New Zealand Symphony Orchestra
Te Tira Pūoro o Aotearoa

G69

2023

Statement of Performance Expectations

Tauākī Whāinga Mahi

Presented to the Honourable Carmel Sepuloni
Minister for Arts, Culture and Heritage

1 January–30 June 2023

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NZSO works in collaboration with SOUNZ Centre for New Zealand Music

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RNZ Concert is the NZSO's official broadcaster

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Contents
Ngā Ihirangi

This Statement of Performance Expectations reflects the NZSO's planned performance targets and forecast financial information for the year ending 30 June 2023.

The forecast financial statements and underlying assumptions in this document have been authorised as appropriate for issue by the Board of the New Zealand Symphony Orchestra in accordance with its role under the Crown Entities Act 2004.

It is not intended to update the forecast financial statements subsequent to presentation.

Ainsley Walter
Board Chair/Heamana
13 December 2022

Edwin Read
Chair: Audit Committee/Heamana Komiti Arotake
13 December 2022

COVER: Gemma New – who was appointed as the NZSO's Principal Conductor and Artistic Advisor in February 2022

Introduction
He Kupu Arataki

Hilary Hahn, *Truth and Beauty*

E tīorooro ana te manu kōrihi i te ata hei tohu i te rā hou.

Ka rere atu ia me te reo o mihi ki te iwi kia ara, kia tangi, kia mihi ki te ao hou

E rere nei te reo mihi hoki ki a koutou ngā kaitautoko i Te Tira Puoro o Aotearoa.

Kia ora koutou

The Social Services and Community Committee has recommended that the New Zealand Symphony Orchestra's (NZSO) adjusts its current financial year and reporting timeline. Currently, the NZSO's financial year is a calendar year. The Committee was of the view that the NZSO's current financial reporting – which was a calendar year – reduced the Committee's ability to scrutinise the NZSO's performance.

To support the Social Services and Community Committee's review process of the NZSO's performance, provide better accountability reporting and align with general Government reporting and budgeting practices, the NZSO is moving to align its financial year with the Government's financial year. This is in response to a request from the Minister for Arts, Culture and Heritage, Hon Carmel Sepuloni, who, in turn, asked the Minister of Finance to agree that the NZSO return to a July–June financial year:

I consider this will provide greater transparency to Parliament and a simpler and timelier interface with Government processes...

The move to a June year end means there will be a six-month SPE for the period 1 January to 30 June 2023 and then an "annual" style report to support the change. After this six-month transition period, the NZSO will report on a 1 July to 30 June financial year going forward.

[Hillary Hahn] treated Wellington audiences to a feast of violin-playing across a wide range of repertoire in a perfect partnership with conductor Gemma New and the New Zealand Symphony Orchestra.
—The Dominion Post

The First Six Months of 2023: Looking Ahead

In the first six months of 2023, the NZSO will continue to advance towards the fulfilment of its vision, *To be Aotearoa New Zealand's most loved entertainment brand*, guided by the four strategic priorities set out in the NZSO's Statement of Intent: 2021–2024:

- The NZSO: Delivering international quality and leadership
- The NZSO: Future-proofed, resilient and relevant
- The NZSO: Playing a leading role in rebuilding Aotearoa New Zealand's social infrastructure, including social and economic well-being, during the COVID-19 recovery period
- The NZSO: A high-performing and inclusive workplace

The Orchestra is acutely aware of the difficult economic outlook for 2023, including rising inflation and prices, slow economic growth and monetary tightening weighing on domestic demand. Disposable income will be tight and entertainment consumers will be making careful choices. Consequently, given this environment – and conscious that the Orchestra needs to be financially stable over the medium and long-term, the NZSO is taking a conservative approach to the first six months of next year and beyond.

The Orchestra is also very mindful that Aotearoa New Zealand may experience ongoing waves of COVID-19 cases – which will present the Orchestra with additional challenges and complexity. The NZSO is now deeply experienced in managing its activities within a COVID-19 context, including proven planning and strategic option processes and the provision of online streaming of concerts and performances.

The NZSO is budgeting a small surplus in the first six months of the 2023 year. This has been possible given positive ongoing Government funding support, and very robust internal financial budgeting process and despite wider cost pressures, including salaries and touring costs – such as travel and accommodation.

Even so, the NZSO has designed an innovative, vibrant and forward-looking programme in 2023 – which explores the themes of exploration, escapism, fantasy and transformation. The highlights in the first six months of next year include:

West Side Story: Live in Concert

Led by acclaimed Singaporean conductor Joshua Tan, the NZSO will perform live at two special screenings in February of the classic 1961 film adaptation of *West Side Story*. This version of the Academy Award-winning film retains the singing, dialogue and effects of the original soundtrack, but has the orchestra sound extracted and replaced with dynamic live performances by the NZSO. This project is presented in association with WellingtonNZ.

Sir Donald Runnicles and Nicolas Altstaedt

April will see Aotearoa New Zealand's debut of two of the biggest names in music. Scottish conductor Sir Donald Runnicles is the General Music Director of the Deutsche Oper Berlin and Music Director of the Grand Teton Music Festival (Jackson, Wyoming), as well as the Principal Guest Conductor of the Atlanta Symphony Orchestra. He is also Conductor Emeritus of the BBC Scottish Symphony Orchestra, having served as its Chief Conductor from 2009 to 2016.

German cellist Nicolas Altstaedt is one of the most sought-after and versatile cellists in the world today. As a soloist, conductor, and artistic director, he performs repertoire spanning from early music to the contemporary, playing on period and modern instruments. With Maestro Runnicles and the NZSO, Altstaedt performs one of the greatest works written for the cello: Ernest Bloch's *Schelomo*. The programme also features Shostakovich's towering Tenth Symphony.

Mahler's Third Symphony

Gustav Mahler's Third Symphony is a masterpiece on a colossal scale. Featuring Grammy Award-winning soprano Sasha Cooke, Voices New Zealand Chamber Choir, and a children's choir, it is one of the greatest symphonies ever written and one of the longest. The Orchestra will be led by NZSO Artistic Advisor and Principal Conductor Gemma New over two concerts at the end of March and the beginning of April.

Paul Lewis plays Beethoven

In May, renowned English pianist Paul Lewis performs the great composer's complete piano concerto cycle in Tauranga and Christchurch over three concerts. The virtuoso also performs Beethoven's first and fourth piano concertos in Wellington. The tour follows hit performances of the concerto cycle in Auckland in 2022.

Mana Moana

Progressing the NZSO’s Digital Adventure

In 2022, the NZSO’s website was redesigned and rebuilt from the ground up to be more user-friendly and meet the online expectations of today’s music consumer. The new website makes it significantly easier to find out about all NZSO concerts and events, book tickets and engage with the Orchestra. The feedback from NZSO supporters has been overwhelmingly positive. Following the launch of the new website in October 2022, in 2023, the hub will be expanded to include a new streaming platform – NZSO+. This will be a new way to discover, experience and enjoy NZSO music live or from the archives.

Commercial and Partnerships

These key initiatives are the focus for the first six months of 2023:

- Confirming and completing a major film score project with a prominent writing team for a Hollywood studio
- Delivering, in partnership with WellingtonNZ, the *West Side Story* film with the NZSO as the live orchestra
- Presenting the mainstage feature event for CubaDupa
- Activation of the NZSO Recording Aotearoa programme with composer Anthony Ritchie
- Presenting the Wellington season of *Romeo and Juliet* in partnership with the Royal New Zealand Ballet.

Education and Community Engagement

The NZSO will continue to expand its community engagement and education programme in the first six months of 2023, including:

- *Setting Up Camp*, the NZSO’s flagship access platform, will visit Hastings, Taupō, and Hamilton in 2023. Led by NZSO Conductor Emeritus, James Judd, this is a significant community programme. reaching multiple communities through a range of education and engagement initiatives.
- In 2023, the NZSO will undertake its first-ever residency tour to the Pacific Islands, visiting Tonga from 15–21 June, building on the already established connections between the NZSO and the Tongan music community. The Orchestra will be taking 11 Musicians – one horn, four trumpets, four low brass and two percussion who will undertake a series of workshops, concerts and school/community outreach activities over the space of the week, connecting with colleges, musical institutions, Parliament, and military and police organisations. The NZSO’s ambition is to reach over 4,500 people during the events and concerts. Having had deep and ongoing engagement with Aotearoa New Zealand’s Pasifika community through the successful *Mana Moana* collaboration in 2022, along with planning for the forthcoming Pacific Islands residency, the NZSO is now in a position to explore fully the shape of its proposed Pasifika strategy. This will be a priority in the coming year.
- NZSO Foundation Masterclasses will be delivered across the first half of the year by both esteemed NZSO musicians and visiting international artists including Paul Lewis, Nicolas Altstaedt and Ben Morrison.
- NZSO *Open Doors* will also be delivered across the seasons. These popular events, designed to connect with local communities, will be delivered in both Tauranga and Christchurch, with other locations falling into the later part of the year.
- 2023 will see a significant expansion of the NZSO Fellowship Conducting programme, which has two residencies in early 2023. The notable changes include the addition of five Pasifika conductors and four hand-selected musicians to the existing programme of four auditioned candidates. This actively seeks to address the lack of diversity in conductors entering the professions, by actively creating space for increased inclusion.

In 2022, the NZSO launched their new streaming platform – NZSO+

- Our flagship programme, the NZSO National Youth Orchestra, will be delivered in late June, with international Grammy Award-winning conductor Giancarlo Guerrero working with 85 of Aotearoa New Zealand's, most promising young musicians for a week culminating with two performances in Wellington and Auckland. The course also features our NZSO NYO Composer in Residence.
- The highly popular Online Classroom Sessions brings NZSO musicians to primary schools throughout the country. The interactive lessons explore the orchestral instruments and music in a fun and educational way. Eight Zoom sessions, each with up to five schools signed in at once, will be delivered in the first part of 2023.
- A significant highlight of 2023 will be moving our *Young Artists Showcase* to the Michael Fowler Centre. This investment means audiences can experience the virtuosity of young New Zealand performers showcasing their incredible solo ability, within a proper concert hall, supported by the full NZSO.

The NZSO and Te Tiriti

In her Letter of Expectations of 16 December 2019, the Minister for Arts, Culture and Heritage exhorted the NZSO to *make a demonstrable commitment to biculturalism and the unique place of Te Ao Māori in our society*… Accordingly, in 2022, working with advisor Kahurangi Consultants, the NZSO developed a path – *Te Ara Tū Roa* – towards increasing the level of bicultural competency across the organisation and upholding the NZSO's Treaty partnership responsibilities to Aotearoa New Zealand. In 2023, the NZSO will continue on this path.

Two significant steps on the NZSO's bicultural journey in 2022 were the development of strategic principles to underpin *Te Ara Tū Roa* and the initial exploration of an NZSO-specific tikanga, resulting in the co-creation of the Orchestra's new waiata – *Manawakura* – premiered by the entire NZSO whānau onstage at the Michael Fowler Centre prior to the 75th Anniversary *Jubilee* concert in September. These initiatives will form the basis of the Orchestra's progression along the *Te Ara Tū Roa* path in 2022. Collaborations with iwi and Māori artists and music-makers, such as the Te Ahi Tahutahu project in the Mātaatua region, will continue to be advanced.

The NZSO: A high-performing and inclusive workplace

Considerable work has been undertaken in 2022 and will continue into the first half of 2023, including:

- Refreshed policies on sexual harassment and a new policy on diversity and inclusion
- Development of a Code of Conduct to underpin employment contracts
- Implementation of Te Reo Māori training
- Co-creation of the NZSO's waiata, *Manawakura*
- Development and facilitation of induction workshops for all newly hired staff
- Actioning of an employee engagement survey
- Facilitating Professional Respect training for all staff (scheduled for the first quarter of 2023)
- Review of pay bands across relevant sectors to improve parity and relativity for NZSO staff
- Working within CEA negotiations to reflect the demographic of a maturing workforce.

National Music Centre

2023 will be an important year in the development the National Music Centre with the following highlights and milestone expected:

- An Operational Management Group (OMG) will be formed with representatives from the three partners (NZSO, WCC and VUW) to develop and initiate the operational aspects of the centre, including naming and branding, marketing and promotion, and the curated programme.
- The NZSO and VUW's Te Kōkī New Zealand School of Music will continue to develop and co-create plans for the integration of their education and performance programmes as part of the National Music Centre.
- The NZSO will receive pricing for its fitout in the Wellington Town Hall. It is anticipated that the prices will be in line with current construction sector escalation and supply chain allowances.
- The NZSO will complete its procurement programme for technical equipment for the recording studios and will progress to a training and business development phase.

The newly-refurbished Wellington Town Hall, a core part of the National Music Centre, is on-track to be completed by the end of 2024

Ensuring Financial Sustainability

The demands and complexities of ensuring that a touring Orchestra of international standard remains financially robust and sustainable are many – particularly in a challenging economic environment. Consequently, in 2023, the NZSO will be moving to implement a regular and detailed budget cycle, including proactively managing strategic risks, putting in place an extended forecast approach that aligns with the extended artistic planning approach and targeting longer-term retained earning levels. Rolling reviews of the NZSO's operations will be undertaken in order to ensure maximum efficiency and cost-effective delivery and impact, beginning with a review of marketing in the first quarter of 2023.

Conclusion

I feel privileged to have been appointed Chair of the NZSO Board in June 2022 – and acknowledge the NZSO's previous Chair, Laurence Kubiak, for his governance leadership of the Orchestra, particularly over the difficult COVID years.

I also welcome Wilma Smith, a former NZSO Concertmaster, to the Board. Wilma was appointed in June 2022.

Towards the end of this current year, Angie Warren-Clark MP, who is Chair of the Social Services and Community Select Committee, along with Hon Carmel Sepuloni, Minister for Arts, Culture and Heritage, hosted an NZSO performance at Parliament Buildings in Wellington. This was the first in an ongoing *Speakers Series* of concerts at Parliament. We were delighted that the Prime Minister, Rt Hon Jacinda Ardern, was also in attendance. The Prime Minister spoke directly to the NZSO musicians: "Thank you for sharing a little bit of your beauty in this place tonight," she said.

We know that the NZSO has a special place in the hearts of New Zealanders and we look forward to continuing to share the beauty and inspiration of music with them and their communities in 2023.

Noho ora mai

Ainsley Walter
Board Chair/Heamana

New Zealand Symphony Orchestra
Te Tira Pūoro o Aotearoa

The NZSO's annual *Young Artists Showcase* highlights Aotearoa New Zealand's emerging musical talent

Statement of Performance Expectations

Tauākī Whāinga Mahi

The NZSO's *Open Doors* programme creates hands-on opportunities for communities to engage personally with the Orchestra

Our Vision, Mission and Values

Matawhānui/Whakatakanga/ Matawhānui/Whai Painga

Requiem

Our Vision
Tā Mātou Matakite

To be Aotearoa New Zealand's most loved entertainment brand.

Our Mission
Tā Mātou Whakatakanga

To delight, surprise and excite all New Zealanders through memorable musical experiences.

Our Values
Ō Mātou Uara

Fresh
We play old music like it was written yesterday and inhabit new music in a way that is familiar.

Fearless
We are not constrained by convention or location.

In Front
We are world-class in everything we do.

He Herenga Whenua
Inspired by, and connected to, this awe-inspiring country, we take excellence and turn it into a shared experience for all New Zealanders.

This vision, developed in 2021, takes into account the following context for the NZSO:

- Changing audience demographics and entertainment choices
- Competing priorities for audiences' entertaining spending
- Desire for change within the NZSO
- Changes in the sponsor/donor environment
- Expectations of our Government stakeholder.

Objectives and Functions of the New Zealand Symphony Orchestra

Objectives of the Orchestra
Ngā Whāinga o te Tira Puoro

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
Ngā Kawenga a te Tira Puoro

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 cooperate with other similar institutions and organisations having objectives similar to those of the Orchestra.

Statement of Forecast Output Service Performance

Tauākī Mahi Ratonga Huaputa Matapae

Jubliee: The NZSO's 75th Anniversary concert

Non-Financial Measures
He Hua Kē

The performance of the NZSO is measured across four key areas as follows – as set out in the NZSO's Statement of Intent: 2021–2024:

- **The NZSO: Playing a leading role in rebuilding New Zealand's social infrastructure, including social and economic well-being, during the COVID-19 recovery period.**
- **The NZSO: Future-proofed, resilient and relevant.**
- **The NZSO: Delivering international quality and leadership.**
- **The NZSO: A high performing and inclusive workplace.**

The non-financial measures have been substantially changed to ensure they align to the Government's new non-financial reporting standards [PBE FRS48], including meaningful outcome-orientated measures and auditable reporting framework. The measures will be reviewed regularly through the year to ensure they are appropriate, with the options to add or delete measures after the reviews.

STRATEGIC PRIORITY #1 **The NZSO: Playing a leading role in rebuilding New Zealand's social infrastructure, including social and economic well-being, during the COVID-19 recovery period.** These measures focus on the NZSO's reach, contribution to communities and audience engagement.	**2023 (January-June) Budgeted Measure**
Number of geographic centres reached	9
Number of NZSO presented concerts (live/streamed)	28/3
Total audience numbers (at live concerts/performances)	21,225
Total number of education/community performances/events	>70
Number of partnership activities delivered (new measure)	3
STRATEGIC PRIORITY #2 **The NZSO: Future-proofed, resilient and relevant.** These measures focus on how the NZSO is working to ensure its sustainability, engagement and relevance to diverse audiences across a variety of experiences and channels.	
Audience satisfaction survey ratings	>80%
Non-Crown revenue: as a percentage of total revenue	15.36%
Total views of digital content streaming (all channels) *(Note): The proposed target of 270,000 for the FY 2023 half year is significantly lower than the 2022 year. This arises due to a measurement change – from impressions to unique accounts. This is consistent with industry practice.*	270,000
Total social media engagements	48,000
STRATEGIC PRIORITY #3 **The NZSO: Delivering international quality and leadership.** These measures focus on how the NZSO is leading in terms of excellence, commitment to New Zealand work and leadership of the orchestral sector.	
Maintain net carbon zero	Net carbon zero maintained
Number of New Zealand artists performing with the NZSO	19
Number of New Zealand works performed/recorded	4
Number of new New Zealand works performed/recorded	2
Number of new New Zealand student compositions workshopped by the NZSO or NZSO-NYO	1
Total New Zealand works performed as a percentage of Jan-June 2023 programme	9%
Number of collaborative initiatives progressed by APOA, under the leadership of the NZSO	5
STRATEGIC PRIORITY #4 **The NZSO: A high performing and inclusive workplace.** These measures focus on the NZSO's commitment to being an employer of quality which keeps every employee healthy and safe – and ensures that all employees are provided with timely and useful information so that their working environment is fulfilling and transparent.	
Annual employee engagement: Undertake an independent baseline survey and develop an employee engagement improvement plan targeting +2% per annum engagement increase in future surveys	>60%
Streamlining the NZSO's processes and improving internal reporting capabilities by completing the organisation's support system developments	2
Health and Safety measures Lost-time injury frequency rate	0

Financial Forecast Statements

Tauākī Matapae Ahumoni

Teeks and the NZSO performed three sold-out concerts
to celebrate the inaugural Matariki holiday

Basis of the Preparation of the Forecast Financial Statements

The financial forecast is prepared on the basis of achieving the range and number of concerts and other activities, within the forecast revenues and expenditure.

The financial forecast for 1 January–30 June 2023 is based on the following key factors:

- External ticket sales revenue based on the size of the audience, and ticket prices
- Sponsorship revenue received
- Crown funding
- Commercial/contract revenue activity that is known
- Employment expenditure, including conductors and soloists
- The expenditure required to operate the Orchestra based on the programme of activity – for example, venue hire, and touring expenditure across New Zealand.
- New activities are forecast based on the revenue received, including ticket pricing and expenditure incurred from operating previous pilots to test new innovative presentations, and known expenditure from other activities – for example, touring expenditure.

Statement of Forecast Comprehensive Revenue and Expense

for the six months 1 January–30 June 2023

Revenue	**6 months to 30 June 2023 Budget $000**	**2022 Forecast $000**
Government Funding	9,865	19,611
Concert Revenue	1,053	1,545
Interest Revenue	50	90
Other Revenue	688	1,456
Total Revenue	**11,656**	**22,702**
Expenditure		
Personnel	6,886	14,121
Other	4,501	7,782
Depreciation and amortisation	75	100
Total Expenditure	**11,462**	**22,004**
NET SURPLUS / (DEFICIT)	**194**	**698**
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	**194**	**698**

Statement of Forecast Changes in Equity

for the six months 1 January–30 June 2023

	6 months to 30 June 2023 Budget $000	**2022 Forecast $000**
Balance 1 January	8,650	3,202
Total Comprehensive Revenue and Expense	194	698
Equity injection – General Funds	–	4,750
Balance at 31 December	**8,844**	**8,650**

Statement of Forecast Financial Position

for the six months 1 January–30 June 2023

Current Assets	6 months to 30 June 2023 Budget $000	2022 Forecast $000
Cash and cash equivalents	6,595	6,939
Trade receivables and Other receivables	257	129
Prepayments	90	184
Total Current Assets	**6,942**	**7,252**
Non-Current Assets		
Property, plant and equipment	4,528	3,392
Intangibles	372	367
Total Non-Current Assets	**4,900**	**3,759**
Total Assets	**11,842**	**11,011**
Current Liabilities		
Trade payables and Other payables	1,198	585
Revenue in advance	527	445
Employee entitlements	1,033	1,201
Total Current Liabilities	**2,758**	**2,231**
Non-Current Liabilities		
Employee entitlements	240	130
Total Non Current Liabilities	**240**	**130**
TOTAL LIABILITIES	**2,998**	**2,361**
NET ASSETS	**8,844**	**8,650**
Equity		
General Funds	8,844	8,650
TOTAL EQUITY	**8,844**	**8,650**

Statement of Forecast Cash Flows

for the six months 1 January–30 June 2023

Cash flows from operating activities	6 months to 30 June 2023 Budget $000	2022 Forecast $000
Government funding	9,865	19,611
Receipts from customers	2,004	3,012
Interest received	50	90
Payment to and on behalf of employees	(7,005)	(14,009)
Payments to suppliers	(4,003)	(6,856)
Net cash flows from operating activities	**911**	**1,848**
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,236)	(1,355)
Purchases of intangible assets	(20)	(144)
Net cash flows from investing activities	**(1,256)**	**(1,498)**
Cash flow from financing activities		
Equity injection – General Funds	–	4,750
Net cash flow from financing activities	**–**	**4,750**
Net increase / (decrease) in cash and cash equivalents	**(344)**	**5,099**
Cash and cash equivalents at beginning of the year	**6,939**	**1,840**
Cash and cash equivalents at end of the year	**6,595**	**6,939**

Notes to the Forecast Financial Statements

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

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

Basis of Preparation

The financial statements of the NZSO have been prepared on a going concern basis.

This is based on the expectation the Crown will continue funding the NZSO at agreed levels over the next 12 months, and the resulting financial performance and cash flows will be maintained at appropriate operating levels.

The expected impact of COVID-19 on the NZSO for the 12 months from the date the financial statements are adopted and signed is not anticipated to negatively impact the financial performance and cash flows of the NZSO. 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 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 has closed on 31 December, as approved by the Minister of Finance.

At the request of the Social Services and Community Committee, the NZSO will change the close of its financial year to 30 June, commencing in 2023.

Statement of Compliance

The financial statements of the 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)

The NZSO is significantly funded from the Crown. This funding is restricted in its use for the purpose of the NZSO meeting the objectives specified in its founding legislation (the New Zealand Symphony Orchestra Act 2004) and the scope of the relevant appropriations of the funder. The NZSO recognises such funding as revenue at the point when control of the resource passes to the NZSO. The NZSO considers the Crown payments made by the Ministry for Culture and 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 that 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 grants 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 the NZSO's 2022 performances is revenue in advance at balance date and will be fully recognised as revenue in the 31 December 2022 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 the 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 consist 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 the 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.

Notes to the Forecast Financial Statements

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 the 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%
Furniture and Office Equipment	15 years	6.67%
Musical Instruments percussion only	10 years	10%
Musical Instruments all other	25 years	4%
Library Music Manuscripts		Not depreciated

Intangibles Assets

Software Acquisition and Development

Acquired computer software licences 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 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

The 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 the 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;
- 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 non-current liabilities.

Superannuation Schemes

Defined Contribution Schemes

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

Defined Benefit Schemes

The 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 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 as 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 Forecast Cash Flows.

Income Tax

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

Critical Accounting Estimates and Assumptions

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

Notes to the Forecast Financial Statements

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 the 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 Forecast Financial Position. The NZSO minimises the risk of this estimation uncertainty by:

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

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

Critical Judgements in Applying Accounting Policies

The 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 the 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 Forecast Financial Position as property, plant and equipment, whereas, for an operating lease, no such asset is recognised. The NZSO has exercised its judgement on the appropriate classification of equipment leases and has determined no lease arrangements are finance leases.

The NZSO creates memorable musical experiences for all ages.

In 2023, the NZSO will perform live Leonard Bernstein's electrifying score to *West Side Story* while the iconic movie is shown on the big screen

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