



ANNUAL REPORT 2016

FOR THE YEAR ENDED
31 DECEMBER 2016

NEW ZEALAND SYMPHONY ORCHESTRA
TE TIRA PŪORO O AOTEAROA

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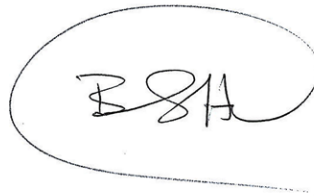
ANNUAL REPORT

The Board have pleasure in presenting the Annual Report for the New Zealand Symphony Orchestra for the year ended 31 December 2016.



DONALD BEST
BOARD CHAIR

7 April 2017



DAME BRONWEN HOLDSWORTH DNZM
BOARD MEMBER,
AUDIT COMMITTEE MEMBER

7 April 2017

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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

2016 was a milestone year for the New Zealand Symphony Orchestra, marking the 70th anniversary of its inaugural rehearsal. It also ushered in an era of artistic change under the baton of eminent new Music Director, Maestro Edo de Waart.

Edo de Waart's influence was immediately felt and both audiences and critics were quick to respond with warm appreciation. The musicians brought their characteristic freshness and empathetic style to his concerts, and Edo de Waart directed with the insight of an acclaimed master with 50 years of podium experience. It proved a superlative partnership.

The NZSO has built an impressive reputation among international artists and agents and in 2016 continued to attract distinguished guest soloists and conductors to perform here.

Notable were celebrated concert pianist Stephen Hough and superstar violinist Nicola Benedetti. Making their debuts were the esteemed British conductor Sir Andrew Davis, piano legend Ronald Brautigam, cellist Johannes Moser and violinist Anne Akiko Meyers.

Meanwhile the NZSO continued to champion New Zealand soloists with performances by soprano Madeleine Pierard, pianist Stephen de Pledge and Hamish McKeich, appointed as NZSO Associate Conductor in December.

There were many outstanding concerts during the season, a clear highlight being Edo de Waart's auspicious debut tour of Mahler's Third Symphony in April. His was a gigantic presence and his direction inspired the orchestra to deliver performances of depth and sensitivity.

The orchestra's December performance of Handel's oratorio *Messiah* in Wellington was remarkable for its sublime beauty. This concert has become a cherished Christmas tradition in the capital and attracted an appreciative full house.

The NZSO occupies a special place in the country's cultural life. Building on its 70-year legacy, it maintained its position as New Zealand's orchestra in 2016 by performing at key events.

As part of the Ministry for Culture and Heritage WW100 commemorations, the NZSO marked the centenary of the

Battle of the Somme with its *Spirit of Anzac* concerts in April. In September, 100 years since New Zealand troops arrived at the Somme, the orchestra played live accompaniment to digitised and colourised footage of the conflict in two free performances co-presented by the British High Commission. It also played for dignitaries at the request of the Italian embassy for Italian National Day in May.

The national orchestra is committed to enriching the lives of all New Zealanders with symphonic music and this year staged free family and school concerts in various centres including Manukau, Gisborne and for the first time, Ruatoria. The performances introduced many children to their first experience of a live orchestra and the musicians were enthusiastically welcomed and received. The Ruatoria performance was particularly memorable as an immersive cultural experience for orchestra and audience alike.

The NZSO was internationally benchmarked in February when it competed as a finalist in the prestigious 58th Annual Grammy Awards in Los Angeles. While the Boston Symphony took the honours for Best Orchestral Performance, the nomination won the NZSO widespread attention and media interest, reaffirming its reputation as a world-class orchestra of note.

The NZSO continued to champion New Zealand music in 2016. In addition to regular recordings of New Zealand composers and the annual Todd Corporation Young Composers Award scheme, it marked the 20-year anniversary of Gareth Farr's *From the Depths Sound the Great Sea Gongs* as well as programming Douglas Lilburn, Ross Harris and Christopher Blake.

The world premiere of Blake's *Symphony – Voices* in May was a captivating highlight. As it was written with the NZSO's own strengths in mind, audiences could experience virtuosic solos from NZSO principals in an outstanding showcase of their talents.

A welcome Government Budget announcement of additional operating funding to the NZSO in May enabled the orchestra to diversify and increase its concert activity in the latter half of 2016. The increased funding effective from 1 July also enabled the NZSO to improve on the 2016 budgeted deficit of \$278,000 and return a positive result – a surplus of \$72,000.

The NZSO Foundation continues to grow its endowment funds, with Trust Capital expected to exceed \$4.4m at the end of 2016. That the Foundation again exceeded its annual philanthropic giving target in 2016 reflects its commitment to engaging meaningfully with donors who support the orchestra, and acknowledging their generosity.

By way of example, the Supporters' Programme extended its Members' Lounge functions to corporate partners and donors in Christchurch, while rolling out other development initiatives such as the successful *In Conversation with the NZSO* panel talk series.

The NZSO Foundation contributed over \$475,000 in support of the NZSO in 2016. This is significant support as is that provided by NZSO's other Principal Partners – Ryman Healthcare, Wellington City Council and NZME (New Zealand Media and Entertainment). The continuing partnerships between these organisations and the NZSO enables a greater breadth of activity and opportunities for the orchestra and New Zealanders than would otherwise be possible.

The NZSO portfolio of corporate sponsors is enjoying a favourable rate of growth, reaching 49 partnerships in 2016. New sponsors at Circle level included Craggy Range and Assignment Group; at Concerto level, Urban Gourmet, Go Media and Coutts Newmarket; and at Overture level, Logan Brown and Barfoot and Thompson. Several companies also assisted the NZSO with one-year special projects, including audience analysis. The NZSO hosted a successful symposium of its partners and prospective sponsors in Auckland in October, with 85 different individuals or organisations represented.

A significant amount of work has been undertaken in 2016 in collaboration with the Wellington City Council and Victoria University's *Te Kōkī New Zealand School of Music*, on planning to establish a national music hub and permanent home for the Orchestra in the Wellington Town Hall and adjoining buildings. This would create a nationally significant centre of excellence and innovation for education, music, culture and the arts, as well as providing for ongoing use by the local community. The Wellington City Council's Civic Precinct Master Plan will also ensure the internationally acclaimed acoustics of the Town Hall auditorium are put to their best use.

NZSO at Te Kura Kaupapa Māori o Te Waiū o Ngāti Porou in Ruatoria, August 2016.

The national orchestra is committed to enriching the lives of all New Zealanders with symphonic music and this year staged free family and school concerts in various centres including Manukau, Gisborne and for the first time, Ruatoria.



A welcome Government Budget announcement of additional operating funding to the NZSO in May enabled the orchestra to diversify and increase its concert activity in the latter half of 2016.



Another major initiative in the latter part of the year was the NZSO Futures Day where Board members and senior players and staff convened to work jointly on future strategies and directions. The goal is to ensure that the NZSO is well positioned to provide the best possible musical experiences to New Zealanders in the years ahead.

I congratulate our players for their musicianship and commitment to the NZSO's quality this season and acknowledge Concertmaster Vesa-Matti Leppänen for his leadership and virtuosity. In September the NZSO was delighted to renew his position for a further five year term.

The Strategic Leadership Team under Christopher Blake consolidated the organisational restructure effected in 2015 in response to the Culture and Heritage Ministry's Professional Orchestral Sector Review. I thank them for their dedication, skill and commitment and am very pleased that Christopher Blake has accepted a second term as NZSO Chief Executive, renewing until 2020.

After three terms of distinguished service to the NZSO Board, Peter Diessl stepped down in 2016. His extensive knowledge and experience have been invaluable over the past nine years. In August the Board welcomed Daniel Wong, who brings skills in governance and law to the NZSO.

The Board provides decisive leadership and depth of expertise from members passionate about the art form and dedicated to the orchestra's mission. I would like to thank my colleagues for their contribution to the NZSO's continuing success in 2016.

DONALD BEST
BOARD CHAIR



Special one-on-one opportunities, school visits and open rehearsals all featured in the NZSO's many and varied 2016 activities.

CHIEF EXECUTIVE'S OVERVIEW

The NZSO reaffirmed its position as New Zealand's national orchestra of international quality in 2016. Over 90,000 people around the country enjoyed live performances and many more experienced the NZSO through Radio New Zealand broadcasts, CDs and downloads and in film soundtracks around the world.

Under the leadership of new Music Director Edo de Waart, the NZSO presented 57 subscription concerts across the year, within a national touring programme reaching 13 towns and cities. A further 20 performances in contract, education and accompaniment concerts enabled the NZSO to reach a total of 19 New Zealand centres. In all 24 international guest artists, seven leading New Zealand soloists and conductors, a Big Band and five choirs took part in the 2016 Season.

NATIONAL TOURING PROGRAMME

The Season spanned contemporary classical music, New Zealand music, canonical symphonic works, orchestrated Big Band music and live film accompaniment. Memorably the orchestra also joined forces with the NZSO National Youth Orchestra to perform an epic work of the late 20th century French repertoire, with 128 musicians on stage.

EDO DE WAART'S MASTERWORKS

The national touring programme is the heart of the NZSO's music-making each year. The backbone of the 2016 Season was *Edo de Waart's Masterworks*, an annual concert series featuring the conductor's choice of major symphonic works.

The *Masterworks* reflect Edo de Waart's passion for monuments of the repertoire and presenting them to New Zealand audiences. Beethoven, Brahms and Mahler were the three pillars of his inaugural season. Devoted concertgoers distinguished a new depth and sophistication in the NZSO's playing under his direction, to which the players responded with vigour.

Two tours in particular won special acclaim. Mahler's *Symphony No. 4* in August revealed to Auckland and Wellington audiences the shimmering beauty of this elegant work. Edo de Waart's vast experience and deep connection to this symphony lifted the NZSO to new heights in performance.

Similarly, his *Masterworks: Brahms & Beethoven* in April offered exhilarating insights into Beethoven's third and fifth symphonies. His Brahms *Double Concerto* with guest violinist

Nicola Benedetti and cellist Leonard Elschenbroich delivered large, appreciative audiences in eight concert centres and attracted warm critical commentary.

The season featured other superb concerts, including an extraordinary New Zealand debut by cellist Johannes Moser performing Lalo's *Cello Concerto* in March. NZSO concertmaster Vesa-Matti Leppänen also demonstrated his virtuosity with exquisite performances of the beautiful solos in Rimsky-Korsakov's *Scheherazade* on this tour.

ANZAC COMMEMORATIONS AND NEW ZEALAND MUSIC

2016 marked the third year of special NZSO performances commemorating the annual Anzac anniversary. *Spirit of Anzac: Voices from the Field* toured Wellington and Auckland with performances attended by diplomatic, military, local government and community dignitaries as well as a general audience. The imaginative programme reflected the centenary of the Battle of the Somme with works by Briton George Butterworth and Australian composer Frederick Septimus Kelly, each of whom were killed in the conflict.

Ross Harris's *Symphony No 2* featured as a centrepiece of the programme. New Zealand soprano Madeleine Pierard performed as soloist, singing words by poet Vincent O'Sullivan. In May the NZSO marked the twentieth anniversary of its commission to commemorate its fiftieth anniversary, Gareth Farr's *From the Depths Sound the Great Sea Gongs*. The NZSO premiered another commission, my own *Symphony – Voices*, within its *Aotearoa Plus* tour during New Zealand Music Month.

The Orchestra further contributed to the legacy of New Zealand music in 2016, recording *Symphony No 1 – Letters from the Front* by New Zealander Michael Williams, for the Atoll label. This work was an NZSO commission and premiered simultaneously by the NZSO in New Zealand and the Sydney Symphony Orchestra in Australia in 2015, to mark the centenary of the Anzac Gallipoli landings.

In addition, in partnership with RNZ Concert and the Centre for New Zealand Music/Toi te Arapūoro, the NZSO recorded five orchestral works in 2016 as part of the SOUNZ recording initiative.

The NZSO continues to encourage and support the creation of new music by New Zealanders and to commission, perform and record New Zealand works.

CONTEMPORARY

The NZSO is committed to presenting New Zealanders with the finest international contemporary classical music. Audiences have come to expect a challenging experience from the annual *Bold Worlds* concert tour and in 2016 the combination of violinist Anne Akiko Meyers and the Mason Bates *Violin Concerto* drew prolonged applause from concertgoers in four centres. Works by Dvorák and Steve Reich rounded out this satisfying and colourful programme.

POPULAR

September's *Swing into Spring* was the largest NZSO tour of the Season, visiting 12 centres from Kerikeri to Invercargill. Directed by NZSO Associate Conductor Hamish McKeich with Rodger Fox and his Big Band, it featured music specially arranged for big band and orchestra. The tour proved a success, attracting diverse concertgoers beyond our core classical audience. The orchestra received widespread, enthusiastic feedback endorsing this popular programming.

The NZSO attracted a new audience in the shape of movie fans when it played live sound tracks accompanying a double-bill of Alfred Hitchcock films in November. This was an innovation for the orchestra, presenting two scores in succession to a late-night, non-traditional house.

ACCOMPANIMENT, PROJECTS AND COMMUNITY

In addition to the national touring programme, the year featured a busy calendar of collaborations, special projects, and engagements with varied communities.

The NZSO added eight free family and schools concerts to its roster in 2016 and all performed to full houses. Featuring popular excerpts from major works and Prokofiev's *Peter and the Wolf*, the programmes aimed to captivate an audience unfamiliar with orchestral music, and included lively narrations from a skilled presenter.

The NZSO toured these to Takapuna, Manukau, Napier, Gisborne and the Ngāti Porou community of Ruatoria in June and August. The two Ruatoria concerts were staged at Te Kura Kaupapa Māori o Te Waiū o Ngāti Porou, a composite school teaching Years 1–13 with around 120 pupils and 40 Kōhanga reo. The musicians were warmly received with a pōwhiri and kai before the concerts, in a lasting and memorable cultural exchange.

Concerts such as these, as well as a year-round commitment to reaching and engaging small communities, schools and special interest groups with workshops, open rehearsals, pre-concert talks, masterclasses and our annual Te Papa community days, support the NZSO mission to offer New Zealanders an accessible pathway into the world of orchestral music.

INNOVATIONS

In 2016 the NZSO unrolled a new digital initiative, regularly live-streaming pre-concert talks by specialist presenters online with equipment supplied by NZSO corporate sponsor, Canon. These talks were then made available for on-demand viewing.

Selected artist masterclasses were also live-streamed and made accessible on-demand. Masterclasses are designed to enrich New Zealand musicians and students and are highly valued by participants and attendees each year. They are supported by The NZSO Foundation and enable the NZSO to harness the world-renowned talents of visiting artists, who provide the tuition. This year's masterclasses included violinists Nicola Benedetti and Anne Akiko Meyers, cellists Leonard Elschenbroich and Johannes Moser and pianist Stephen Hough.

The NZSO also recorded its first video-gaming soundtrack for a multinational company and delivered the soundtrack for an Argentinian film, *Pacífico*.

COLLABORATIONS

In March the NZSO performed two well-received programmes in the New Zealand Festival in Wellington. It collaborated with the Jazz at Lincoln Center Orchestra and Winton Marsalis in a concert presenting three American works including Marsalis's *Swing Symphony No 3. Relict Furies* showcased the NZSO strings, premiering this new work by Gareth Farr at St Paul's Cathedral, with New Zealand soprano Margaret Medlyn.

2016 marked the third successful year of a collaboration with the Palliser Estate Winery and the food festival *Wellington on a Plate*. The year concluded with the annual NZSO Family Day at Te Papa Tongarewa Museum of New Zealand, engaging the public in a popular free programme of choral singing and festive celebration.

NZSO NATIONAL YOUTH ORCHESTRA AND YOUNG MUSICIANS

Distinct from its usual winter residency and two-centre tour, the 2016 NZSO National Youth Orchestra calendar comprised an additional summer residency. The NZSO NYO is recognised as New Zealand's preeminent orchestra for talented young players aged between 12–25, and a proving ground for the professional musicians of the future.

The summer residency in Hamilton comprised 60 players. Led by Australian conductor Richard Gill it concluded with two well-attended concerts, including a diverse sold-out audience in Tauranga on Waitangi Day.

The NZSO NYO enjoyed significant financial support from the Adam Foundation, its 18th year as Principal Partner. Generous support was also received once again from The FAME Trust, Trinity College London, APRA AMCOS, Mary Fitzwilliam Award, The NZSO Foundation and a large number of personal benefactors.

The NYO winter residency of 54 players ended with a two-centre tour of Messiaen's *Eclairs sur l'au-delà*, an immense work requiring 128 musicians. It proved a rare and prized opportunity for elite young musicians to perform alongside their mentors, as NZSO National Youth Orchestra players joined the NZSO on stage for these concerts. Led by the charismatic British conductor Sir Andrew Davis making his New Zealand debut, this was a memorable experience for young players setting out on their careers in music.

TODD CORPORATION YOUNG COMPOSERS AWARD

Eight young musicians competed for the 13th annual Todd Corporation Young Composers Award in 2016, which honours excellence in symphonic composition. All the candidates worked with conductor Kenneth Young and composer Michael Williams to workshop their music and prepare these for performance and recording by the NZSO. Composer Josiah Carr was named winner and also won the Orchestra's Choice Award.

In addition to the national touring programme, the year featured a busy calendar of collaborations, special projects, and engagements with varied communities.



Up close and personal, the NZSO at Te Papa, Wellington, December 2016.

CHALLENGES

Problems with concert venues in Hamilton and Christchurch proved an ongoing challenge to the orchestra in 2016. The closure of Hamilton's Founders Theatre created logistical problems deftly overcome by NZSO's Orchestra Management Department, which adapted spaces at the Claudelands Arena and the Mystery Creek Events Centre for the orchestra's committed Hamilton concertgoers.

The NZSO presented its first concert in Christchurch's newly-refurbished Isaac Theatre Royal in October. The touring programme was amended to accommodate the smaller stage. Nonetheless the Orchestra played to an appreciative full house. The experience illustrates the continuing impacts of the lack of an adequate concert hall in the city. In pleasing news for the Orchestra, the refurbishment of the Christchurch Town Hall will see the NZSO return to that venue in 2018.

As a result of November's magnitude 7.8 Kaikoura earthquake, the NZSO's administration staff moved to temporary office space in the musicians *Green Room* at the Michael Fowler Centre. At year's end the Orchestra was awaiting the results of further engineering assessments of its Nokia House office space before taking decisions about future accommodation arrangements.

CONCLUSION

This was a year of consolidation after the initiatives and capability improvements put in place in 2015, in response to the Ministry for Culture and Heritage's New Zealand Professional Orchestra Sector Review.

The NZSO Strategic Leadership Team (SLT) identified the NZSO brand, engagement and organisational culture as priorities for review in 2016 and undertook a raft of initiatives to invigorate the organisation's ways of working and enhance productive shared outcomes.

These included a stimulating and productive NZSO Futures Day held in November. Participants included the SLT, Section Principal players, the Board and members of the Players' Committee working jointly on significant strategic issues such as artistic direction, programming, touring, audiences and activities. One outcome was the creation of working

groups, comprised of players and administration staff, to contribute expertise in these areas and develop projects and initiatives.

The NZSO reviewed its 2016–2017 touring itineraries in response to the 2016 Government Budget announcement providing additional operating funding for the NZSO. The funding boost was warmly welcomed both in the sector and across the NZSO's national community of interest and allowed the orchestra to diversify and increase concert presentations in 2016 to those originally planned.

THANKS

I would like to thank the NZSO Board and Chair Donald Best for their expertise and guidance, which was pivotal to the organisation's continuing progress and success in 2016.

I also thank the musicians and staff and my colleagues in the Strategic Leadership Team for their dedication and commitment to the NZSO's artistic quality, its mission and its future.

That the NZSO has reached its 70th anniversary year with such demonstrated excellence, under the finest possible artistic leadership and with a valued place in New Zealand's cultural life, is immensely satisfying. We at the NZSO, New Zealand's national orchestra, thank and acknowledge our supporters, sponsors, concertgoers and the public of New Zealand.



CHRISTOPHER BLAKE QSO
CHIEF EXECUTIVE

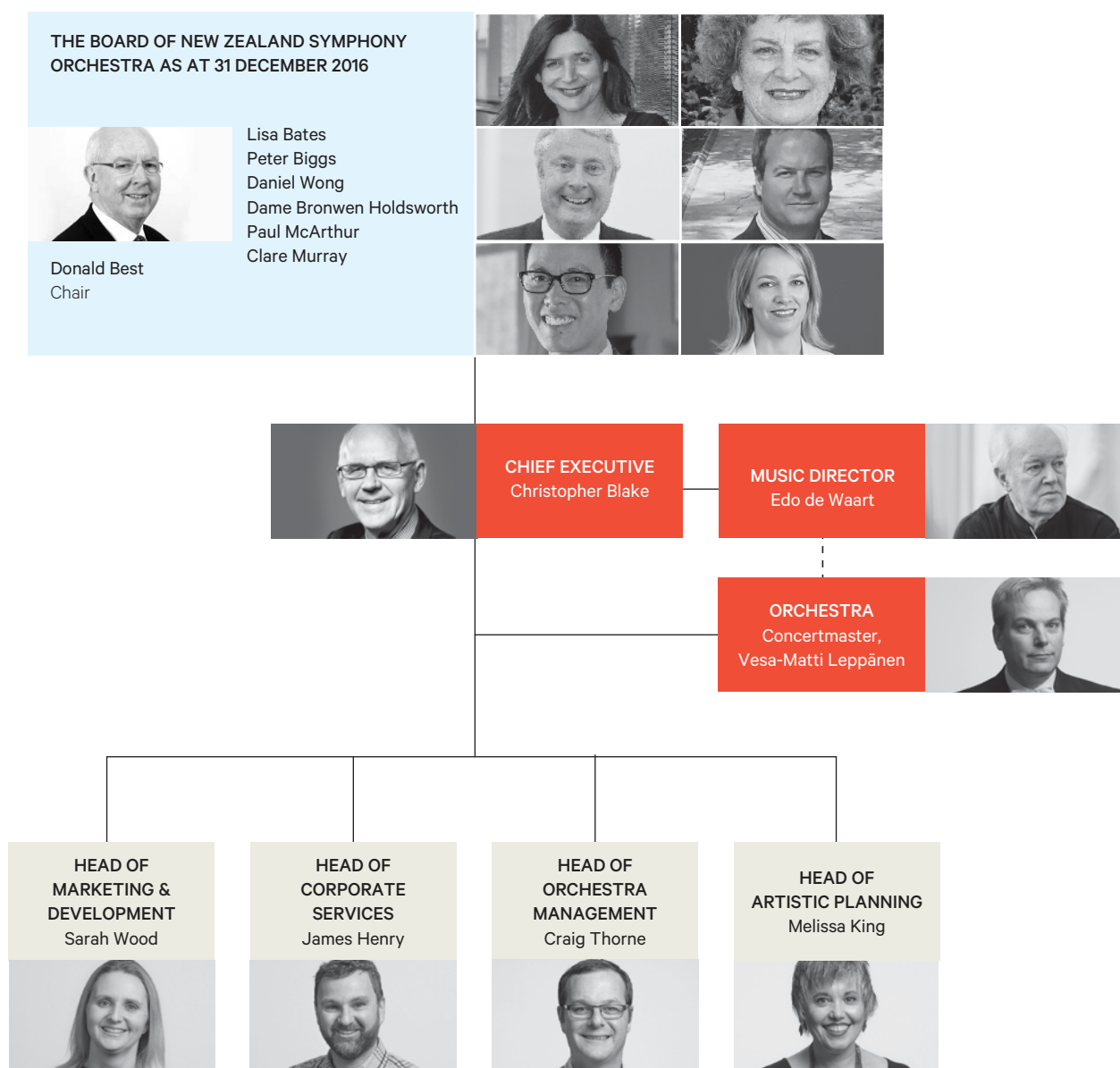


ORGANISATIONAL HEALTH & CAPABILITY

ORGANISATIONAL STRUCTURE

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

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



PERSONNEL POLICY

It is 70 years since the first musicians of the National Orchestra sat down to their inaugural rehearsal. In 2017, the NZSO will celebrate the 70th anniversary of its first ever performance. To ensure the NZSO continues to deliver on its objectives in future years, it must maintain a motivational and positive working environment. The NZSO's financial resources need to be sufficient (and utilized effectively) to deliver a diverse, quality artistic programme. In 2016, an increase to Government Funding has enabled a more diverse programme than was initially planned and a greater number of New Zealanders, and from a larger number of communities, experienced the uplifting experiences the NZSO delivers. These additional performances were also immensely rewarding for the players and staff of the Orchestra.

Employee participation is important to the Orchestra. The NZSO encourages staff to be involved in the development, review and renewal of policies. In 2016, the NZSO undertook an employee engagement survey following on from a similar 2015 survey.

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. In 2016, the NZSO successfully retained the tertiary level accreditation for the ACC Workplace Safety Management Practices programme after an intensive audit process. Each year the Health & Safety Committee sets a comprehensive plan of activities to be completed in the year and in 2016 95% of the planned activities were delivered (98% in 2015). During the year Terms of Reference for a new Noise Committee were approved. Noise has been the number one risk on the NZSO's Hazard Register for a number of years.

RECRUITMENT, SELECTION AND INDUCTION

The NZSO is committed to providing equality of opportunity in its employment policies. All permanent positions are

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

FLEXIBILITY AND WORK DESIGN

The NZSO recognises that both the organisation and employees can benefit from flexible working practices, family-friendly initiatives and other assistance to employees to achieve work/life balance. The NZSO seeks workable solutions to help employees achieve work/life balance while at the same time fulfilling the organisation's business and operational needs including the demands of the unique working environment of musicians in an orchestra. In 2016, consultation commenced on a new approach for flexible working for limited numbers in the NZSO string sections. After player feedback was sought, an alternative approach will be considered in the future which may be more suited to the specifics of the NZSO.

LEADERSHIP, ACCOUNTABILITY AND CULTURE

In 2016, the NZSO undertook its first *Futures Day* in which members of the NZSO Board, Players Committee, Principal Players, the SLT and other senior managers worked collaboratively to identify where the organisation wanted to be in the future and how it was going to get there. A second *Futures Day* has been scheduled for early 2017 to continue this work. 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 2016 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 was 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. In 2017, the Players Committee will be invited to submit a formal report to the Board for each of its meetings.

EMPLOYEE DEVELOPMENT, PROMOTION AND EXIT

Every year salaries are reviewed and training and development opportunities are prioritized for all employees. Study Awards and/or Bursaries are awarded to a number of employees. The NZSO has a Professional Development System for players, which continues to be improved. The NZSO also has a structured and formalised exit procedure included in the Personnel Manual which is followed. An exit interview is offered to all resigning staff. Each year the NZSO includes as a non-financial performance measure the players receiving professional development awards/bursaries. In 2016 those were: The June Violet Commons Scholarship was awarded to first violinists Malavika Gopal, Kristina Zelinska, Anne Loeser, Rebecca Struthers and Haihong Liu and second violinist Simon Miller; the Mary Fitzwilliam study awards were granted to cellist Eleanor Carter, trumpeter Cheryl Hollinger and horn player David Moonan.

REMUNERATION, RECOGNITION AND CONDITIONS

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

HARASSMENT AND BULLYING PREVENTION

The NZSO is committed to providing a safe workplace that is free from harassment and bullying. All employees are required to behave appropriately in the workplace. This includes treating all people with respect, as well as developing awareness of the impact of behaviour on other people. Policies are included in the NZSO's Personnel Manual in relation to both bullying and harassment. In 2016, the NZSO's Whistle-Blowing Policy was reviewed and distributed widely within the organisation.

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 2016.

LENGTH OF SERVICE

	Admin	Players	Total	
0–5 years	18	10	28	27%
5–15 years	4	20	24	23%
15–25 years	1	26	27	26%
25–35 years	1	17	18	17%
35+ years	0	6	6	6%
Total	24	79	103	

AGE RANGES

	Admin	Players	Total	
0–25 years	2	0	2	2%
25–35 years	8	8	16	16%
35–45 years	6	18	24	23%
45–55 years	4	28	32	31%
55–65 years	1	23	24	23%
65+ years	3	2	5	5%
Total	24	79	103	

GENDER

	Admin	Players	Total	
Male	11	45	56	54%
Female	13	34	47	46%
Total	24	79	103	

ETHNICITY

	Admin	Players	Total	
Asian	5	5	10	10%
Māori	0	1	1	1%
NZ European	14	40	54	52%
Pacific	0	0	0	0%
Other / Not declared	5	33	38	37%
Total	24	79	103	

DISABILITY *

* The NZSO is in the process of updating information on disabilities within the organisation, with a specific focus on hearing impairment. Updated information will be published in the 2017 Annual Report.

The NZSO has an establishment of 118 Full-Time Equivalent employees (FTEs), with 90 players and 28 administration staff. As at 31 December 2016 there were 15 vacancies in the establishment.

GOVERNANCE STATEMENT

GOVERNING BOARD

The Board is appointed by the Responsible Minister – the Minister for Arts, Culture & Heritage, Hon. Maggie Barry – 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 before the start of each calendar year. The Board met seven times in 2016.

BOARD REMUNERATION

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

BOARD AUDIT COMMITTEE

The Audit Committee comprises two current board members and an independent Chair appointed by the Board. The committee reports to the Board and has direct and unrestricted access to the external auditors and to all senior management of the NZSO. The objective of the committee is to assist in discharging the Board's responsibilities relative to financial reporting and regulatory compliances. The committee met twice in 2016.

BOARD DELEGATION TO CHIEF EXECUTIVE

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

MANAGEMENT

The CE has appointed a five-person Strategic Leadership Team (SLT) which meets on a regular basis to discuss operational and policy issues and is a key forum for management decisions to be made. The SLT members report directly to the CE (Christopher Blake):

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

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

CONFLICTS OF INTEREST

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

DELEGATED FINANCIAL AUTHORITIES

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

FINANCIAL STATEMENTS

Statement of Responsibility

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

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

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

In the opinion of the Board, the attached financial statements fairly reflect the NZSO's financial position as at 31 December 2016 and the results of its operation and service performance for the year ended on that date.

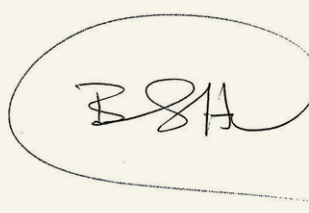


SIGNED:

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DONALD BEST
BOARD CHAIR

7 April 2017



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DAME BRONWEN HOLDSWORTH DNZM
BOARD MEMBER,
AUDIT COMMITTEE MEMBER

7 April 2017

Independent Auditor's Report

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

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

FOR THE YEAR ENDED 31 DECEMBER 2016

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 his behalf.

OPINION

We have audited:

- the financial statements of the NZSO on pages 19 to 36, that comprise the statement of financial position as at 31 December 2016, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a statement of accounting policies and other explanatory information; and
- the performance information of the NZSO on pages 38 to 43:

In our opinion:

- the financial statements of the NZSO on pages 19 to 36:
 - present fairly, in all material respects:
 - its financial position as at 31 December 2016; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Tier 2 Public Benefit Entity Standards with reduced disclosure requirements.
- the performance information:
 - presents fairly, in all material respects, the NZSO's performance for the year ended 31 December 2016, including:
 - for each class of reportable outputs:
 - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
 - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
 - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 12 April 2017. This is the date at which our opinion is expressed.

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

OPINION ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

We draw attention to the fact that for the year ended 31 December 2015, our audit report contained a qualified opinion on the statement of financial position and the statement of changes in equity. The qualification related to the NZSO not recognising a receivable for Government funding that had been appropriated for its use by Parliament through Vote Arts, Culture and Heritage.

The qualified opinion reflected our interpretation at the time of PBE IPSAS 23 *Revenue from Non-Exchange Transactions*.

We have reconsidered this matter for the financial statements for the year ended 31 December 2016. We are now of the view that the NZSO does not have rights to Government funding until:

- the responsible Minister has approved the funding and communicated this to the NZSO; and
- an agreed Statement of Performance Expectations is effective.

BASIS FOR OUR OPINION

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

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

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

RESPONSIBILITIES OF THE BOARD FOR THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION

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

In preparing the financial statements and the statement of performance, the Board is responsible on behalf of the NZSO for assessing the NZSO's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board intends to liquidate the NZSO or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NZSO's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- We evaluate the appropriateness of the reported performance information within the NZSO's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the NZSO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the NZSO to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

OTHER INFORMATION

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

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be

materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENCE

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

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



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

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
REVENUE				
Concert Revenue		2,297	2,763	2,755
Interest Revenue		116	178	192
Other Revenue	1	2,243	2,275	1,751
REVENUE EARNED BY THE NZSO		4,656	5,216	4,698
Government Funding		14,046*	13,446	13,446**
TOTAL REVENUE	1	18,702	18,662	18,144
EXPENDITURE				
Personnel Costs	2	10,617	10,738	10,394
Depreciation and Amortisation Expense	6	161	156	110
Other Expenditure	3	7,852	8,046	7,526
TOTAL EXPENDITURE		18,630	18,940	18,030
NET SURPLUS/(DEFICIT)		72	(278)	114
Other Comprehensive Revenue and Expense		-	-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		72	(278)	114

* Comprised of two equal payments of \$3.3615m from the Ministry for Culture & Heritage to NZSO on 6 January 2016 and 1 April 2016 (from government's 2015/16 appropriation) and two equal payments of \$3.6615m on 1 July 2016 and 3 October 2016 (from government's 2016/17 appropriation).

** 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).

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
Balance as at 1 January	2,047	1,783	1,933
Total Comprehensive Revenue and Expense for the year	72	(278)	114
Balance as at 31 December	2,119	1,505	2,047

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
EQUITY				
General Funds		2,119	1,505	2,047
TOTAL EQUITY		2,119	1,505	2,047
CURRENT ASSETS				
Cash and Cash Equivalents	4	3,231	1,949	3,404
Trade Receivables and Other Receivables	5	136	487	158
Prepayments		105	50	53
Investments		-	750	-
TOTAL CURRENT ASSETS		3,472	3,236	3,615
NON-CURRENT ASSETS				
Property, Plant and Equipment	6	1,053	1,115	1,052
Intangible Assets	6	230	129	130
TOTAL NON-CURRENT ASSETS		1,283	1,244	1,182
TOTAL ASSETS		4,755	4,480	4,797
CURRENT LIABILITIES				
Trade Payables and Other Payables	7	1,435	1,571	1,511
Employee Entitlements	8	1,028	1,199	1,064
TOTAL CURRENT LIABILITIES		2,463	2,770	2,575
NON-CURRENT LIABILITIES				
Employee Entitlements	8	173	205	175
TOTAL NON-CURRENT LIABILITIES		173	205	175
TOTAL LIABILITIES		2,636	2,975	2,750
NET ASSETS		2,119	1,505	2,047

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers		3,805	4,188	3,908
Interest Received		109	178	189
Government Funding		14,046	13,446	13,446
Payments to and on behalf of employees		(10,659)	(10,544)	(10,613)
Payments to Suppliers		(7,327)	(7,384)	(6,714)
Net Goods and Services Tax		62	-	(35)
NET CASH FLOWS FROM OPERATING ACTIVITIES		36	(116)	181
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales of Property, Plant and Equipment		11	-	2
Purchases of Property, Plant and Equipment		(50)	(100)	(71)
Purchases of Intangible Assets		(170)	(75)	(42)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(209)	(175)	(111)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(173)	(291)	70
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		3,404	2,990	3,334
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	4	3,231	2,699	3,404
Represented by: Cash & Cash Equivalents				
Bank		2,231	1,949	1,404
Term Deposits less than or equal to 3 months		1,000	750	2,000
		3,231	2,699	3,404

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016, and were approved by the Board on 8 March 2017.

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.

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 2017 performances is Revenue in Advance at balance date and will be fully recognised as Revenue in the 31 December 2017 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 2016 \$000	Actual 2015 \$000
Sponsorship Revenue and Grants *	1,849	1,417
Recording Revenue and Cost Recoveries	103	72
Foreign exchange gains, excluding derivatives	26	34
Gains on Disposal of Assets	-	2
Sundry Revenue	265	226
Total Other Revenue	2,243	1,751

* \$805,859 of Sponsorship Revenue and Grants is contra sponsorship (2015: \$604,000). 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 (34%, 2015: 41%) and concert/rehearsal venue agency (20%, 2015: 24%).

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. Grants revenue totalled \$544,000 in 2016 (2015, \$584,000).

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 arm's 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). Sponsorship revenue totalled \$1,305,000 in 2016 (2015, \$833,000).

2. PERSONNEL COSTS

	Actual 2016 \$000	Actual 2015 \$000
Salaries and wages *	9,860 **	9,634
ACC Levy	40	26
Contribution to Superannuation Schemes	342	340
Allowances	196	205
Recruitment and Training	179	189
Total personnel costs	10,617	10,394

* As at 31 December 2016, 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 2015). At balance date, there were 15 vacancies in the establishment (2015: 7). Of the 15 vacancies, 2 have been recruited as at balance date and begin work in 2017.

** Payments totalling \$55,295 were made in relation to the cessation of employment of one employee (2015: \$26,239, 1 employee).

3. OTHER EXPENDITURE

	Actual 2016 \$000	Actual 2015 \$000
Direct Expenses from Orchestral activity	5,718	5,401
Occupancy Costs	372	374
Audit Fees for financial statements audit *	61	54
Board Members fees	105	105
Foreign exchange losses, excluding derivatives	36	14
General Operating Costs	1,560	1,578
Total Expenditure	7,852	7,526

* 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 2016 \$000	Actual 2015 \$000
Cash at bank and on hand	2,231	1,404
Term deposits with maturities less than 3 months	1,000	2,000
Total Cash and Cash Equivalents	3,231	3,404

5. TRADE RECEIVABLES AND OTHER RECEIVABLES

As at 31 December 2016 all overdue receivables have been assessed for impairment and irrecoverable amounts. The carrying value of receivables approximates their fair value.

	Actual 2016 \$000	Actual 2015 \$000
TRADE AND OTHER RECEIVABLES		
Gross Trade and Other Receivables	136	158
Less: Provision for Impairment	-	-
Total Trade & Other Receivables *	136	158
 * Represented by:		
Trade Receivables	71	20
Other Receivables	65	138
	136	158

** In 2015, "Other Receivables" includes Net GST Receivable of \$42,849. In 2016 Net GST is Payable please refer to Note 7. Net GST Receivable is a non-exchange transaction receivable.

	Actual 2016 \$000	Actual 2015 \$000
MOVEMENTS IN THE PROVISION FOR IMPAIRMENT OF RECEIVABLES		
Balance as at 1 January	-	-
Additional Provisions made during the year	-	-
Receivables written off during the year	-	-
Balance as at 31 December	-	-

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 2015	297	214	478	369	644	610	17	2,629
Balance at 31 December 2015	297	181	496	354	682	617	3	2,630
Balance at 1 January 2016	297	181	496	354	682	617	3	2,630
Additions	-	15	26	3	51	7	-	102
Transfers	-	3	-	-	-	-	(3)	-
Disposals	-	(47)	(3)	(11)	(12)	-	-	(73)
Balance at 31 December 2016	297	152	519	346	721	624	-	2,659

Accumulated Depreciation

Balance at 1 January 2015	294	180	318	334	428	-	-	1,554
Balance at 31 December 2015	295	154	352	318	459	-	-	1,578
Balance at 1 January 2016	295	154	352	318	459	-	-	1,578
Depreciation expenses	1	21	32	6	31	-	-	91
Depreciation-Disposals	-	(47)	(3)	(11)	(2)	-	-	(63)
Balance at 31 December 2016	296	128	381	313	488	-	-	1,606

Net Book Value

At 1 January 2015	3	34	160	35	216	610	17	1,075
At 31 December 2015	2	27	144	36	223	617	3	1,052
At 31 December 2016	1	24	138	33	233	624	-	1,053

INTANGIBLE ASSETS

	Computer Software	Capital Work-in- Progress	Total
Cost	\$000	\$000	\$000
Balance at 1 January 2015	316	38	354
Balance at 31 December 2015	267	107	374
Balance at 1 January 2016	267	107	374
Additions	170	-	170
Transfers	107	(107)	-
Disposals	(12)	-	(12)
Balance at 31 December 2016	532	-	532

Accumulated Amortisation

Balance at 1 January 2015	284	-	284
Balance at 31 December 2015	244	-	244
Balance at 1 January 2016	244	-	244
Amortisation expenses	70	-	70
Amortisation-Disposals	(12)	-	(12)
Balance at 31 December 2016	302	-	302

Net Book Value

At 1 January 2015	32	38	70
At 31 December 2015	23	107	130
At 31 December 2016	230	-	230

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 2016 \$000	Actual 2015 \$000
Payables under exchange transactions		
Trade Creditors	316	334
Revenue in Advance	838	750
Accrued Expenses	133	230
Other Creditors and Payables	25	90
Total Payables under exchange transactions	1,312	1,404
Payables under non-exchange transactions		
PAYE Payable	103	107
GST Payable	20	-
Total Payables under non-exchange transactions	123	107
Total Trade Payables and Other Payables	1,435	1,511

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.

* GST as at 31 December 2015 is a receivable please refer to Note 5.

8. EMPLOYEE ENTITLEMENTS

	Actual 2016 \$000	Actual 2015 \$000
Provision for Employee Entitlements are as follows:		
Current:		
Accrued Salary & Wages	41	60
Annual Leave	787	766
Sick Leave	52	50
Long Service Leave	111	111
Deferred Leave	14	17
Retiring Leave	23	60
	1,028	1,064
Non-Current:		
Long Service Leave	173	175
Total Employee Entitlements	1,201	1,239

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 2016.

A discount rate of 4.75% (2015: 5.22%) and an inflation factor of 3.00% (2015: 3.00%) were used.

If the discount rate were to differ by 1% from the estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$8,000 higher/lower (2015: \$9,000).

If the salary inflation factor were to differ by 1% from the estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$10,000 higher/lower (2015: \$10,000).

9. FINANCIAL INSTRUMENT CATEGORIES

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

	Actual 2016 \$000	Actual 2015 \$000
Loans & Receivables		
Cash and cash equivalents	3,231	3,404
Trade Receivables and Other Receivables	136	158
Total Loans & Receivables	3,367	3,562
Financial liabilities measured at amortised cost		
Trade Creditors and Other Payables (excluding Revenue in Advance)	597	761
Total financial liabilities measured at amortised cost	597	761
Financial Liabilities at Fair Value through Surplus / (Deficit)	-	-

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:

	2016	2015
	\$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	2,324	2,637
Total non-cancellable operating lease	3,890	4,203

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

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

	2016	2015
	\$000	\$000
Less than One Year	12	4
Between One and Two Years	12	-
Between Two and Five Years	3	-
Greater than Five Years	-	-
Total non-cancellable operating lease	27	4

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

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

	2016	2015
	\$000	\$000
Less than One Year	1,191	1,241
Between One and Two Years	469	478
Between Two and Five Years	-	478
Greater than Five Years	-	-
Total artists contracts	1,660	2,197

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

	2016	2015
	\$000	\$000
Less than One Year	13	17
Between One and Two Years	12	13
Between Two and Five Years	36	36
Greater than Five Years	53	64
Total musical instruments lease commitments	114	130

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 (2015: nil).

The NZSO has no contingent assets (2015: 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 2016, the Scheme had a past service surplus of \$11.7 million (7.4% 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) The NZSO transacts with The NZSO Foundation a separate registered charitable trust in which NZSO board members Lisa Bates, Daniel Wong and Peter Diessl were trustees during the year. All transactions were carried out on an arm's length basis. Total amounts paid to The NZSO Foundation were \$23,550 (2015: \$23,550) and received were \$477,269 (2015: \$436,327).

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	2016 \$000	2015 \$000
Board Members		
Remuneration	105	105
Full-time equivalent members	0.2	0.2
Strategic Leadership Team		
Remuneration	1,043	1,004
Full-time equivalent members	6.0	6.0
Total key management personnel remuneration	1,148	1,109
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:	2016 \$000	2015 \$000
D Best (Chair)	24.0	24.0
L Bates	13.5	13.5
P Biggs	13.5	13.5
P Diessl ¹	8.0	13.5
B Holdsworth	13.5	13.5
P McArthur	13.5	13.5
C Murray ²	13.5	3.5
R Taylor ³	-	10.0
D Wong ⁴	5.5	-
Total	105.0	105.0

¹ P Diessl's term as a board member expired on 31 July 2016.

² C Murray was appointed as a board member effective from 1 September 2015.

³ R Taylor's term as a board member expired on 31 August 2015.

⁴ D Wong was appointed as a board member effective from 1 August 2016.

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 2016 within \$10,000 bands are as follows:

	2016	2015
\$100,000 - \$109,999	11	7
\$110,000 - \$119,999	1	-
\$130,000 - \$139,999	-	2
\$140,000 - \$149,999	2	-
\$150,000 - \$159,999	1	-
\$160,000 - \$169,999	1	1
\$180,000 - \$189,999	-	1
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	1	1
\$260,000 - \$269,999	-	1
\$270,000 - \$279,999	1	-

The Chief Executive's remuneration fell within the range \$270,000 to \$279,999 for the 2016 year. In 2015 the Chief Executive's remuneration fell within the range \$260,000 to \$269,999.

18. EXPLANATIONS OF MAJOR VARIANCES AGAINST BUDGET

Explanations of major variations from the NZSO's published budget figures for 2016 are as follows:

Statement of Comprehensive Revenue and Expense

a) Concert Revenue was \$466,000 (17%) lower than budgeted. The unfavourable variance was partially related to unavailability of regular venues for performance in Hamilton and Christchurch. The budget was prepared based on performances being undertaken at the regular large venues but these were subsequently performed in smaller venues & number of tickets sold were affected due to a lower number of seats available. The Hamilton "Bold Worlds: New Frontiers" concert was cancelled due to the unavailability of an alternate venue. Three concert series' Spirit of Anzac, Aotearoa Plus and A Symphonic Night at the Movies (six concerts in total) achieved box-office results significantly lower than budgeted. Two of these three concert concepts have been discontinued in 2017 and the third is being reviewed during 2017 to determine if it will be continued in 2018.

b) Government Funding revenue was \$600,000 (4%) higher than budgeted. The favourable variance relates to the announcement made by the Arts, Culture and Heritage Hon. Minister Maggie Barry in 2016 government budget to increase NZSO funding from \$13.446 million to \$14.646 million from 2016/17, to allow NZSO to perform more concerts and undertake more regional tours (refer Note 1).

Statement of Financial Position

a) Cumulatively the balances of Cash & Cash Equivalents and Investments were \$532,000 (20%) higher at year end than budgeted. This is partially reflective of the favourable year-end surplus vs. budget (of \$350,000) in addition to a higher opening cash position at the beginning of the year than budgeted (\$414,000).

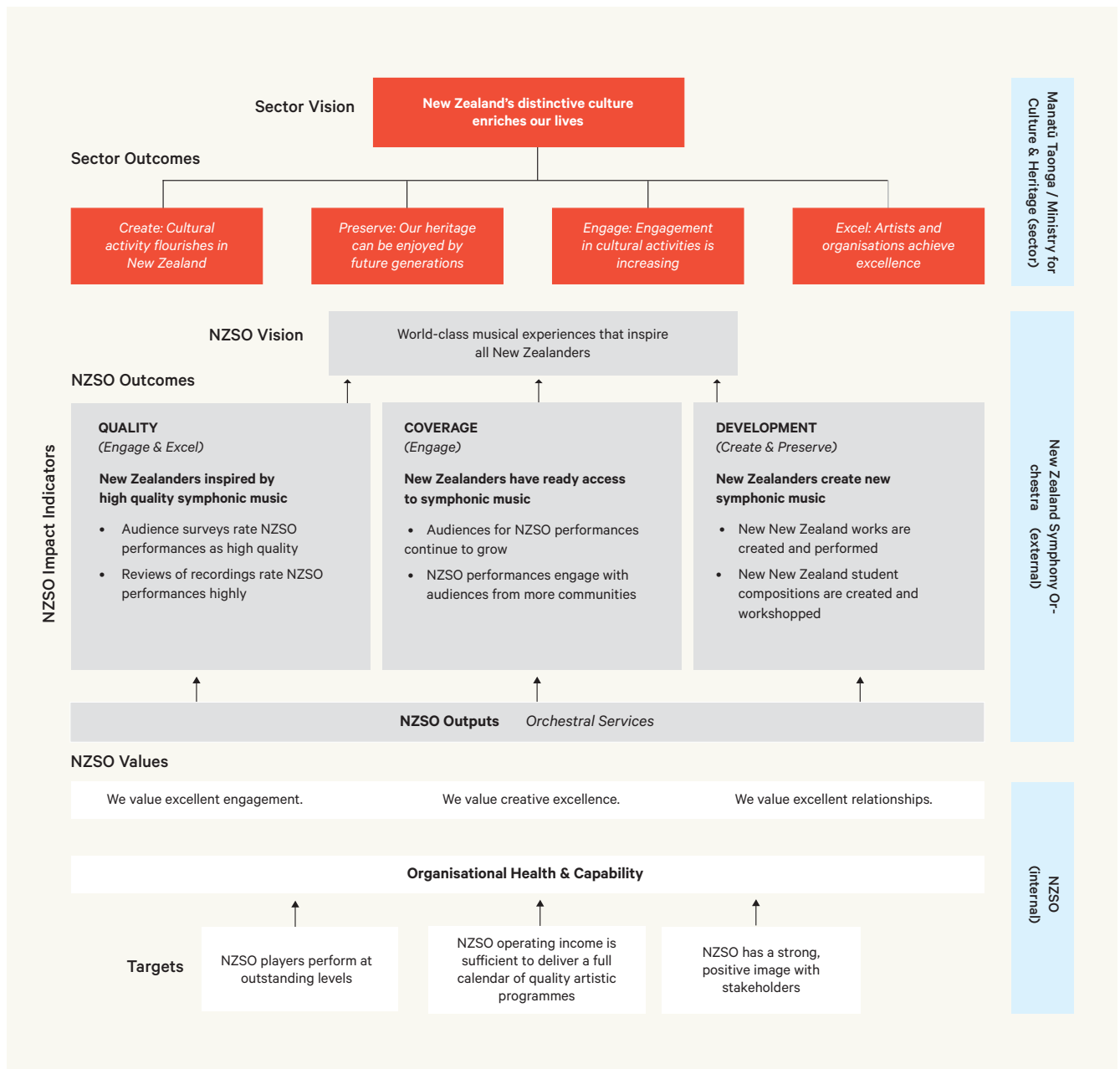
b) Trade Receivables and Other Receivables were \$351,000 (72%) lower at year end than budgeted.

This is the result of an accounting treatment review. In previous years (and in the 2016 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 Receivable). At the 2016 year-end, neither the receivable portion of the future subscription nor the subscription income-in-advance has been included in the Statement of Financial Position.

19. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date.

PERFORMANCE REPORTING FRAMEWORK 2016



PERFORMANCE REPORTING: IMPACTS & OUTCOMES

OUTCOME: Quality

New Zealanders inspired by high quality symphonic music

Impact indicator	Impact measure	2016 Actual	2016 Budget	2015 Actual	Target Achievement
Audience surveys rate NZSO performances as high quality	Average grading achieved for quality of performance in surveys of NZSO audiences	9.2/10	9/10	9.4/10	Yes
Reviews of recordings rate NZSO performances highly	Average grading achieved for NZSO recordings released and reviewed	9/10	9/10	10/10	Yes

OUTCOME: Coverage

New Zealanders have ready access to symphonic music

Impact indicator	Impact measure	2016 Actual	2016 Budget	2015 Actual	Target Achievement
Audience demand for NZSO performances continues to grow	Total audience attendances for NZSO performances	90,232	90,088	95,658	Yes, +144
NZSO performances engage with audiences from diverse communities	Total number of communities represented in NZSO audiences for live performances	39	26	34	Yes, +13

OUTCOME: Development

New Zealanders create new symphonic music

Impact indicator	Impact measure	2016 Actual	2016 Budget	2015 Actual	Target Achievement
New New Zealand works are created and performed	Number of new New Zealand works performed by NZSO	4	4	3	Yes
New New Zealand student compositions are created and workshopped	Number of new New Zealand student compositions workshopped by NZSO	8	10	10	No, -2

OUTPUT SERVICES REVENUE & EXPENDITURE

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

	2016 Actual Cost of Service \$000	2016 Budget Cost of Service \$000	2015 Actual Cost of Service \$000
Government Funding	14,046	13,446	13,446
Interest & Sundry Revenue	370	423	423
Overhead Expenses (incl. salaries)	(12,752)	(12,671)	(12,519)
Depreciation & Amortisation	(161)	(156)	(110)
Surplus / (Deficit) before Orchestral Services	1,503	1,042	1,240
ORCHESTRAL SERVICES			
Concert Revenue	2,297	2,764	2,755
Sponsorship Revenue	1,849	1,933	1,417
Other Orchestral Services Revenue	140	97	103
Orchestral Services Expenses	(5,717)	(6,114)	(5,401)
Surplus / (Deficit) from Orchestral Services	(1,431)	(1,320)	(1,126)
Net Surplus / (Deficit) and Total Comprehensive Revenue and Expense	72	(278)	114
Government Funding % of Total Income	75%	72%	74%

STATEMENT OF SERVICE PERFORMANCE

New Zealand Symphony Orchestra Act 2004 - s8	Specific Objectives	Outcome	2016 Service Performance Actual	2016 Service Performance Budget	2015 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 52 full orchestra concerts and there were 25 reduced orchestra concerts undertaken during the period. Total performances: 77	At least 50 full-orchestra performances presented throughout New Zealand with at least 20 reduced-orchestra performances Total performances target 70	NZSO presented 50 full orchestra concerts and there were 28 reduced orchestra concerts undertaken during the period. Total performances: 78
	Ensure that as many concerts as possible are broadcast	Coverage	18 new NZSO concerts were broadcast (live or recorded), during the year by Radio New Zealand Concert.	At least 20 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	6 new recordings were undertaken during the period including one for international film score, two for New Zealand CD releases and one video game recording, one exhibition recording and one recording for broadcast.	At least two music or film score recordings undertaken.	4 new recordings were undertaken during the period including one for international film score, two for New Zealand CD releases and one accompaniment recording.
	Performances are of international quality	Quality	Refer performance quality measures on Page 42.	Refer performance quality measures on Page 42.	Refer performance quality measures on Page 42.
<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, Kristina Zelinska, Anne Loeser, Rebecca Struthers, Haihong Liu and second violinist Simon Miller. Cellist Eleanor Carter, Trumpeter Cheryl Hollinger and Horn player David Moonan received Mary Fitzwilliam study awards.	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 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.
	Live performances include a wide variety of programmes	Development	NZSO presented full orchestra concerts of 18 different programmes and reduced orchestra concerts of 14 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 16 different programmes and reduced orchestra concerts of 11 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 16 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 including 13 centres with populations in excess of 50,000.

New Zealand Symphony Orchestra Act 2004 - s8	Specific Objectives	Outcome	2016 Service Performance Actual	2016 Service Performance Budget	2015 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 4 NYO performances, 16 students participated in Mentor programme, 5 students participated in Fellowship programme, 5 Master-Classes were held with NZSO Players or guest coaching and provided coaching to students in 5 Regional Youth Orchestras.	At least 4 NZSO National Youth Orchestra performances, 14 students in NZSO Mentor programme, 4 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 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 Orchestras.
	Work collaboratively with other performing arts companies in New Zealand	Development	During the period, NZSO worked with the New Zealand Festival in 4 collaborative performances and the Museum of New Zealand Te Papa Tongarewa in 2 collaborative performances.	At least 6 collaborations with other arts/cultural organisations are undertaken annually.	During the period, NZSO worked with the Royal New Zealand Ballet in 5 collaborative performances, New Zealand Opera in 4 collaborative performances and the Museum of New Zealand Te Papa in 2 collaborative performances.
<i>Promote and encourage New Zealand musical composition and composers</i>	Create workshop opportunities for New Zealand composers	Development	Five compositions were workshopped during SOUNZ recording in February 2016, and eight compositions were workshopped during the NZSO/Todd Corporation Young Composer Awards in December 2016.	At least 8 student compositions workshopped through our education programme and 5 other New Zealand compositions workshopped	Seven compositions were workshopped during SOUNZ recording 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.
	Profile New Zealand composition in public concerts and recordings	Development	The NZSO played a total of 20 New Zealand compositions in 2016.	At least 18 New Zealand works performed.	The NZSO played a total of 24 New Zealand compositions in 2015.
<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, 13 different New Zealand artists performed with the NZSO during the period.	Orchestra performance include at least 10 New Zealand artists.	In total, 12 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 2016 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).	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).

MEASUREMENT OF QUALITY SERVICE PERFORMANCE

Process	Target	2016 Service Performance Actual	2016 Service Performance Budget	2015 Service Performance Actual
Regular audience surveys are conducted and performance quality is polled.	Audiences recognise NZSO performances are of international quality	In surveys conducted between January and December, respondents had an overall satisfaction rating at the NZSO concerts they had attended.	Audience surveys rate NZSO performance quality as at least 9/10.	In surveys conducted between January and December, respondents had an overall 9.4/10 satisfaction rating at the NZSO concerts they had attended.
Increasing audiences for NZSO performances indicate that quality is being achieved.	Audiences recognise NZSO performances are of international quality.	90,232 people attended 77 NZSO performances in the 2016 year. Actual average audience attendance achieved 1,172.	Average audience attendances increase. Total audience target: 90,088 Average audience target: 1,287 Total performances target: 70	95,658 people attended 78 NZSO performances in the 2015 year. Actual average audience attendance achieved 1,226.
Independent international reviews of live and recorded performances assess quality of orchestra performance.	International reviewers recognise NZSO performances are of international quality.	All available recording reviews are collated and a summary and ratings are presented to the senior management, Music Director and the Board. On average NZSO reviews have an 9/10 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 10/10 satisfaction rating by independent international reviewers.
Critical reviews by New Zealand media of live performances assess quality of orchestra performance.	New Zealand reviewers recognise NZSO performances are of international quality.	All media coverage including concert reviews, are collated and accorded a satisfaction / favorability rating on a scale of 1-10. A summary or articles and ratings are presented to the senior management, Music Director and the Board. On average NZSO reviews have an 9.7/10 satisfaction rating	Reviews collected and analysed (i) for salient issues, and (ii) statistically for overall quality indicators. At least 9/10 of applicable satisfaction/favorability scale achieved on average.	All media coverage including concert reviews, are collated and accorded a satisfaction / favorability rating on a scale of 1-10. A summary of articles and ratings are presented to the senior management, Music Director and the Board. On average NZSO reviews have an 9.6/10 satisfaction rating
International artists polled on quality of orchestra and performances ("Exit Polling").	Artists recognise NZSO performances are of international quality	Between January and December 2016, ten international artists completed exit polling. All rated the orchestra is extremely good or excellent. On average a 9.9/10 satisfaction grading was achieved.	'Exit' polling of guest conductors and soloists about their experience with the orchestra gains at least 9/10 satisfaction.	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.
International broadcasters programming of NZSO recordings indicate quality is being achieved.	Broadcasters recognise NZSO performances are of international quality.	No NZSO recordings were requested or offered by Radio New Zealand for broadcasts on overseas networks (2015: none 2014: ten).	Number of broadcasts of the NZSO on overseas networks (over a three year period) increase. Target: 10	No NZSO recordings were requested or offered by Radio New Zealand for broadcasts on overseas networks (2014: ten 2013: nine).

2016 SERVICE PERFORMANCE SUMMARY

The 2016 year was a highly successful one for the NZSO – critically, financially and in terms of service performance. Amongst other achievements there was a Grammy nomination and an operating surplus, but the NZSO has also met or exceeded 26 of its 29 non-financial performance targets (90%).

CONCERTS AND LIVE PERFORMANCE

There were 77 concerts in 2016 compared with a budgeted 70, and the additional concerts included smaller centres such as Takapuna and Gisborne and schools, including Te Kura Kaupapa Maori o Ngati Porou in Ruatoria.

Only one advertised performance did not proceed, the planned *Bold Worlds: New Frontiers* performance in Hamilton had to be cancelled when the Founders Theatre was closed at short notice and an alternative venue could not be obtained. Three of the additional concerts scheduled involved diplomatic relationships, with two performances of the *Battle of the Somme* in partnership with the British High Commission and one performance for the Italian National Day at Te Papa where guests included the H.E. Carmelo Barbarello the Ambassador of Italy, along with the US Ambassador to New Zealand and New Zealand's Minister for Arts, Culture and Heritage, Hon. Maggie Barry. These collaborations highlight the unique position the NZSO holds as the national orchestra.

COMMUNITIES AND AUDIENCES

Total audience numbers were 90,232 in 2016, which exceeded budget projections although it was marginally less than 2015. During the year, the NZSO audiences included 39 communities in 16 different centres. This is a slight increase over 2015 when 34 New Zealand communities were represented in audiences in 15 different centres. These communities are becoming increasingly diverse, while still maintaining the expectation from the Orchestra Sector Review that the NZSO focuses on providing access to live orchestral music in centres with populations over 50,000.

Overall, the average audience attendance per performance was marginally less than budgeted, and also slightly less than the 2015 result (1,172 in 2016 compared with 1,226 in 2015). There are some ongoing challenges with venues in Hamilton and Christchurch, and some of the additional 7 concerts added during the year were performed in venues with far smaller capacities, such as schools.

EXCELLENCE IN PERFORMANCE

The NZSO continues to be recognised for excellence in performance, with both audiences and critical reviewers' gradings exceeding 9/10 in 2016, as was the case in 2015. Guest artists of the orchestra give an even greater degree of approval with an average 9.9/10, marginally up on the 9.8/10 achieved in 2015.

DIGITAL DISSEMINATION, BROADCASTING AND RECORDING

The NZSO has been innovative in its range of initiatives in 2016, including digital live streaming of pre-concert talks and masterclasses. It has delivered the soundtrack for a new Argentinian film and for the first time recorded a gaming soundtrack. Alfred Hitchcock movie fans were entertained with live performances of the classic *Vertigo* and *Psycho* sound tracks in a rare double bill. This was an innovation for the orchestra, presenting two scores in succession to a late night, non-traditional audience.

One of the three performance targets which was not met was broadcasts on overseas networks. The number of broadcasts are outside of the NZSO's control, and are no longer measured in the Statement of Performance Expectations for 2017.

COLLABORATIONS

The orchestra has also increased its collaborations, providing four concerts for the New Zealand Festival (with the Jazz at Lincoln Center Orchestra and Wynton Marsalis), Wellington on a Plate (with Palliser Estate Winery) and the NZSO Family Day at Te Papa. These initiatives have demonstrated the growing diversity of channels for the orchestra's work.

NEW ZEALAND WORKS PERFORMED AND NEW ZEALAND ARTISTS

The number of New Zealand artists has increased slightly from 12 in 2015 to 13 in 2016 and the orchestra performed 20 New Zealand works in 2016 against a budget of 18 works.

The NZSO is committed to the training and development of young and emerging musicians. During the year, it provided opportunities primarily through the NZSO Youth Orchestra, a mentoring programme and master classes from NZSO members and visiting professional musicians. The NZSO continues to work with young composers and in 2016, 8 new New Zealand compositions were workshopped. This is down slightly on the 10 budgeted for 2016 and achieved in 2015.

The NZSO's fellowship and mentor programmes have continued to grow in 2016. There were 16 students in the mentor programme and 5 fellowship students in 2016 exceeding both the 2016 budget and the total numbers who participated in 2015.



2016 MARKED THE DEBUT SEASON FOR
MUSIC DIRECTOR EDO DE WAART



PHOTO: STEPHEN A'COURT



2016 WAS ALSO A BUSY YEAR FOR
RECORDING, UNIQUE CONCERTS, SCHOOL
VISITS AND COMMUNITY ACTIVITIES



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ILLUMINATIONS FEATURING 128 PLAYERS OF THE NZSO AND
THE NZSO NATIONAL YOUTH ORCHESTRA PLAYING TOGETHER

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