rate NZSO performance quality as at least 9/10.	In surveys conducted between January and December, 9.6/10 of the respondents had an overall satisfaction rate at the NZSO concerts they had attended.
Audiences for full-orchestra performances increase over time.	Audiences appreciate NZSO quality.	95,658 people attended NZSO performances in the 2015 year. * This is a 2% increase vs. 2012.	Average attendances (over a three year period) increase. Total audience target: 105,000	100,792 people attended NZSO performances in the year. This was equivalent to 2013, an 8% increase on 2012, a 16% decrease vs. 2010/11* and a 23% increase vs. 2009/10.
Independent international reviewing rates quality of orchestra performance.	Excellent artistic performances.	All available recording reviews are collated and a summary and ratings are presented to the senior management, Music Director and the Board. On average NZSO reviews have an 10/10 satisfaction rating by independent international reviewers.	Reviews of internationally released recordings and where possible live performances, collected and analysed (i) for salient issues, and (ii) statistically for overall quality indicators. At least 9/10 of applicable grading scale achieved on average.	All available recording reviews are collated and a summary and ratings are presented to the senior management, Music Director and the Board. On average NZSO reviews have an 9.6/10 satisfaction rating by independent international reviewers.
Critical reviews are collected and analysed after every New Zealand performance.	Excellent artistic performances	All media coverage including concert reviews, are collated and accorded a satisfaction / favorability rating on a scale of 1-10. A summary or articles and ratings are presented to the senior management, Music Director and the Board. On average NZSO reviews have an 9.6/10 satisfaction rating	Reviews collected and analysed (i) for salient issues, and (ii) statistically for overall quality indicators. At least 9/10 of applicable satisfaction/favorability scale achieved on average.	All media coverage including concert reviews, are collated and accorded a satisfaction / favorability rating on a scale of 1-10. A summary or articles and ratings are presented to the senior management, Music Director and the Board. On average NZSO reviews have an 9.4/10 satisfaction rating
International artists rate quality of orchestra and performances.	NZSO recognized as an excellent orchestra by international standards.	Between January and December 2015, nine international artists completed exit polling. All rated the orchestra is extremely good or excellent. On average a 9.8/10 satisfaction grading was achieved.	'Exit' polling of guest conductors and soloists about their experience with the orchestra gains at least 9/10 satisfaction.	Between January and December 2014, eleven international artists completed exit polling. All rated the orchestra is extremely good or excellent. On average a 10/10 satisfaction grading was achieved.
International broadcasters increase their programming of NZSO recordings recognizing the quality.	NZSO recognized as an excellent orchestra by international standards.	No NZSO recordings were requested or offered by Radio New Zealand for broadcasts on overseas networks (2014: ten 2013: nine). *	Number of broadcasts of the NZSO on overseas networks (over a three year period) increase. Target: 10	10 NZSO recordings were requested or offered by Radio New Zealand for broadcasts on overseas networks (2013: nine 2012: six).

*Major variances from budget are explained on page 47

STATEMENT OF SERVICE PERFORMANCE

EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations of major variations from the NZSO's budget figures for 2015 as published in the Statement of Performance Expectations at the start of the financial year are as follows:

- a) Total audience attendances for NZSO performances were 95,658 in 2015 - this was 9,342 (9%) lower than budgeted. The unfavourable variance was related to budgeted audiences for the NZSO performances at three BBC Proms concerts in Melbourne and for one BBC Doctor Who Symphonic Spectacular concert in Auckland. Those four concerts did not proceed after decisions made by the independent promoters of the events and the budgeted audiences of 9,500 were therefore not realised.
- b) NZSO presented 50 full orchestra concerts and 28 reduced orchestra concerts in 2015 - this was 12 fewer and 16 more than budgeted respectively. Total performances of 78 were 4 more than budgeted. The unfavourable variance (in full orchestra concerts) was largely related to 9 budgeted NZSO performances of the programme Freddy Kempf's Beethoven. These concerts were budgeted with a full-orchestra of 73 musicians but after the conductor's decision to reduce the number of 'string' players in the orchestra (for artistic reasons) the final orchestra size was 63. The NZSO considers an orchestra is not a full orchestra unless it is 68 players or more.
- c) In total, 12 different New Zealand artists performed with the NZSO in 2015 - this was 8 fewer than budgeted. Three artists programmed (or expected) to perform with the NZSO during the year either withdrew from the performance or in the case of the previously noted BBC concerts, the performances did not proceed. Five artists were included in 2015 budgets incorrectly as New Zealanders when the artists were non-New Zealanders. In total 31 non-New Zealand artists performed with the NZSO during the year.
- d) No NZSO recordings were requested or offered by Radio New Zealand for broadcasts on overseas networks in 2015 but 10 were budgeted to be. The NZSO can exert no control or influence over the achievement of this performance measure and staff changes at Radio New Zealand meant NZSO was unable to monitor or influence progress against this measure during the year. Given this outcome, the NZSO is reviewing whether this continues to be an appropriate measure of international benchmarking in the Statement of Performance Expectations.

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