



Annual Report 2018

FOR THE YEAR ENDED 31 DECEMBER 2018

NEW ZEALAND SYMPHONY ORCHESTRA



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The Board have pleasure in presenting the
Annual Report for the New Zealand Symphony
Orchestra for the year ended 31 December 2018.

Donald Best ^{ONZM}
Board Chair
30 April 2019

Dame Bronwen Holdsworth ^{DNZM}
Board Member
Audit Committee Member
30 April 2019

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.

Values

WHAT WE DO

We value excellent engagement

- 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

We value creative excellence

- 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

We value excellent relationships

- We always act with fairness, honesty and transparency.
- We trust, respect, acknowledge and support each other.
- We always act with integrity.

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.

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.



Nelson Opera in the Park



Chair's preface

2018 was one of the busiest years in the New Zealand Symphony Orchestra's recent history with a stimulating array of new ventures and experimentations. There was a substantial increase in the work schedule and a diversification of activities which included the trialling of new concert formats and audience experiences.

These initiatives were the first fruits of ongoing workshops and discussions about future directions by Board members and senior Players and staff. The experience gained from trialling these new approaches in 2018 provides a strong base for the continued reshaping and development of future orchestral activities.

The increased variety of offerings brought in many people for whom live orchestral performance was a new and exciting experience. In the realm of popular music and shows, the NZSO performed to thousands in presentations of the film *Star Wars: A New Hope* screened with live orchestral accompaniment and the Muppets stage show *The Jim Henson Retrospectacle*, an NZSO exclusive, with New Zealand star Bret McKenzie.

To these we can add the NZSO concert presentations of *The Music of Comic Con* featuring popular music from television, film and video games, *The Music of Harry Potter* and the touring programme *Summer Pops – Music from the Movies*, all of which attracted new and appreciative audiences.

The diversity of activity included an outdoor performance *Nelson Opera in the Park*, accompanying the Royal New Zealand Ballet's Wellington season of *The Nutcracker* as well as family, schools and pre-schooler activities. Core concert activity was also augmented with the testing of two new formats, the Baroque Series and the Shed Series.

After adding in the year's full range of activities, substantially more people enjoyed the NZSO live in 2018 than in previous years. These audiences were in excess of 113,000, an increase of 30,000 over the previous year.

New directions bring risks and some aspects of these new ventures were less successful from a budgetary perspective. As a result, the NZSO did not meet its financial target for 2018. Whilst this is disappointing, the lessons of the year and its successes have been important and have been applied to the planning of the 2019 season and future years. Action has been taken and plans adjusted to manage and abate this outturn.

Underpinning these new developments was the secure foundation of the core concert touring programme fulfilling the legislative mandate to provide the public of New Zealand with a broad

repertoire of symphonic music performed to an international standard.

2018 was a vintage year artistically with the NZSO once again attracting artists of the highest calibre to New Zealand. Notable debuts included charismatic conductor Peter Oundjian and the versatile pianist/conductor Lars Vogt who joined returning audience favourites, the extroverted Spanish conductor Jaime Martín, virtuoso cellist Johannes Moser and pianist Simon Trpčeski on his fourth visit to the NZSO.

Anchoring this line up with his Masterworks Series was the accomplished leadership of the NZSO's Music Director Edo de Waart in his third season with the Orchestra.

Edo de Waart, in his opening concerts of the year, set the standard with superb performances of Mahler's Symphony No 5, an atmospheric premiere of New Zealand composer Salina Fisher's NZSO commission *Tupaia* and a riveting partnership with the renowned American mezzo-soprano Sasha Cooke in Berlioz' *Les nuits d'été*. The maestro maintained this artistic momentum through the year with the peerless Augustin Hadelich as soloist in the Beethoven Violin Concerto and, for the season finale, sold out performances of Beethoven's monumental Symphony No 9.

Amongst the many outstanding concerts, it was a great pleasure to note the exceptional contributions by NZSO Players in concerto appearances during the season. Concertmaster Vesa-Matti Leppänen was a fine soloist in Prokofiev's *Violin Concerto No 2* in two South Island concerts directed by Edo de Waart.

Principal Cello Andrew Joyce showcased his excellent musicianship as the soloist in Tchaikovsky's *Variation on a Rococo Theme* in an extensive *Classical Hits* tour. Earlier in the year Principal Bassoon Robert Weeks impressed with engaging performances of Mozart's *Bassoon Concerto* toured to four centres under the baton of conductor Miguel Harth-Bedoya.

The NZSO continued to enjoy strong support from its family of sponsors. The Orchestra currently has 37 corporate partners led by Principal Partners Ryman Healthcare, Wellington City Council, The New Zealand Herald and The NZSO Foundation. The Foundation also supports other important initiatives such as Masterclasses and Professional Development for musicians from dedicated donor funds.

New partners joining the NZSO in 2018 included Crane Brothers, Walker and Hall and Spencer Levine – together with three florists Juliette Florist in Wellington, Court Florist in Christchurch and Blush Florist in Auckland who

2018 was a vintage year artistically with the NZSO once again attracting artists of the highest calibre to New Zealand.

assist with artist bouquets in these centres. The Orchestra maintains active relationships with its sponsors and the NZSO and NZSO National Youth Orchestra musicians performed at over 25 events in collaboration with partners during the year.

The *In Conversation* series featuring an international guest artist or conductor is another successful ongoing initiative. Four were presented during the year and provided opportunities for donors and supporters to engage directly with these artists. A further benefit for our corporate partners is the opportunity for their invited guests to attend events associated with concerts in Auckland, Wellington and Christchurch and the NZSO hosted more than 2,000 such guests over the course of the year.

Another important source of support is the Auckland fundraising dinner which was successfully inaugurated in 2017. The 2018 Winter Dinner, once again held at St Matthew-in-the-City, proved to be even more successful, generating a substantial contribution to its cause, The Next Generation of Musicians.

It is gratifying to enjoy this wide-ranging support which is vital to the Orchestra's success from corporate partners, patrons and donors and those who participate so generously in the Orchestra's fundraising events.

The NZSO continued to work closely with the Wellington City Council and Victoria University on the plans to create a permanent home for the NZSO in the Wellington Town Hall and associated National Centre for Music through the co-location of the NZSO and the University's *Te Kōkī New Zealand School of Music* in adjoining civic centre buildings.

A major milestone was the finalisation of an agreement committing the three project partners to the joint project and setting out details of the collaboration process through the construction phase and subsequent management of the facilities. By year's end, the Wellington City Council was well advanced in the process of letting the tender for the Town Hall earthquake strengthening.

This is an exciting and significant development for both New Zealand and the NZSO. It will create nationally significant cultural infrastructure at the Wellington Town Hall and a digital venue for film scoring, multimedia performances, increased reach and online delivery. The NZSO will have new strategic opportunities and operating efficiencies with a permanent home supporting reduced costs, increased revenue streams and the technological capability to transform activities.

My congratulations to the Players for their skill and musicianship and to Concertmaster Vesa-Matti

Leppänen for his outstanding leadership over the year. We are privileged to have such a depth of commitment to musical excellence and dedication to the important responsibility of presenting live music to New Zealand communities.

As with the Players, this has been a busy year for the administration staff with an unusual combination of new innovations and concerts and a very full performance schedule. Congratulations to all staff and the Strategic Leadership Team under Chief Executive Christopher Blake for their outstanding work in ensuring the successful delivery of the 2018 programme.

It is with sadness I record the passing of NZSO Board member Sue Paterson and arts patron Denis Adam during the year. Sue was an outstanding arts leader and entrepreneur, a devoted advocate of the NZSO and a committed concert goer. Her expertise and wisdom were invaluable and her contribution will endure.

Denis Adam altered the landscape of arts patronage in New Zealand with a flair and energy that swept everyone along with him. His legacy too is an enduring one. For the NZSO it is in the many young musicians nurtured by his generous support of the NZSO National Youth Orchestra over many years. The NZSO performed at the Denis Adam Memorial Concert in a heartfelt tribute to one who gave so much to music in our country.

My final thanks go to my Board colleagues. For their passion for the NZSO and its music, for their expertise and for their willingness to support change and find new pathways for the Orchestra in our rapidly evolving society. Theirs is a significant responsibility and I would like to acknowledge the important contribution they have made in dealing with the challenges and opportunities of this unique institution.

Donald Best ^{ONZM}

Board Chair





Chief Executive's Overview

2018 was a year of experimentation for the NZSO with major changes in the mix of orchestral activities and concert offerings as the Orchestra explored different ways of connecting with New Zealanders. In 2018 this involved an increase in touring concerts and a greater variety of repertoire and concert genres resulting in an expanded schedule of 105 live performances. In addition to the substantial live audience, as in previous years, many more New Zealanders heard the NZSO through CDs, downloads, streaming services, film scores and Radio New Zealand live and delayed broadcasts.

The 2018 season was designed to increase opportunities for New Zealanders to experience orchestral music in different settings and make it accessible to a wider range of ages and interests.

The national touring programme encompassed 71 performances in 15 cities and towns and included 20 performances in Music Director Edo de Waart's Masterworks Series and four performances by the NZSO National Youth Orchestra. A further 19 concerts and activities formulated for wider audiences included television, video games and film music, education and pre-school presentations, innovations such as the inaugural Shed Series and a collaboration and tour with an iconic New Zealand band.

Other collaborations further broadened the scope of 2018 activities extending to accompanying the Royal New Zealand Ballet, live accompaniment of film with the New Zealand Festival, four performances of a Muppets show, an outdoor performance in Nelson and recording the soundtrack for the film *Mortal Engines*. These were capped off with the ever popular NZSO@Te Papa community performances at year's end. Engagements in this category contributed a further 15 performances for live audiences over the year.

MASTERWORKS SERIES

Music Director Edo de Waart's Masterworks Series was once again the foundation of the NZSO's main season with seven separate programmes across the five main centres.

His season opening concert set the scene for the year with pianists Christina and Michelle Naughton in captivating performances of Mozart's *Concerto for Two Pianos in E flat major*, as the prelude to his intense but thoughtful direction of Mahler's *Symphony No. 5*. Edo de Waart's second touring programme was equally satisfying, marking the welcome return of American mezzo soprano Sasha Cooke in exquisite performances of Berlioz *Les nuits d'été*. This programme of French

music included a well detailed and exciting *La Mer* by Debussy and a rhythmically meticulous and inexorable finale in Ravel's ever-popular *Boléro*.

Mid season brought a major highlight of the year. Augustin Hadelich was an inspiring soloist in Beethoven's *Violin Concerto* garnering the admiration and acclaim of musicians and audiences alike. Authoritative performances of masterpieces of the orchestral repertoire continued with Edo de Waart's commanding direction of Brahms *Symphony No.2* to complete the programme.

At year's end Edo de Waart returned to Mahler conducting his *Symphony No. 7* in Wellington and Auckland. This work requires an experienced interpreter and Edo de Waart excelled, bringing a shape and coherence to the symphony's sprawling movements that was appreciated by the critics.

The varied repertoire of this final visit for the year included outstanding performances by NZSO Concertmaster Vesa-Matti Leppänen as soloist in Prokofiev's *Violin Concerto No.2*. The Music Director's astute programming included Tchaikovsky's *Symphony No.5* and the extraordinary Symphonic *Metamorphosis of Themes by Carl Maria von Weber* by Paul Hindemith, a combination which made for an exhilarating evening of orchestral performance.

Edo de Waart's season finale was a heady pairing of Beethoven's first and last symphonies which was a tour sell out. The orchestra was at the peak of its powers with a stellar cast of international New Zealand soloists and the peerless Voices New Zealand Choir in the ninth symphony bringing standing ovations and resounding applause to close the touring season.

NATIONAL TOURING PROGRAMME

New guests for the year included the American conductor Brett Mitchell with two contrasting programmes. *Bernstein at 100* featured vocalist Morgan James in a salute to the genius of this great conductor and composer. *The Four Seasons* starred violinist Angelo Xiang Yu in Vivaldi's seminal concerto in a popular Italian-themed programme.

Renowned conductor Peter Oundjian debuted with the NZSO in a touring programme of Russian music featuring Oundjian's own selections from Prokofiev's ballet score for *Romeo and Juliet* and Borodin's *Overture to Prince Igor*. These concerts were headlined by the extraordinary cellist Johannes Moser in his second visit to the NZSO, performing Shostakovich's first cello concerto.

Popular music and culture have become an increasingly important element of orchestral seasons around the world and this is also true of the NZSO's experience and practice. In 2018 a more comprehensive approach was taken.

His was a riveting reading amplified by a compelling stage presence which brought fulsome applause from audiences in each centre and strong critical acclaim.

Lawrence Renes, a conductor returning to the NZSO for a welcome second visit, teamed up with celebrated New Zealand tenor Simon O'Neill in a programme of Wagner and Bruckner. He has deep seated respect for the music and clear ideas about what he is setting out to achieve in performance. This approach was very much in evidence with his direction of Bruckner's *Symphony No.4 (Romantic)* eliciting strong critical endorsement and fine playing from the Orchestra. Simon O'Neill once again demonstrated the artistry and passion which underscores his reputation in Wagner's *Wesendonck Lieder*.

June and July were busy months for the Orchestra with a series of major tours. Regular visitor Miguel Harth-Bedoya conducted two tours performing music by his fellow countryman Jimmy Lopez, Beethoven's *Symphony No.8* and Tchaikovsky's *Symphony No.4*. Another NZSO Principal, bassoonist Robert Weeks, was an exceptional soloist in Mozart's *Bassoon Concerto*.

The third tour in this period featured two lively and entertaining artists, conductor Jaime Martín who gave us gripping performances of the Shostakovich *Symphony No. 10* and Macedonian pianist Simon Trpčeski whose approach to Grieg's well-known *Piano Concerto* was refreshing and highly enjoyable.

NEW ZEALAND MUSIC

The touring season opened with the first of the NZSO's series of commissions for 2018 and 2019 commemorating 250 years since the first meetings between Māori and Europeans during James Cook and the Endeavour's 1769 voyage to Aotearoa New Zealand.

Tuia – Encounters 250 is a full programme of government commemorations overseen by the Ministry for Culture and Heritage. It runs through 2019 with a focus on Gisborne in October 2019 which is the site of this historic first landfall. There are five commissions in the series, written to scenarios developed by the NZSO.

Salina Fisher's *Tupaia* was premiered by Music Director Edo de Waart during his first visit in 2018. Conductor Miguel Harth-Bedoya premiered the second work in the series *He iwi tahi tatou* by Gareth Farr and *Turanga-nui* by Gillian Whitehead was premiered in Gisborne and toured in the September *Classical Hits* tour under the direction of NZSO Associate Conductor Hamish McKeich. These proved attractive and thought-provoking

works reflecting on aspects of this momentous event in the history of Aotearoa New Zealand. The remaining two works in the series will be premiered in 2019.

The 2018 NZ Composers Sessions which have been running in various formats since 1998 were held in January, directed by New Zealand conductor Mark Taddei. Eleven works by ten composers were rehearsed and recorded in this joint collaboration between the NZSO, SOUNZ (Centre for New Zealand Music) and Radio New Zealand. The aim is to create high quality recordings of New Zealand music and to make the works accessible to presenters and programmers. The scheme also has a performance outcome for an invited music industry audience.

Each year the NZSO runs two well established and productive development schemes for New Zealand composers. The NZSO Todd Corporation Young Composers Award is now in its 15th year. The 2018 intake of eight composers received mentoring and their orchestral works were rehearsed, recorded and then performed before an invited audience under the direction of NZSO Associate Conductor Hamish McKeich. The winning works were broadcast by Radio New Zealand.

The annual NZSO National Youth Orchestra Composer-in-Residence scheme provides an opportunity for a young composer to create a new work. Josiah Carr was the 2018 Composer-in-Residence and his commissioned work *Redwood*, was performed to acclaim by the NZSO NYO in Wellington and Auckland under the baton of NZSO guest conductor Jaime Martín. Josiah Carr is also a former overall winner and winner of the Orchestra's Choice Award in the NZSO Todd Corporation Young Composers Award.

NEW DIRECTIONS

The innovations and experimentation in 2018 extended from core audience and repertoire initiatives through to popular music and culture. Whilst much of this was presented under the auspices of the NZSO, the Orchestra also took advantage of collaborative opportunities which could extend accessibility and reach.

The three concerts of the inaugural Shed Series *Innovation*, *Juxtaposition* and *Projection* mounted in Shed 6 on Wellington's waterfront were designed to be informal with a relaxed atmosphere and audiences free to roam and enjoy food and refreshments. Audiences had the opportunity to hear interesting and unusual music from JS Bach to Frank Zappa performed by the Orchestra, small ensembles and NZSO soloists.

After a slow start as new audiences became acquainted with the non-traditional format and venue this new series has carved out a strong niche. Credit must go to Hamish McKeich NZSO Associate Conductor who has been the creative force behind the Series. It is now being built into the NZSO's permanent suite of activities and it is planned to establish this series in other centres.

The success of the Shed Series is mirrored by the experience of the *Back to Bach* concert. Presented at the beginning of the year this trialled an all Baroque programme in a church setting. This successful format has been incorporated into the 2019 season in two touring programmes of Baroque music with itineraries which include Wellington, Auckland, Hamilton and Invercargill. Popular music and culture have become an increasingly important element of orchestral seasons around the world and this is also true of the NZSO's experience and practice. In 2018 a more comprehensive approach was taken to test options for incorporation in future seasons.

The NZSO collaborated with well-known New Zealand band The Phoenix Foundation on a four centre national tour to celebrate their 20th year. Fans flocked to the concerts and were treated to superb band and orchestra arrangements of Phoenix Foundation songs by New Zealand composers.

Comic Con was the NZSO's first venture into this field of orchestral music. It was successful, attracting a new audience of video gaming enthusiasts who were entertained by an NZSO dressed in gaming and film costumes for the occasion. Similarly successful was a *Music of Harry Potter* concert with a sold-out crowd of parents and excited children.

Four Muppets shows, *The Jim Henson Retrospectacle* with Bret McKenzie were the culmination of the vision of a local arts entrepreneur who developed the project and brought it to fruition with support and assistance from the NZSO. This was a very successful programme for which the NZSO retains some exclusive rights. At the other end of the scale was the live *Star Wars* concert joint venture with the New Zealand Festival which was also a rewarding popular and artistic success.

The success of these popular genre performances and shows demonstrates the breadth and variety of the audiences for orchestral music in New Zealand. The challenge for the NZSO is having sufficient resources to further develop and embed these activities into its work on a national basis.

YOUTH, EDUCATION AND COMMUNITY

The NZSO National Youth Orchestra was convened twice during the year. Their summer residency in Christchurch concluded with two concerts presented in Christchurch and Wellington at the beginning of February. Soloist Matthias Balzat, winner of the 2017 National Concerto Competition gave assured performances of the Elgar *Cello Concerto* and the young musicians played Beethoven's *Leonore Overture No.3* and Dvořák's *Symphony No.8* with infectious zest and energy. NZSO players mentored the young musicians and both the residency and performances were led by Australian conductor Guy Noble.

Spanish conductor Jaime Martín directed the mid-year NZSO NYO residency with performances in Wellington and Auckland. Martín proved an inspiring and charismatic leader for the young musicians and drew excellent performances from the orchestra in a demanding but exciting programme which culminated in energetic readings of Stravinsky's suite from *The Firebird*.

The soloist was an alumnus of the NYO, Todd Gibson Cornish, currently the youngest Principal Bassoon of the Sydney Symphony Orchestra and a powerful role model for the NYO musicians. He performed the notoriously demanding *Bassoon Concerto* by French composer André Jolivet to prolonged and deserved acclaim.

A *Musical Menagerie*, the first of the NZSO's Family Concerts for the year in March, attracted a large audience of children, parents and grandparents to the Opera House in Wellington. This was followed later in the month by the first of the NZSO's concerts for schools. These featured *The Animated Orchestra* an entertaining work which demonstrates the sounds and instruments of the orchestra in a memorable way.

The NZSO's programmes to encourage and develop young musicians includes two long running schemes. The NZSO Fellowship Programme assisted six students through lessons and informal coaching with visiting artists and attending rehearsals. Twelve students entered the NZSO National Mentoring Programme which provided mentoring sessions with allocated NZSO musicians in their home towns as well as access to dress rehearsals and attendance at concerts.

The NZSO supported another group of young musicians when it accompanied the six finalists in the *Lexus Song Quest 2018 Grand Final*. Participation in this event is important to the Orchestra and gives these young singers the best possible musical support as they build their careers.

Another important project in 2018 was *Oat the Goat / Oti te Nanekoti*, an interactive, online storybook, which aims to teach children about empathy, acceptance and tolerance developed by the Ministry of Education. It is designed to help 4 to 7 year olds learn about the power of kindness. It is a bullying prevention resource encouraging children to make the right decision through a positive interactive experience with their parents, whānau, family, teacher or peers. The score, recorded by the NZSO, is by New Zealand composer Tane Upjohn-Beatson. The project has won several awards including a supreme award in the NZ Design Awards, a silver award at the London International Awards and two awards at the Māori Language Awards.

The NZSO partnered with The Dame Malvina Major Foundation to do a repeat performance of Handel's *Messiah* in Palmerston North featuring four soloists fostered by the Foundation. It proved a very successful initiative. These young musicians had the opportunity to work with renowned conductor and baroque specialist Nicholas McGegan and gain valuable professional experience.

CHALLENGES

Over the previous two years Board members, Section Principals, the Players' Committee and senior managers met to work jointly on important strategic issues and the NZSO's future directions. 2018 was the fruition of this work, a year of experimentation with new approaches, ideas and activities. The outcomes from these initiatives have been evaluated and have informed the planning of the 2019 and future seasons.

It is clear that the extended schedule of activities trialled in 2018 is not sustainable. The Orchestra did not achieve its 2018 financial target and is taking steps to restore its target equity position. There has been a rebalancing of touring and events which incorporate the successes of 2018 where resources permit. A key lesson from 2018 has been the demand for orchestral activities and concerts outside traditional core subscription seasons and this is accelerating the NZSO's diversification plans.

A critical element of NZSO future strategies is the NZSO's planned move to a permanent home in a refurbished Wellington Town Hall. A National Centre for Music will be established with Victoria University's Te Kōkī New Zealand School of Music (NZSM) co-locating with the NZSO with a combined vision to create a vibrant and unique world-class centre of music and creative excellence, education, cultural connections and community engagement.

This development will create substantial opportunities for the contribution the NZSO makes to music in New Zealand. The NZSO's new home will be equipped as a digital venue to support a wide variety of online resources, live streaming and interactive teaching, workshops and masterclasses. The partnership with NZSM will build career pathways in the training of musicians as professional performers, teachers, music therapists and as composers of art music, film music, popular music, gaming scoring, arrangers, song writers and as concert goers.

Ongoing delays to this project have affected the NZSO's preparations for the planned major repositioning of its activities and diversification of its performance, recording, education and community undertakings. However, the Orchestra is committed to this landmark project. It will transform the NZSO's ability to deliver its legislative objectives and functions and provide the platform for yet another advance in the quality of the Orchestra's music making.

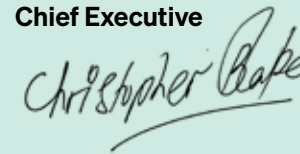
THANKS

It has been a challenging year for all at the NZSO. I offer my congratulations to the Players and staff who successfully delivered a hugely demanding and varied programme.

Concertmaster Vesa-Matti Leppänen and the NZSO Principals have provided strong musical leadership to the Players over the year and many musicians have provided extra assistance to aspects of the year's extended activities. My warmest thanks to you all. Thanks also to my colleagues in the Strategic Leadership Team who have been committed to our ambitions and worked ceaselessly to ensure they were realised.

I especially thank the NZSO Board and Chair Donald Best for their strong support over the year and for their courage and foresight in taking necessary bold steps to explore the new pathways that are critical to the NZSO's future contributions to music for New Zealanders.

Christopher Blake QSO
Chief Executive



Organisational Structure

The New Zealand Symphony Orchestra (NZSO) is an autonomous Crown Entity. The Board of the NZSO 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, players of the Orchestra and administration.

Edo de Waart, the current Music Director, was appointed from 1 January 2016 and his term expires on 31 December 2019.



Donald Best ^{ONZM}
Chair



Peter Biggs ^{CNZM}



Dame Bronwen Holdsworth ^{DNZM}



Laurence Kubiak



Paul McArthur



Clare Murray



Daniel Wong



Chief Executive
Christopher Blake ^{QSO}



Music Director
Edo de Waart



Concertmaster
Vesa-Matti Leppänen



Head of Marketing & Development
Adán Tijerina



Head of Corporate Services
Richard Grant



Head of People and Capability
Shelley Hood



Head of Projects
Craig Thorne



Head of Artistic Planning
Lucrecia Colominas

Governance Statement

Governing Board

The Board is appointed by the Responsible Minister, (the Minister for Arts, Culture and Heritage, as at 31 December 2018 the Rt.Hon. Jacinda Ardern), and is comprised of seven non-executive members. The appointments are made having regard to the need for members to have among them appropriate governance 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 year. The Board met seven times in 2018.

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 Board members is detailed in the notes of the financial statements.

Board Audit Committee

The Audit Committee comprises two Board members and an independent Chair appointed by the Board. The Committee reports to the Board. The purpose of the Committee is to assist in discharging the Board's responsibilities for financial reporting and regulatory compliances. The Committee met twice in 2018.

Board Delegation to the 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. The CE's remuneration for the year is included in the notes to the financial statements.

Management

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

- Concertmaster (Vesa-Matti Leppänen)
- Head of Corporate Services (Richard Grant)
- Head of Artistic Planning (Lucrecia Colominas)
- Head of Marketing and Development (Adán Tijerina)
- Head of People and Capability (Shelley Hood)
- Head of Projects (Craig Thorne)

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 the notes to the financial statements.

Conflicts of Interest

Each member of the Board and SLT 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 on 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. The CE and appropriate Heads of Departments (HOD) hold delegated authorities. The HOD may delegate part, or all, or a specified area of their budget to a direct report to them, however the HOD will retain overall responsibility for the budget. The CE's expenses are approved by the CFO and countersigned by the Chair of the Board. The CFO's expenses are approved by the CE and all other expenses are approved by the CE or CFO.



Statement of Responsibility

The Board of the New Zealand Symphony Orchestra is responsible for the preparation of the financial statements and statement of service performance, and for the judgements in them.

The Board is responsible for any end of year performance information provided by the New Zealand Symphony Orchestra under section 19A of the 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.

In the opinion of the Board, the financial statements and statement of service performance fairly reflect the financial position and operations of the New Zealand Symphony Orchestra for the year ended 31 December 2018.

Signed

Donald Best ^{ONZM}
Board Chair
30 April 2019

Dame Bronwen Holdsworth ^{DNZM}
Board Member / Audit Committee Member
30 April 2019

Statement of Service Performance

Performance Reporting: Impacts and Outcomes

OUTCOME: Quality		New Zealanders inspired by high quality symphonic music			
Impact indicator	Impact measure	Actual 2018	Budget 2018	Actual 2017	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	9.0/10	9.0/10	9.5/10	Yes
OUTCOME: Coverage		New Zealanders have ready access to symphonic music			
Impact indicator	Impact measure	Actual 2018	Budget 2018	Actual 2017	Target Achievement
Audience demand for NZSO performances continues to grow	Total audience attendances for NZSO performances	113,683	111,740	83,314	Yes
NZSO performances engage with audiences from diverse communities	Total number of communities represented in NZSO audiences for live performances	59	35	45	Yes
OUTCOME: Development		New Zealanders create new symphonic music			
Impact indicator	Impact measure	Actual 2018	Budget 2018	Actual 2017	Target Achievement
New New Zealand works are created and performed	Number of new New Zealand works performed by NZSO	5	4	13*	Yes
New New Zealand student compositions are created and workshopped	Number of new New Zealand student compositions workshopped by NZSO	9	8	10	Yes

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

Output Services Revenue and Expenditure

The New Zealand Symphony Orchestra has one output class - Orchestral Services

	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000
Government Funding	14,646	14,646	14,646
Interest and Sundry Revenue	641	302	358
Other expenditure (incl.salaries)	(13,331)	(13,052)	(12,564)
Depreciation and amortisation	(166)	(174)	(175)
Surplus before Orchestral Services	1,790	1,722	2,265
ORCHESTRAL SERVICES			
Concert revenue	3,058	3,818	2,509
Sponsorship revenue	1,156	1,927	1,503
Other orchestral services revenue	392	81	33
Other Expenditure	(7,522)	(7,910)	(6,550)
(Deficit) from orchestral services	(2,916)	(2,084)	(2,505)
NET SURPLUS/(DEFICIT)	(1,126)	(362)	(240)
Government funding % of Total Income	73%	71%	77%

Statement of Performance

NZSO Act 2004 - s8	Specific Objectives	Outcome	2018 Service Performance Actual	2018 Service Performance Budget	2017 Service Performance Actual
Provide the public of New Zealand with live and recorded performances of symphonic music performed to an international standard	Provide quality live performances throughout the country.	Coverage	NZSO presented 105 orchestra concerts during the period.	105 live performances of symphonic music presented throughout New Zealand.	NZSO presented 80 orchestra concerts during the period.
	Performances are of an international standard.	Quality	Refer performance quality measures on page 22	Refer separate performance quality measures on page 22.	Refer performance quality measures on page 22.
Provide an orchestra that is highly skilled and artistically imaginative	Provide Professional Development opportunities for existing NZSO musicians.	Development	The June Violet Commons Scholarship was awarded to violinists Vesa-Matti Leppänen and Yuka Eguchi.	4 professional development scholarships or bursaries awarded to NZSO musicians.	The June Violet Commons Scholarship was awarded to first violinists Donald Armstrong, Anne Loeser, Rebecca Struthers and second violinists Simon Miller, Simeon Broom, Andrew Thomson. Violist Julia Joyce and violist Victoria Jaenecke received the Mary Fitzwilliam study award.
	Concert season and recordings include a wide variety of different programmes.	Development	NZSO presented concerts and recordings of 36 different programmes during the period.	30 different performance and recording programmes presented.	NZSO presented concerts and recordings of 27 different programmes during the period.
Provide an orchestra that has strong community support	Live performances reach a large number of communities.	Coverage	The NZSO performed concerts in 16 different centres during the period.	16 different New Zealand centres have live performances.	The NZSO performed concerts in 16 different centres during the period.

Statement of Performance

NZSO Act 2004 - s8	Specific Objectives	Outcome	2018 Service Performance Actual	2018 Service Performance Budget	2017 Service Performance Actual
Be a leading New Zealand performing arts organisation with a role in the development of a distinctively New Zealand cultural environment	Provide opportunities for the training and development of young and emerging musicians and collaborate with other arts and cultural organisations.	Development	NZSO National Youth Orchestra performed 4 NYO performances, 12 students participated in mentor programmes, 6 students participated in fellowship programmes, 8 master classes were held with NZSO players or guest coaching, providing coaching to students in 3 regional youth orchestra's and 19 collaborative performances with other arts organisations.	4 NZSO National Youth Orchestra performances, 12 students in NZSO mentor programmes, 6 NZSO Fellowship programmes, 5 master classes with NZSO players or guest artists and 7 collaborative performances with other arts organisations.	NZSO National Youth Orchestra performed 2 NYO performances, 13 students participated in mentor programmes, 8 students participated in fellowship programmes, 6 master classes were held with NZSO players or guest coaching, providing coaching to students in 5 regional youth orchestra's and 7 collaborative performances with other arts organisations.
Promote and encourage New Zealand musical composition and composers	Create workshop opportunities for New Zealand composers.	Development	20 compositions were workshoped during the year; 11 compositions during SOUNZ recording, 8 compositions during the NZSO/Todd Corporation Young Composer Awards, and 1 composition during the NZSO National Youth Orchestra performance.	17 compositions are workshoped.	20 compositions were workshoped during the year; 10 compositions during SOUNZ recording in April 2017, 2 compositions during the NZSO National Youth Orchestra performance in July 2017 and 8 compositions during the NZSO/Todd Corporation Young Composer Awards in November 2017.
	Profile New Zealand composition in public performances and recordings.	Development	The NZSO played a total of 39 New Zealand compositions in 2018.	20 New Zealand works are performed.	The NZSO played a total of 46 New Zealand compositions in 2017.
Provide performance opportunities for New Zealand musicians, whether as members of the orchestra or as soloists	New Zealand artists regularly perform with the orchestra.	Development	In total, 21 different New Zealand artists performed with the NZSO during the period.	20 New Zealand artists perform with the orchestra.	In total, 15 different New Zealand artists performed with the NZSO during the period.

Measurement of Quality Service Performance

Process	Target	2018 Service Performance Actual	2018 Service Performance Budget	2017 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, 8.9/10 respondents had an overall satisfaction rating at the NZSO concerts they had attended	9/10	In surveys conducted between January and December, 9.4/10 respondents had an overall satisfaction rating at the NZSO concerts they had attended.
Independent international reviews of live and recorded performances assess quality of orchestra performance.	International reviewers recognise NZSO performances are of international quality.	There were no international reviews in 2018.	9/10	All available recording reviews are collated and a summary and ratings are presented to the senior management, Music Director and the Board. On average NZSO reviews have an 9.5/10 satisfaction rating by independent international reviewers.
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 8.8/10 satisfaction rating.	9/10	All media coverage including concert reviews, are collated and accorded a satisfaction / favourability 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 9.2/10 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 2018, 10 international artists completed exit polling. All rated the orchestra is extremely good or excellent. On average a 9.8/10 satisfaction grading was achieved.	9/10	Between January and December 2017, 10 international artists completed exit polling. All rated the orchestra is extremely good or excellent. On average a 9.8/10 satisfaction grading was achieved.

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2018

	Notes	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000
REVENUE				
Concert Revenue		3,058	3,818	2,509
Interest Revenue		106	108	92
Other Revenue	1	2,083	2,202	1,802
REVENUE EARNED BY THE NZSO		5,247	6,128	4,403
Government Funding		14,646	14,646	14,646
TOTAL REVENUE		19,893	20,774	19,049
EXPENDITURE				
Personnel Costs	2	11,259	11,198	10,379
Depreciation and Amortisation Expense	6	166	174	175
Other Expenditure	3	9,594	9,764	8,735
TOTAL EXPENDITURE		21,019	21,136	19,289
NET SURPLUS/(DEFICIT)		(1,126)	(362)	(240)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		(1,126)	(362)	(240)

Statement of Changes in Equity

For the year ended 31 December 2018

	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000
Balance as at 1 January	1,879	2,022	2,119
Total Comprehensive Revenue and Expense for the year	(1,126)	(362)	(240)
Balance as at 31 December	753	1,660	1,879

The accompanying notes & policies on pages 26 to 37 form an integral part of these financial statements.
 Explanations of major variances against budget are included in Note 18.

Statement of Financial Position

As at 31 December 2018

	Notes	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000
EQUITY				
General Funds		753	1,660	1,879
TOTAL EQUITY		753	1,660	1,879
CURRENT ASSETS				
Cash and Cash Equivalents	4	1,975	2,753	2,909
Trade Receivables and Other Receivables	5	113	200	77
Prepayments		310	135	212
TOTAL CURRENT ASSETS		2,398	3,088	3,198
NON-CURRENT ASSETS				
Property, Plant and Equipment	6	1,216	1,293	1,021
Intangible Assets	6	74	91	165
TOTAL NON-CURRENT ASSETS		1,290	1,384	1,186
TOTAL ASSETS		3,688	4,472	4,384
CURRENT LIABILITIES				
Trade Payables and Other Payables	7	1,660	1,629	1,359
Employee Entitlements	8	1,081	1,018	969
TOTAL CURRENT LIABILITIES		2,741	2,647	2,328
NON-CURRENT LIABILITIES				
Employee Entitlements	8	194	165	177
TOTAL NON-CURRENT LIABILITIES		194	165	177
TOTAL LIABILITIES		2,935	2,812	2,505
NET ASSETS		753	1,660	1,879

The accompanying notes & policies on pages 26 to 37 form an integral part of these financial statements.

Explanations of major variances against budget are included in Note 18.

Statement of Cash Flows

For the year ended 31 December 2018

	Notes	Actual 2018 \$000	Budget 2018 \$000	Actual 2017 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Sponsors		4,588	6,073	3,690
Interest Received		106	108	92
Government Funding		14,646	14,646	14,646
Payments to and on behalf of employees		(11,130)	(11,160)	(10,430)
Payments to Suppliers		(8,896)	(9,883)	(8,303)
Net Goods and Services Tax		4	-	31
NET CASH FLOWS FROM OPERATING ACTIVITIES		(682)	(216)	(274)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales of Property, Plant and Equipment		-	-	2
Purchases of Property, Plant and Equipment		(252)	(305)	(50)
Purchases of Intangible Assets		-	-	-
Term Deposits > 3 months		-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(252)	(305)	(48)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS				
		(934)	(521)	(322)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4	2,909	3,274	3,231
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		1,975	2,753	2,909
Represented by: Cash & Cash Equivalents				
Bank		975	1,753	1,875
Term Deposits <= 3 months		1,000	1,000	1,034
		1,975	2,753	2,909

The accompanying notes & policies on pages 26 to 37 form an integral part of these financial statements.

Explanations of major variances against budget are included in Note 18.

Notes to the Financial Statements

For the year ended 31 December 2018

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 2018, and were approved by the Board on 30 April 2019.

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 2019 performances is Revenue in Advance at balance date and will be fully recognised as Revenue in the 31 December 2019 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	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 Fisher Funds 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

	Actual 2018 \$000	Actual 2017 \$000
Sponsorship Revenue and Grants	1,156	1,503
Recording Revenue and Cost Recoveries	352	14
Foreign exchange gains, excluding derivatives	16	6
Sundry Revenue	559	279
Total Other Revenue	2,083	1,802

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

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

2. Personnel Costs

	Actual 2018 \$000	Actual 2017 \$000
Salaries and wages	10,388	9,616
ACC Levy	57	42
Contribution to Superannuation Schemes	349	348
Allowances	205	193
Recruitment and Training	260	180
Total personnel costs	11,259	10,379

As at 31 December 2018, 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 2017). At balance date, there were 18 vacancies in the establishment (2017: 12).

A payment of \$21,221 was made to an employee in relation to the cessation of employment during 2018 (2017: Nil).

3. Other Expenditure

	Actual 2018 \$000	Actual 2017 \$000
Direct Expenses from Orchestral activity	7,509	6,550
Occupancy Costs	328	459
Audit Fees for financial statements audit *	65	63
Board Members fees	113	114
Foreign exchange losses, excluding derivatives	6	4
General Operating Costs	1,573	1,545
Total Expenditure	9,594	8,735

* 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 and cash equivalents includes cash on hand, deposits held on call with banks, and other short-term, highly liquid investments with original maturities of three months or less.

	Actual 2018 \$000	Actual 2017 \$000
Cash at bank and on hand	975	1,875
Term deposits with maturities less than 3 months	1,000	1,034
Total Cash & Cash Equivalents	1,975	2,909

5. Trade Receivables and other Receivables

As at 31 December 2018 all overdue receivables have been assessed for impairment and irrecoverable amounts. The carrying value of receivables approximates their fair value.

	Actual 2018 \$000	Actual 2017 \$000
Gross Trade & Other Receivables*	81	77
Less: Provision for Impairment	-	-
GST Receivable	32	-
Total Trade & Other Receivables	113	77

*Represented by:

Trade Receivables	46	53
Other Receivables	35	24
	81	77

6. Property, Plant and Equipment / Intangible Assets

Property, Plant and Equipment

	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
Cost								
Balance at								
1 January 2018	297	162	521	352	720	650	-	2,702
Additions	-	3	15	36	2	38	172	266
Transfers	-	-	-	-	-	-	-	-
Disposals		(4)		(79)	-	-	-	(83)
Balance at								
31 December 2018	297	161	536	309	722	688	172	2,885

Accumulated Depreciation

Balance at								
1 January 2018	297	142	407	318	517	-	-	1,681
Depreciation expenses		12	26	5	28	-	-	71
Depreciation-Disposals	-	(4)	-	(79)	-	-	-	(83)
Balance at								
31 December 2018	297	150	433	244	545	-	-	1,669

Net Book Value

At 31 December 2017	-	20	114	34	203	650	-	1,021
At 31 December 2018	-	11	103	65	177	688	172	1,216

Intangible Assets

	Computer Software \$000	Capital Work-in progress \$000	Total \$000
Cost			
Balance at			
1 January 2018	532	31	563
Additions	4	-	4
Transfers	31	(31)	-
Disposals	(9)	-	(9)
Balance at			
31 December 2018	558	-	558

Accumulated Amortisation

Balance at			
1 January 2018	398	-	398
Amortisation expenses	95	-	95
Amortisation-Disposals	(9)	-	(9)
Balance at			
31 December 2018	484	-	484

Net Book Value

At 31 December 2017	134	31	165
At 31 December 2018	74	-	74

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 2018 \$000	Actual 2017 \$000
Payables under exchange transactions		
Trade Creditors	346	171
Revenue in Advance	880	873
Accrued Expenses	144	132
Other Creditors and Payables	174	25
Total Payables under exchange transactions	1,544	1,201

Payables under non-exchange transactions

PAYE Payable	116	107
GST Payable	-	51
Total Payables under non-exchange transactions	116	158
Total Trade Payables and Other Payables	1,660	1,359

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

8. Employee Entitlements

Provision for Employee Entitlements are as follows:	Actual 2018 \$000	Actual 2017 \$000
Current		
Accrued Salary & Wages	75	41
Annual Leave	829	752
Sick Leave	57	57
Long Service Leave	79	82
Deferred Leave	15	14
Retiring Leave	26	23
Total Current	1,081	969

Non-Current

Long Service Leave	194	177
Total Employee Entitlements	1,275	1,146

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 2018.

A discount rate of 4.75% (2017: 4.75%) and an inflation factor of 3.10% (2017: 3.00%) were used.

If the discount rate were to differ by 1% from the estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$7,000 higher/lower (2017: \$8,000).

If the salary inflation factor were to differ by 1% from the estimates, with all other factors held constant, the carrying amount of the liability would be an estimated \$10,000 higher/lower (2017: \$10,000).

9. Financial Instrument Categories

The carrying amounts of the financial assets and liabilities are as follows:	2018 \$000	2017 \$000
Loans & Receivables		
Cash and cash equivalents	1,975	2,909
Trade Receivables and Other Receivables	183	77
Total Loans & Receivables	2,158	2,986
Financial liabilities measured at amortised cost		
Trade Creditors and Other Payables (excluding Revenue in Advance)	780	486
Total financial liabilities measured at amortised cost	780	486
Financial Liabilities at Fair Value through Surplus / (Deficit)	-	-

- Fair value hierarchy**
Where instruments are recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:
- Quoted market prices (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
 - Valuation techniques using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
 - Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

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:

	2018 \$000	2017 \$000
Less than One Year	3	12
Between One and Two Years	-	3
Between Two and Five Years	-	-
Greater than Five Years	-	-
Total non-cancellable operating lease	3	15

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

The value of non cancellable rental lease commitments to Nicola N Varuhas for the lease of NZSO's Wellington music library space in the iPayroll House, Boulcott St, Wellington are as follows:

	2018 \$000	2017 \$000
Less than One Year	35	-
Between One and Two Years	35	-
Between Two and Five Years	46	-
Greater than Five Years	-	-
Total non-cancellable operating lease	116	-

The lease commitments to Nicola N Varuhas are for 3 years and six months from 31 October 2018 and end on 04 May 2022.

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:

	2018 \$000	2017 \$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	1,645	2,011
Total non-cancellable operating lease	3,211	3,577

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

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

	2018 \$000	2017 \$000
Less than One Year	141	141
Between One and Two Years	141	141
Between Two and Five Years	59	200
Greater than Five Years	-	-
Total non-cancellable operating lease	341	482

The lease commitments to Peritus Investments Ltd are for 4 years from 29 May 2017 and ends on 28 May 2021.

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

	2018 \$000	2017 \$000
Less than One Year	826	848
Between One and Two Years	-	-
Between Two and Five Years	-	-
Greater than Five Years	-	-
Total non-cancellable operating lease	826	848

The amount includes terms that have been accepted by both parties.

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

	2018 \$000	2017 \$000
Less than One Year	15	16
Between One and Two Years	15	15
Between Two and Five Years	46	46
Greater than Five Years	55	70
Total non-cancellable operating lease	131	147

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

11. Contingencies

The NZSO has no contingent liabilities (2017: nil).
The NZSO has no contingent assets (2017: nil).

12. Related Parties

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

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

Related party transactions required to be disclosed

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

(ii) The NZSO transacts with The NZSO Foundation a separate registered charitable trust in which NZSO board members Daniel Wong and Paul McArthur are current trustees. All transactions were carried out on an arms length basis. Total amounts paid to The NZSO Foundation were \$103,775 (2017: \$24,106) and received were \$901,845 (2017: \$562,509).

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, Concertmaster, Head of Corporate Services, Head of Marketing & Development, Head of Artistic Planning, Head of Projects and the Head of People & Capability.

Key Management personnel compensation	2018 \$000	2017 \$000
Board Members		
Remuneration	113	114
Full-time equivalent members	0.2	0.2
Strategic Leadership Team		
Remuneration	1,158	1,016
Full-time equivalent members	7.0	6.0
Total key management personnel remuneration		
	1,271	1,130
Total full-time equivalent personnel		
	7.2	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	2018 \$000	2017 \$000
D Best (Chair)	24.0	24.0
L Bates ¹	-	8.0
P Biggs	13.5	13.5
B Holdsworth	13.5	13.5
L Kubiak ²	13.5	9.0
P McArthur	13.5	13.5
C Murray	13.5	13.5
S Paterson ³	7.9	5.5
D Wong	13.5	13.5
Total	112.9	114.0

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

² L Kubiak was appointed as a board member effective from 1 April 2017.

³ S Paterson was a board member from 01 August 2017 to 31 July 2018.

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 \$3,000,000 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 2018 within \$10,000 bands are as follows:

	2018	2017
\$100,000 - \$109,999	10	15
\$110,000 - \$119,999	3	2
\$120,000 - \$129,999	2	-
\$130,000 - \$139,999	2	-
\$150,000 - \$159,999	-	1
\$170,000 - \$179,999	-	1
\$190,000 - \$199,999	2	2
\$270,000 - \$279,999	1	1

The Chief Executive’s remuneration fell within the range \$270,000 to \$279,999 for the 2018 year. In 2017 the Chief Executive’s remuneration fell within the same range.

18. Explanations of Major Variances Against Budget

Explanations of major variances from the budget figures for 2018 are:

Statement of Comprehensive Revenue and Expense

Concert revenue was \$3,058,000, \$760,000 below the budget of \$3,818,000. The budget for the year was a 26% increase on the prior year’s budget, with a significant increase in the number of performances across New Zealand. This was designed to expand the range of programmes delivered. Actual ticket sales did not achieve the budgeted target, due to the capacity of the market being less than expected and budgeted. This has been factored into programming for the 2019 financial year. However, audience numbers were above budget due to non-ticketed contractual and education events.

Statement of Changes in Equity

Equity is lower than budget due to the deficit outcome for the year.

Statement of Financial Position

Cash and cash equivalents

The decrease in cash and cash equivalents is attributable to the deficit outcome for the financial year.

19. Events after the Balance Date

There were no significant events after the balance date.

To the readers of New Zealand Symphony Orchestra's financial statements and performance information for the year ended 31 December 2018

The Auditor-General is the auditor of New Zealand Symphony Orchestra (the NZSO). The Auditor-General has appointed me, Chris Webby, 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 23 to 37, that comprise the statement of financial position as at 31 December 2018, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of the NZSO on pages 18 to 22.

In our opinion:

- the financial statements of the NZSO on pages 23 to 37:
 - present fairly, in all material respects:
 - its financial position as at 31 December 2018; 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 Public Benefit Entity Standards Reduced Disclosure Regime; and
- the performance information on pages 18 to 22:
 - presents fairly, in all material respects, the NZSO's performance for the year ended 31 December 2018, including:
 - for the 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 30 April 2019. This is the date at which our opinion is expressed.

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

Basis for our opinion

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

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

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

Responsibilities of the Board for the financial statements and the performance information

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

In preparing the financial statements and the performance information, the Board is responsible on behalf of the NZSO for assessing the NZSO's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the NZSO, or there is no realistic alternative but to do so.

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

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 2, 5 to 17 and pages 41 to 45, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

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

Chris Webby
Audit New Zealand
On behalf of the Auditor-General



Organisational Health and Capability

Personnel Policy

To ensure the NZSO continues to deliver on its objectives it must maintain a motivational and positive working environment. The NZSO encourages all staff to be involved in the development, implementation, review and renewal of policies, and continues to work on a comprehensive NZSO Personnel Manual review.

Good Employer and Pay and Employment Equity

The NZSO 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. This also relates to the identification and elimination of barriers that cause inequality in employment opportunities.

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 staff with a healthy and safe working environment. Systems are in place to ensure that hazards are identified, and their impact minimised. Noise has been the number one risk on the NZSO's Hazard Register for several years. The NZSO operates a Health and Safety Committee with the membership covering all areas of the organisation. The committee met 10 times during 2018. The committee reviews the annual plan, training, hazards register, wellness and health monitoring, reporting of incidents and policies.

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 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. To ensure impartiality the first and second rounds of auditions are held behind screens. The NZSO also follows a structured induction process for new employees.

Flexibility and Work Design

The NZSO recognises that both the organisation and staff can benefit from flexible working practices, family-friendly initiatives and other assistance to achieve work/life balance. The NZSO seeks workable solutions to help staff achieve work/

life balance while at the same time fulfilling the organisation's operational needs including the demands of the unique working environment of musicians in the Orchestra.

Leadership, Accountability, and Culture

The NZSO has a commitment to consultation to allow staff to have an opportunity to participate in decision making. Consultative committees are set up to ensure regular consultation with staff. A shared and productive organisational culture is recognised as a key to achieving our Vision and Mission. In 2018 consultative committees have included: the Players Committee and the Health and Safety Committee.

Employee Development, Promotion and Exit

Every year salaries are reviewed. Training and development opportunities are prioritised with all staff. The NZSO has a Professional Development System for players, which continues to be improved. Part of this includes study awards and bursaries available to staff.

The NZSO also has a structured and formalised exit procedure. An exit interview is also offered to all staff.

Remuneration, Recognition and Conditions

A majority of players are employed under a collective employment agreement. The NZSO negotiates with E tū union, adhering to the principles of fair bargaining. The NZSO provides fair and reasonable terms and conditions of employment. Administration positions are formally evaluated so that salaries remain competitive with the general New Zealand market (whilst being mindful of the government's expectations for pay and conditions in the public sector). The Board of NZSO consults with the State Services Commission with regards to the 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 people with respect, as well as developing awareness of the impact of behaviour on other people. Policies are included in NZSO's Personnel Manual on bullying and harassment. In addition, there are comprehensive sections on standards of behaviour, whistle blowing and privacy.

Organisational Health and Capability

Workplace Profile

The following tables show the workplace profiles, covering length of service, age ranges, and gender for the NZSO players and administration as at 31 December 2018.

The NZSO has an establishment of 118 full time equivalent staff (FTE's) with 90 players and 28 in the administration. At 31 December 2018 there were 18 vacancies in the establishment, 11 in players and 7 in the administration.

LENGTH OF SERVICE

	Players	Admin	Total	%
0-5 years	12	19	31	30%
6-15 years	16	3	19	19%
16-25 years	25	0	25	24%
26-35 years	20	1	21	21%
35+ years	6	0	6	6%
Total	79	23	102	100%

AGE RANGES

	Players	Admin	Total	%
0-25 years	0	2	2	2%
26-35 years	4	7	11	11%
36-45 years	22	4	26	26%
46-55 years	24	3	27	26%
56-65 years	25	3	28	27%
65+ years	4	3	7	7%
Not disclosed		1	1	1%
Total	79	23	102	100%

GENDER

	Players	Admin	Total	%
Male	44	13	57	56%
Female	35	10	45	44%
Total	79	23	102	100%



Thanks

Maestro Circle (\$10,000+)
Verna Adam
Julian & Selma Arnhold
Rex Benson
Donald Best ^{ONZM} & Susan Best
Peter Biggs ^{CNZM} & Mary Biggs
Sir Roderick & Gillian, Lady Deane
Peter Diessl ^{ONZM} & Carolyn Diessl
The FAME Trust
Fehl Charitable Trust
Dame Bronwen Holdsworth ^{DNZM}
Dr Hylton LeGrice ^{CNZM, OBE}
& Ms Angela Lindsay
Mary Fitzwilliam Award
Paul McArthur & Danika Charlton
Peter & Joanna Masfen
Julie Nevett
Lady Glennis Pettigrew
Les Taylor ^{QC}
Anonymous (2)

Virtuoso Circle (\$5,000+)
Marie Brown ^{MNZM} & Brendan Brown
Ros & Philip Burdon
Diana Duff-Staniland
Bill & Olive Falconer
Holdsworth Charitable Trust
Jennie McInnes
Deryk & Jan McNamara
Clare & Justin Murray
Martin & Kay Pipe
Collin Post & Brenda Young
Dame Adrienne Stewart
Margaret Trotter
Kelly Vince & Florencia Lee
Ainsley Walter & Mark Stewart
Daniel & Kylie Wong
Anonymous (5)

Orchestra Circle (\$2,500+)
Ted & Ann Aspey
Paul & Sheryl Baines
Mark Barrow
Virginia Breen
Rev. GL & M Crawford
Allison & Victor Diem
Alfie & Susie des Tombe
Christopher & Matthew Nolan-Downs
Ian Fraser
David Lord & Tracy Grant Lord
Ngaire Mann & Alison Mann
Peter & Juliet Rowe
Alison Thomson
Noel Vautier & Kerrin Vautier ^{CMG}
Warwick and Linda Webb ^{MNZM}
A R. (Bob) Wallis
Anonymous (1)

Artist Circle (\$1,000+)
Dr M & V Abernethy
Ron & Joan Adams
Odette Alleyne (née Outtrim)
& Alan Evans
H.B. Angus
Geoff & Vivien Atkinson
Jenny Ballantyne
Anita Banbury
Susan Batley & Rob Hole
John & Christine Brook
John Bruce
Alison Buchanan & Eric Johnston
Alan & Sandy Bulmer
Noel Carroll

Angela Caughey
Molly Chapman
Matthew Cockram
Jane Crosse
Drs JD & SJ Cullington
Michiel During & Cathy Ferguson
J.S. Fleming
Ian Fraser & Suzanne Snively
Belinda Galbraith
Michael & Creena Gibbons
Garry & Susan Gould
David & Sally Graham
Laurence Greig
Dr Elizabeth Griego
Dr John Grigor
Cliff Hart
Robin Henderson
Antonia Hill
Don & Janine Hunn
Margaret & John Hunn
David & Heather Hutton
Dr Lynnette Jones & Deborah Mills
Morgan & Patricia Jones
Fenton & Felicity Kelly
Geoff & Elizabeth Lee
Annette & Ralph Lendrum
Linda MacFarlane
Jim Mann
Christopher & Jilly Marshall
Roger & Jenny Mountfort
Ian & Kim New
Fay Pankhurst
Barbara Peddie
Richard & Julia Perry
Ross & Judith Pottinger
Judith Ross
Warwick Slinn
Lorraine Smith
Martin & Catherine Spencer
Peter & Kay Squires
Ross Steele
Lady Tait
Ken & Mary Thomson
Dame Catherine Tizard ^{ONZ, GCMG, GCVO, DBE, QSO}
Ann Trotter
Judith Trotter
Peter Verner & Michael Vidulich
Michael & Margaret Walls
Daphne & John Wardle
Margaret & John Wareham
Deborah Watson & Alec Bruce
David Weatherburn & Maxine Dixon
Jane Webster
Rudolph & Valeria Wenk
Carla & John Wild
Tim Wilkinson & Lynette Murdoch
Barbara Wreford
Ann Wylie
James & Angela Whyte
David & the late Helen Zwartz
Anonymous (16)

Sonata Donor (\$500+)
Coleen and Mike Aamadt ^{QSM}
Jack & Elizabeth Alison
John Allison
Heather & Richard Armishaw
Warren & Margaret Austad
Leslie Austin
Vivienne & Duncan Bamfield
R Bargh
Michael & Judith Bassett

Philippa Bates
Leanne & Vaughan Borcovsky
Corinne Bridge-Opie
Mary E Brown
MD & MA Carr
Stuart & Lizzie Charters
Lorraine & Rick Christie
Lady Patricia Clark
Jeremy Commons & the late
David Carson-Parker
Colin & Ruth Davey
John Dillon & Harriette Blackman
David Doughty
Ms Paulette Durrant & Mr Wayne King
Selena & Shamubeel Eaqub
Garth England
Penelope England
John Evans
Tom & Kay Farrar
John Farrell & Rosemary
Fullerton-Smith
Linda Fitzpatrick
Sas Fookes
Elizabeth Foster
G.S. Fraser
Richard & Dorothy Fraser
Ruth & Peter Gadgil
Kent & Gaye Gardner
Derek & Gail Goddard
Sandra Greenfield
Matthew & Caroline Harris
Gary & Helena Hawke
James Henry
Dr Graham Hill & Joan Caulfield
Prof Les Holborow
Bill Hodgson
David Jenkinson ^{QSM}
Paul & Gillian Kennerley
Judith Knibb
Laurence Kubiak
Owen & Lois Lawn
Martin Lawrence
C & K Lloyd
Margaret Mabbett
Ann Mallinson
Prue Manji
Kevin & Julie Marshall
Jennifer Maybee
Mrs Anna McCreath Munro
Carole McIntosh
Bruce McKinnon
Jeff & Marise McNeill
John Meads & Anne Marie
Moorhead
Glenda & Peter Menzies
Middlekoop Family
Doug & Adriene Miller
Heather Miller
Roger & Barbara Moses
Shinji & Keiko Morimoto
Isobel Northover
Alan & Luba Perry
Robert & Helen Philpott
J G Power
Tony Reeve
Helen & John Rimmer
Susannah & Paul Robinson
John & Win Rockell
Miles Rogers
Susannah & Paul Robinson
Seaway Cleaning Services Ltd
Ken Sheldrick

John & Kathryn Sinclair
Robyn Smith
Jenny & Ian Thomas
Peter Thompson
Hugh & Marion Townend
John & Susan Upton
Simon Vodanovich
Peter & Kathryn Walls
Frank Webster
Jeremy & Viv Whimster
Frank & Pauline Whitmore
Anita Woods
Dr Alan Wright
Anonymous (25)

Trusts & Foundations
Hugo Charitable Trust
Lilburn Trust
The Cranfylde Charitable Trust
Wagner New Zealand Foundation
The Wallace Foundation
WEL Energy Trust

Vincent Aspey Society (Notified Legacies)
Leslie Austin
Vivian Chisholm
Gillian Clark-Kirkcaldie
Bryan Crawford
Murray Eggers
D J Foley
Maggie Harris
Cliff Hart
Eric Johnston & Alison Buchanan
Dr Lynnette Jones & Deborah Mills
Anna Marion
Shar Miles
Mary O'Brien
Hilde Otley
Mr Robinson
Peter & Juliet Rowe
Keith L Stichbury
C & K Lloyd
Anonymous (16)

Realised Legacies (2007-present)
Mrs Ursula Bayfield
Barbara Kathleen Bird
Peter Brooks
Judith Clark
William Clayton
Frederick Coad
Joan Dingley
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