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New Zealand Professional Orchestra Sector Review

July 2012

Discussion Paper

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Minister's Preface

New Zealand has a long and rich orchestral tradition. Life did not begin with the establishment of the New Zealand Symphony Orchestra by Peter Fraser's Government in 1946. Well before then, city and regional orchestras were flourishing.

For its first four decades, the NZSO was managed as a division of the New Zealand Broadcasting Corporation. In 1988, the first New Zealand Symphony Orchestra Act established the NZSO as an independent Crown-owned Company with the Ministers of Finance and the Arts as the shareholders. The (second) New Zealand Symphony Orchestra Act 2004 redefined the orchestra as an autonomous Crown Entity, giving it a similar status to Te Papa as a national arts organisation. That Act was also significant in incorporating functions and objectives that set out the NZSO's mandate.

Our flagship orchestra has developed into a world-class institution. All New Zealanders would have been immensely proud of its concert at the Musikverein in Vienna in 2010 as part of its highly-acclaimed tour of central Europe.

The regional orchestra scene is rich and diverse. This month, for example, the Opus Orchestra in Hamilton celebrates its 21st anniversary. The Auckland Philharmonia Orchestra, established in 1980, has built a great reputation in Auckland and is helping the Ministry for Culture and Heritage with the ground-breaking and innovative *Sistema Aotearoa* programme. The Christchurch Symphony Orchestra is a model of bravery and determination. Since the September 2010 earthquake it has been operating under very difficult conditions. All Cantabrians can be very proud of its work. The Vector Wellington, under its enthusiastic and talented conductor, Mark Taddei, continues to enchant audiences in Wellington, and the Southern Sinfonia does great work in Dunedin.

This Government has been very active in looking at all culture and heritage institutions. We have reviewed, for example, the operations of the Arts Council of New Zealand Toi Aotearoa, the New Zealand Film Commission

and the New Zealand Historic Places Trust Pouhere Taonga. We have been addressing big issues like how to increase cultural philanthropy. The last three years have been a period of great activity in the arts as we have sought to improve arts infrastructure and administration following many years of inaction on this front.

So it is with the orchestral sector. The Government considers it is useful to look at its investment in the orchestral sector to consider if any changes need to be made. That is why this review has been commissioned.

This Government is committed to the provision of high-quality classical music throughout New Zealand. The issue is how that service is best delivered in the early decades of the 21st century.

I look forward to receiving the results of consultation over the next few months.



Hon Christopher Finlayson
Minister for Arts, Culture and Heritage

Foreword

Ahakoā he iti he pounamu Although small, it is greenstone

“Music is one of the ways we make sense of our lives, one of the ways in which we express feelings when we have no words, a way for us to understand things with our hearts when we can’t with our minds.” (Karl Paulnack)¹

“...there is a cogent human need for what an orchestra adds to the relief of city life. That need becomes even clearer as the world speeds up.” (Norman Lebrecht)²

Orchestras are an essential part of New Zealand’s cultural life. They are a cornerstone for the wider arts ecology of schools, tertiary education providers, performing ensembles and community groups. Generations of New Zealanders have enjoyed our orchestras’ live performances and other activities.

Successive governments and local authorities have supported orchestras as a public good. For taxpayers and ratepayers, orchestras impart benefits well beyond their value to those who attend formal concerts. New Zealand orchestras have entertained tens of thousands in *Starlight Symphony*, shared the stage with jazz musicians and pop stars, provided the soundtrack for movies such as *Lord of the Rings* and motivated sports stars with national anthems during the Rugby World Cup.

Our orchestras have had many successes in recent decades. We know they can inspire in education and community contexts, add magic to dance and musical theatre, give life to works by our outstanding composers and impress audiences of all ages in concerts, recordings and broadcasts. But we also know they are facing financial pressures and changing community needs and expectations.

New Zealand has five main orchestras for a population of just over four million people. A population that is increasingly concentrated in the north of the country. That scenario was probably not anticipated when the NZSO came into being in the 1940s, or when funding for regional orchestras began in the 70s.

It’s time for a stocktake. We need to find out what our orchestras should continue doing, what they could do differently or do better if they work more together, and how funders can also work together to support them to best effect in the years to come.

I’d like to thank the orchestras for the significant work they’ve already contributed towards the review. I encourage the orchestras, and anyone with an interest in the matters raised in this discussion paper, to make a submission. Your views will help ensure the orchestral sector continues to enrich the lives of New Zealanders into the future.



Lewis Holden
Chief Executive
Manatū Taonga - Ministry for Culture and Heritage

¹ Karl Paulnack <http://www.bostonconservatory.edu/music/karl-paulnack-welcome-address>

² Norman Lebrecht (2011) <http://standpointmag.co.uk/node/3985/full>

Introduction

Call for submissions

This discussion paper invites submissions on aspects of the review of the professional orchestra sector in New Zealand funded by central government.

The discussion paper can be found at <http://www.mch.govt.nz/orchestra-review>

Submissions are welcome from all interested individuals or organisations.

The closing date for submissions is **Monday 20 August 2012**.

You can respond to this discussion document in the following ways:

- Online by answering the questions and providing comment at <https://www.surveymonkey.com/s/orchestrasetorreview>
- Emailing your response to us at orchestrareview@mch.govt.nz
- Posting the completed feedback form in this document to us at
Orchestra Review Discussion Paper
Cultural Policy Branch
Manatū Taonga - Ministry for Culture and Heritage
PO Box 5364
WELLINGTON 6145
- Delivering the completed feedback form to us at
Orchestra Review Discussion Paper
Cultural Policy Branch
Manatū Taonga - Ministry for Culture and Heritage
Level 4 101 The Terrace
WELLINGTON

Questions can also be directed to the email address above.

Publication of submissions

Submissions may be posted on the Ministry's website and are subject to disclosure under the Official Information Act 1982. If your submission includes commercially or otherwise sensitive material you wish the Ministry to

withhold under the Official Information Act you should clearly identify the relevant information and the applicable grounds under which the Ministry could seek to withhold the information.

Contact and personal details of respondents will not be made public. They will be recorded and may be used for future consultation unless requested otherwise.

Managing this review

In October 2011, following consultation with key stakeholders, the Ministry published terms of reference for the review. They are provided in full in Appendix Three, pp 36-38.

The Ministry established a staff Review Team to undertake the review. Drawing on submissions to this discussion paper and other findings, the Review Team will provide a final report with recommendations to the Minister for Arts, Culture and Heritage.

The Ministry appointed a Reference Group, to guide the Review Team throughout the review process. The Reference Group is chaired by Peter Biggs (Clemenger BBDO Melbourne and former Arts Council of New Zealand Chair). Other members are John Maasland (Chancellor AUT), Euan Murdoch (Chamber Music New Zealand), Jenni Norton (State Services Commission), Brent Thawley (New Plymouth District Council) and Lloyd Williams (Whitecliffe College of Arts and Design).

Creative New Zealand (CNZ), New Zealand's national arts development agency, is responsible for funding regional orchestras. CNZ is contributing to all aspects of the review.

In developing the discussion document, the Ministry contracted Avi Shoshani, Secretary General of the Israel Philharmonic Orchestra, to provide independent, expert advice on current and future arrangements for professional orchestral music in New Zealand. His views have informed this discussion paper and will be taken into account in the Ministry's final report to the Minister.

In early 2012 the chief executives of the five orchestras in the review participated in a series of Investment Logic Mapping (ILM) workshops. The chief executives participated both as individuals and as members of the Association of Professional Orchestras of New Zealand (APONZ), but not representing their employing boards. The Review Team and CNZ staff also participated in the workshops. Those deliberations informed this discussion paper and are contributing to the wider review.

Following the ILM workshops the chief executives met with the Reference Group and Review Team. Some orchestras' Board members had an opportunity to meet with the Reference Group, others met with the Ministry's Chief Executive.

Scope of this review

Five orchestras are included in the review³:

New Zealand Symphony Orchestra (NZSO)

Auckland Philharmonia Orchestra (APO)

Vector Wellington Orchestra (VWO)

Christchurch Symphony Orchestra (CSO)

Southern Sinfonia (SS), (Dunedin).

This is the first time these orchestras have been reviewed as a group. The NZSO was reviewed by external experts in 1996 (Graham Scott) and 2004 (Roger Taylor and Mary Vallentine). In 2007 there was an independent assessment of the NZSO's financial performance (Chris Prowse). The NZSO conducted its own Value-for-Money review in 2009.

Orchestras outside the scope of the review

New Zealand's orchestra sector also comprises a range of local orchestras, youth and junior orchestras, including:

Manukau Symphony Orchestra (Auckland)

Waitakere City Orchestra (Auckland)

Opus Orchestra (Hamilton)

Hawke's Bay Regional Orchestra (Napier)

Nelson Symphony Orchestra.

These and similar orchestras are important to the development and presentation of orchestral and classical music in New Zealand. Some serve centres with larger populations than those centres with orchestras included in the review.

The Review Team acknowledges this group of orchestras may be affected by the outcomes of the review and welcomes their submissions to the discussion paper.

³ Detailed information on each of the orchestras is provided in Appendix 4.

Finding your way through this paper

The next section of this paper (pp 11-13) has background information on the roles of central and local government in supporting the professional orchestra sector.

Pp 14-26 provide the substantial information and discussion about three main challenges on which we are seeking your feedback.

P13 + p27 provides a proposed set of criteria for measuring the success of the review.

The paper then sets out four possible scenarios for a reorganised orchestral sector (pp 28-29). The Review Team invites your comments on each of these scenarios.

You will find questions in some of the sections as you read the paper. They are collated for response on pp 45-55.

The paper concludes with five Appendices providing:

- a small number of topics covered by the review but not addressed in detail in this paper (Appendix One)
- figures and tables referred to earlier in the paper (Two)
- the Review's Terms of Reference (Three)
- background material on each of the five orchestras in the review (Four)
- an extract from the New Zealand Symphony Orchestra Act 2004 (Five).

Abbreviations in this document:

APO – Auckland Philharmonia Orchestra

APONZ – Association of Professional Orchestras of New Zealand

CNZ – Creative New Zealand

CSO – Christchurch Symphony Orchestra

NGO – Non-government organisation

NZSO – New Zealand Symphony Orchestra

RNZB – Royal New Zealand Ballet

SS – Southern Sinfonia

The Ministry – Manatū Taonga - Ministry for Culture and Heritage

TLA(s) – Territorial Local Authorities

VWO – Vector Wellington Orchestra

Background and context

Central government's role in supporting the professional orchestra sector

Central government is the primary public funder of New Zealand's professional orchestra sector.⁴ Its total funding to the sector in 2010 was \$17.1m, accounting for 56% of all of the sector's revenue. This represents an increase from \$10.9m (51%) in 2000 (Figure 1, p33).

Historically, central government has had two discrete funding roles: direct owner of a provider of orchestral services, and arm's-length investor in other orchestral services.

1. As the **direct owner of a provider** of orchestral services, the government funds and monitors the NZSO, an Autonomous Crown Entity (ACE), through the Ministry.

A national touring orchestra for New Zealand was first established in 1946 within the National Broadcasting Service. Its purpose, underpinned by a strong belief in the importance of the role of the orchestra in the musical life of the country, was to give public and broadcast concerts and make recordings for broadcast purposes.

The NZSO remained under the broadcasting umbrella until 1988, when it became a Crown-entity Company. In 2004 it was re-established under new legislation⁵ as an Autonomous Crown Entity (ACE). The NZSO has therefore effectively remained in government ownership for the last 66 years.

By comparison, the Australian state symphony orchestras remained within the broadcasting system for around 60 years. When they were fully divested from the Australian Broadcasting Corporation in 2006, they became fully independent companies.

As an ACE, the NZSO is subject to both Crown-entity legislation and the Public Finance Act 1989. Its annual Statement of Intent (SOI) is agreed by the Minister for Arts, Culture and Heritage, who appoints its Board.

⁴ In this paper references to central government funding include both Vote funding through the Ministry and funding CNZ receives from Vote as well as from the Lottery Grants Board.

⁵ New Zealand Symphony Orchestra Act 2004.

The 2004 Act provides the NZSO with a mandate to tour nationally and play to an international standard. This is set out in sections 8 and 9 as the NZSO's principal objectives and functions (see Appendix Five, p44).

The NZSO has 90 full-time salaried players and 27 FTE management staff, all state employees. The players and some management staff are employed under collective employment agreements.

Of all its support for any area of the performing arts – the government's most substantial investment is in the NZSO. In 2000 the NZSO received \$8.8m from government. Since 2008/09 funding from this source has been \$13.4m p.a. Over the past three years this has represented between 71% and 77% of the NZSO's total annual revenue, depending on its other income. For 2011, \$13.4m also amounted to 79% of government funding to the orchestra sector.

2. As an **arm's-length investor**, the government funds the four regional⁶ orchestras through contestable grants made by CNZ, itself an ACE. As NGOs with self-appointed boards, the orchestras' relationship to the government is therefore indirect, mediated through CNZ.

CNZ is guided by its legislation, its own SOI, strategic outcomes and artform policies and priorities when granting funds to orchestras, among other arts organisations it supports for periods of time through its investment programmes.

The 'regional orchestra' model reflects the 1970s/80s policy that this approach was the best way to supplement the work of the national touring orchestra. At that time the regional model also supported orchestral accompaniment for performances by the Royal New Zealand Ballet (RNZB) and the four regional opera companies.

Regional orchestras continue to support New Zealand's only professional opera company, the NBR NZ Opera, which is based in Auckland and tours to Wellington. They also still support the RNZB, which since 1998 has been funded through the Ministry rather than CNZ.

⁶ Throughout this paper the four orchestras currently funded by CNZ are referred to as 'regional orchestras', although APO may more accurately be described as city-based.

In 2010, CNZ's funding to all four regional orchestras totalled \$3.51m, comprising:

APO: \$2.2m, or 26% of that orchestra's revenue

VWO: \$365,000, or 26% of its revenue

CSO: \$750,000 (plus additional earthquake-recovery assistance), or 26% of its revenue

SS: \$325,470, or 40% of its revenue⁷

This investment represents 22% of all central government funding to the orchestral sector. It is also an 80% increase in CNZ funding to these orchestras from 2000 (\$2m) or a 38% increase when adjusted for inflation (2010 \$2.8m).

The orchestras are professionally managed and players are engaged through various employment and contractual arrangements, mainly through the use of retainers and fees per call.

Local government support for the orchestral sector

Territorial Local Authorities (TLAs) also support orchestral services. Each regional orchestra receives an annual grant from the TLA in the city where it is based.

In 2010:

- the APO received 22% (\$1.8m) of its revenue from the Auckland Council
- the VWO received 5% (\$76,500) of its revenue from the Wellington City Council
- the CSO received 12% (\$300,000) of its revenue from the Christchurch City Council
- the SS received 12% (\$95,600) of its revenue from the Dunedin City Council.

This represents an overall increase in TLA funding from 3% of all orchestra revenue (\$658,000) in 2000 to 7% (\$2.3m) in 2010 (Figure 2, p33).

The VWO, CSO and SS all serve a wider population than the cities in which they are located, but get support only from their base TLAs. For those orchestras TLA funding

represents a minor proportion of each orchestra's government support and overall revenue.

The APO is one of ten civic amenities funded through the Auckland Regional Amenities Fund (ARAF). A specified maximum percentage of rates collected by Auckland Council can be disbursed through this process. Prior to the ARAF's introduction, TLA funding to the APO increased from \$321,000 in 2000 to \$848,000 in 2007. Since 2007 it has risen to \$2,650,000 in 2012/13.

TLAs, in some instances, also provide venue subsidies or non-commercial venue hire rates to orchestras and one-off discretionary grants for additional activities.

The NZSO has a standard commercial lease with the Wellington City Council (WCC) and with venues in Wellington for administration and auditorium use. From time to time, WCC provides the NZSO with sponsorship funding (\$20,000 in both 2011 and 2012) towards technical costs associated with the hire of local venues. The NZSO receives no support from other TLAs towards touring activities in their areas.

What challenges does the review address?

The New Zealand orchestral sector has many elements that merit being preserved, and the achievements of individual orchestras deserve to be recognised and celebrated.

The government is not proposing to withdraw from funding orchestras but is asking how to achieve the best results from the funding it provides.

Therefore, part of the purpose of this wide-ranging review is to:

- assess whether the current model of one national and four regionally based orchestras provides optimal delivery of orchestral services to New Zealanders
- identify options to ensure New Zealand audiences have access to high-quality, cost-effective orchestral music and services within current resourcing levels.

The following three propositions are intended to frame the discussion in this paper about the major challenges and issues facing the sector:

⁷ An average of 33% of revenue for the years 2000-2010

1. **Community needs and expectations:** orchestras and their funders need to respond to changes in population location and demographics, competition for leisure spending, the impact of technology and demand for orchestral services
2. **Financial pressures:** unless orchestras revise their current business models and work differently they will increasingly struggle to remain financially viable
3. **Government policy and funding framework:** an overarching policy and funding framework is required to clarify what the government expects from its funding to the orchestral sector.

What will success look like?

Before addressing these challenges and issues, the Review Team suggests government could evaluate whether the review has achieved a successful outcome for the foreseeable future, against the following ten criteria:

1. At least one orchestra in New Zealand performs symphonic music to an international standard⁹.
2. The government's role in supporting the orchestra sector and its expectations of the orchestras it funds are clear, consistent and sustainable into the future.
3. The orchestra sector collectively provides, within available resources, the most effective, efficient and sustainable orchestral services.
4. The orchestra sector collectively supports and encourages New Zealand music and composition and contributes to New Zealand's distinctive culture.
5. The orchestra system contributes to a career path for musicians in New Zealand.

⁹ A definition of 'international standard' includes consideration of the following:

- an orchestra which is capable of highly creditable performances and interpretation of the full range of orchestral repertoire - including technically challenging works by reputable composers of the 20th and 21st centuries
- an orchestra which is able to recruit and retain musicians in the international job marketplace
- the level of artistic quality which conductors and soloists with careers based on international feature appearances would expect of an orchestra with which they are contracted to perform.

6. The system is sufficiently flexible to allow the number and role of orchestras to change over time.
7. All orchestral accompaniment services for the performing arts are of appropriate quality⁹.
8. Diverse New Zealand communities, including in centres with small populations, access live performances.
9. Valued orchestra brands are protected and there is support for local and, possibly, regional needs and interests.
10. Orchestral sector activities support broader outcomes in community and youth development.

The paper returns to the ten success criteria later (p27), when introducing four potential change scenarios for discussion. The scenarios are offered as options the government could consider in order to meet its objective of supporting high-quality, cost-effective orchestral music services within current resourcing levels. The ten criteria are suggested as a tool for assessing the likely advantages and disadvantages of each scenario.

QUESTIONS FOR CONSIDERATION

1. Do you agree the statements presented above are appropriate criteria against which to assess a successful outcome for this review?
2. Are there additional or alternative criteria that should be included and why?

⁹ A definition of accompaniment services of 'appropriate quality' includes consideration of the following:

- live orchestral accompaniment of a standard commensurate with the artistic quality of the featured performers (eg instrumentalists, singers, dancers, actors)
- convincing performances (on stage or from the orchestra pit) of the standard repertoire scores for opera, ballet, choral, music theatre etc
- orchestral playing delivered to a standard that meets the needs of the hirer and the expectations of the audience
- for 'commercial' hires, for example by an international producer, there should be at least one orchestra in New Zealand capable of providing services of a standard comparable in quality and price with overseas orchestras.

The challenges

Community needs and expectations

Orchestras and their funders need to respond to changes in population location and demographics, competition for leisure spending, the impact of technology and demand for orchestral services.

Like their international counterparts, New Zealand orchestras in the 21st century must increasingly respond to evolving community needs and expectations deriving from:

- population changes, including increasing concentration in large urban centres
- increasing leisure choices and the impact of technology
- declining paid audiences
- changing demands for their services.

Population changes

New Zealand's population is:

- ageing gradually, though not as fast as in European and some Asian countries. The median age was 26 years in 1971 and 37 in 2009. It will be 40 in 2031.
- staying in employment longer. A significant number of people aged 65+ will continue to work – increasing from 25,000 in 1991 to 240,000 in 2031, and over 300,000 by the middle of the 21st century. This trend is likely to impact negatively on people's leisure time but positively on their disposable income in later life.
- becoming increasingly diverse ethnically. Māori and Pasifika populations will increase as a proportion of the population. However, the most significant change is predicted to be to the broad Asian population, comprising 16% of the population by 2026 compared with 10% in 2006. The European/New Zealander population will decline from 77% in 2006 to 70% in 2026. CNZ data¹⁰ suggests future audiences for live orchestra concerts may include increasing proportions of Asian, Māori and Pacific Islands representation.

- increasingly concentrated in major urban centres, particularly in the north. Auckland is home to 1.5m people and the urban populations of Hamilton and Tauranga are now larger than Dunedin's.

Leisure time and technology

There is increasing competition for people's leisure time and their discretionary spending. Traditional supporters of arts and cultural activities have greater choices about how to spend their leisure time and what to spend their money on.

Technology is also rapidly changing the way audiences access leisure activities and the way in which people can engage with orchestral music.

Audiences

While we do not know how many New Zealanders attend live orchestra performances overall (because audience statistics include multiple attendees), the profile of audiences is similar to those overseas:

- they are mainly European, female, over 50, with a tertiary qualification and earning above average incomes¹¹
- audiences for each orchestra are different. CNZ's latest research¹² shows while there may be some overlap between audiences for the four regional orchestras and the NZSO, there are also distinct differences in those audiences.

The available evidence suggests New Zealand orchestra audiences, like those internationally, are aging faster than the population overall¹³. The most active age groups attending classical music performances in 2002¹⁴ were aged 35–54 years (44% of the total audience) and in 2011¹⁵ were aged 50+ (53% of the total audience).

¹¹ The average personal income was \$38,000 in June 2011. Income for orchestra audiences tends to be over \$50,000 per annum.

¹² Unpublished data, Creative New Zealand, 2011.

¹³ Robert J Flanagan, *The Perilous Life of Symphony Orchestras: Artistic Triumphs and Economic Challenges*. Yale University Press, 2012, p42; Greg Sandow, 'Age of the audience', *Arts Journal* 10 March 2008, http://www.artsjournal.com/sandow/2008/03/age_of_the_audience.html

¹⁴ *A Measure of Culture*. Ministry for Culture and Heritage and Statistics New Zealand, 2003.

¹⁵ Unpublished data, Creative New Zealand, 2011.

¹⁰ Unpublished data, Creative New Zealand, 2011.

Audiences are also declining (Figure 1, p33). Indications from the data supplied by orchestras¹⁶ for this review show that:

- total audiences for live concerts increased from 576,396 in 2006 to 645,746 in 2007, then declined to 434,811 in 2010
- total paid audiences at self-presented concerts peaked at 159,378 in 2007, then declined to 109,062 in 2010¹⁷
- the number of self-presented concerts was 120 in 2006, rising to 139 in 2007 and declining to 106 in 2010
- audience numbers where orchestras were hired to accompany opera, ballet, choirs, etc vary from year to year¹⁸
- audiences for outdoor concerts and festival performances have declined, from 311,434 in 2006 to 123,523 in 2010
- the number of events orchestras were hired for rose to 87 in 2007 and has since declined to 60 in 2010.

Reasons for the decline in audiences vary. In some cases, venue capacity limits the number of people who can attend. An orchestra may be playing in different sized or less desirable auditoriums while their usual venue is renovated; a major public or free concert for which an orchestra is hired may be cancelled or funding withdrawn; or audiences may simply choose to do other things. The Canterbury earthquakes have affected audiences in Christchurch and will continue to do so for some time to come.

While audiences for events for which orchestras are hired are not necessarily their core audiences, these events are significant components of the orchestras' annual programmes. Any fall-off in that activity inevitably impacts on the level of support and loyalty an orchestra can ask of its community.

¹⁶ Based on data from APO, CSO, SS and NZSO (VVO data was not available).

¹⁷ Figures include multiple attendances at orchestra concerts.

¹⁸ Three orchestras only: APO, NZSO and SS.

Changing demand for orchestra services

In contrast to declining concert audience numbers, orchestras consulted for this review reported increased demand for other services. The data provided, particularly from the APO, shows growing demand for community and education programmes. The number of school concerts performed (34 in 2006 and 153 in 2010) and the number of orchestra personnel engaged in orchestras' education programmes, as well as the number of schools involved, has increased since 2006. These increases indicate the orchestras all have strategies to engage younger people with orchestral music.

WHAT IS THE CHALLENGE FOR THE ORCHESTRA SECTOR?

A declining traditional audience base will adversely affect income from box office and hire work. At the same time, economic conditions, broad changes in use of leisure time and increasing options for spending discretionary money can make it more difficult to attract new audiences or encourage current audiences to attend concerts more frequently.

Taxpayers and ratepayers contribute around two-thirds of orchestral revenue, yet a significant portion may have difficulty accessing or enjoying orchestral music. Central and local government are legitimately asking how equitably the benefits are distributed among New Zealand's changing population. Barriers can include ticket prices, timing, length and format of concerts, and concert halls located away from where people live.

Other factors may include more diverse communities finding the atmosphere at 'serious music' concerts sombre and ritualised, with codified expectations of how they should behave. Research carried out for Sport New Zealand in 2011 showed the public perception of 'classical music' was not particularly positive, with those surveyed seeing it as conservative, boring, for older people and losing relevance.¹⁹

¹⁹ *Gemba Sports and Entertainment Survey*, April-June 2011, for Sport New Zealand.

Educational and community engagement activities may be increasingly in demand, but they can be labour-intensive and require specialist skills often beyond the orchestras' core capabilities. They also earn minimal revenue from the users or participants and it is difficult to see how this could change.

Often such activities are supported mainly through TLA funding, private or community trusts or other philanthropic sources, where there is an objective to provide benefits to a wide cross-section of the local community. That support can be at risk when TLA funding is static, or the resources of community and philanthropic sources are stretched because of adverse economic conditions.

WHAT COULD CHANGE?

Individually, orchestras are already making changes to meet the challenges they face today and in the future while remaining financially viable and meeting the expectations of their funders. New approaches to reducing costs while building their community support base might include holding fewer main auditorium concerts and holding more short concerts in a wider range of venues, with different formats, scheduled times and cost structures.

While there is little likelihood of increased government subsidy for community activities that generate little or no income, more research is needed on the impacts of different community programmes.

For instance, currently there is little evidence internationally as to whether education programmes do actually impact positively – and over what period of time – on generating

future paying audiences. Better information could help orchestras gain extra benefits from these programmes, in which they are increasingly investing resources. Such information would also help the orchestras demonstrate the relationship of these programmes to broader educational and societal benefits.

Orchestras could share resources on audience research, including how to involve more young people and diverse community groups in their core audiences. Coordinating innovative practices based on those research findings might reduce the risk to individual orchestras seeking to attract non-traditional audiences through non-traditional formats.

There is also a strong rationale for orchestras to share rather than duplicate educational resources and programmes, each playing to its strengths. This could include differentiated roles for the NZSO and the regional orchestras, for example, providing master classes and specialist instrumental tuition to secondary and tertiary students working towards a career as classical musicians.

QUESTIONS FOR CONSIDERATION

3. Do you agree the demand for orchestra services is changing?
4. How can orchestras do things differently in response to those changes?
5. Should government support reflect those changes within current funding levels?
6. If so, how should government support reflect those changes?

Financial pressures

Unless orchestras revise their current business models and work differently they will increasingly struggle to remain viable.

Internationally orchestras, like other cultural organisations, face tough financial challenges. Many orchestras are increasingly struggling to survive in their current form. Even renowned orchestras are approaching collapse, or in worst cases reaching bankruptcy, most recently the Philadelphia Orchestra²⁰.

In the short-term orchestras can control only some of the financial pressures they face. Those with players on salaries or retainers, in particular, have high fixed costs and limited ability to achieve improved productivity or reduced expenditure within their current business models.

New Zealand orchestras may not be facing imminent crisis, but are highly vulnerable to falling revenue caused by any decline in paying audiences, hire work or levels of sponsorship – even where demand for other services, such as community engagement and education programmes, remains high.

WHAT ARE THE MAJOR FINANCIAL CHALLENGES?

Over-reliance on increasing government support

Total revenue to the five orchestras in this review from all sources increased from \$21.4m in 2000 to \$30.4m in 2010. Of that, almost two-thirds came from central and local government (Figure 2, p33).

- In 2010, 56% (\$17.1m²¹) of orchestra revenue came from the Ministry and CNZ combined. This represents an increase from 51% (\$10.9m) in 2000 (Figure 2, p33).
- When local government funding is added, overall 'government' funding as a proportion of revenue increased from 54% in 2000 to 64% in 2010 (Figure 2, p33²²).

²⁰ Norman Lebrecht, 'What happens when the band stops playing?' *Standpoint*, July/August 2011 <http://standpointmag.co.uk/node/3985/full>.

²¹ This figure includes earthquake funding to the CSO.

²² The Producer Price Index (PPI) has been used to adjust figures for inflation. Orchestra revenue was adjusted using PPI outputs and expenses using PPI inputs.

Over the last decade, government funding has increased slightly faster than the rate of inflation (Figure 3, p34), and orchestras have become increasingly reliant on these increases to make up the difference between costs and income (Figure 4, p34). For the foreseeable future, any sustained increase in central government funding is extremely unlikely.

This review is not predicated on an immediate need to reduce the government's contribution. Nevertheless, as that funding comes under greater pressure, orchestras cannot expect to be immune from both central government and TLAs' scrutiny of current funding levels through value-for-money consideration and pressure for re-prioritisation to other cultural activities and responsibilities.

Declining income from other sources

a. Ticket sales and subscriptions

Revenue from ticket sales and subscriptions varies by year and individual orchestra. The overall trend between 2000 and 2010 is for declining box-office revenue when adjusted for inflation (\$1m less in 2010 than in 2000) (Figure 5, p35).

b. Revenue from hire work

Total revenue from hire work has declined over the last three years (Figure 6, p35).

Both the number of times orchestras were hired between 2007 (87) and 2010 (60), and the audiences for such events, decreased markedly. The reasons for this is not clear, but if the trend continues orchestras will need to prepare for further declining income from this source.

c. Sponsorship and philanthropic support

The overall annual contribution to orchestra revenue from sponsorship and donations increased between 2000 and 2008 but decreased in 2009 and 2010 (Figure 7, p35).

Costs rising faster than revenue from non-government sources

Orchestras' revenue generated from non-government sources increased by 13% from 2000 to 2010. However, costs increased by 33% over the same period. By 2010

orchestras were covering only 37% of their costs from revenue generated from non-government sources (Figure 4, p34).

The main contributing factors to the orchestras' increased expenditure are artistic and event costs²³. These increased by 28%, from \$18m to \$23m, between 2000 and 2010.

For all orchestras, even for those with a high proportion of fixed costs such as players on salaries or retainers, the marginal cost of undertaking self-presented activity outweighs the revenue this activity generates.

Administration costs doubled over the period 2000 to 2010, from \$2.1m to \$4.4m, with NZSO and APO costs accounting for most of this increase. Overall marketing and PR costs decreased slightly in the period.

WHAT COULD CHANGE?

Box-office and other earned income

Traditionally, a strong subscriber base provides orchestras with guaranteed advance income. However, if overseas box-office trends become more evident here, fewer people will book for subscription seasons²⁴. Orchestras will need to think innovatively about how they attract new audiences while continuing to meet the needs of their existing ones.

Some are responding by providing greater flexibility for audiences with 'choose your own seasons' and other ticketing options. Others are broadening their repertoire to appeal to a larger, more diverse paying audience, or to audiences who don't attend regularly.

Financial incentives as described later in this paper could also encourage orchestras to think more commercially or take some risks to attract new or different audiences and improve box-office returns.

Relatively easy wins could be achieved through closer collaboration and increased sharing of artistic resources and community engagement activities, as well as complementary programming in markets where NZSO and regional orchestras cross over.

Sponsorship, philanthropic support and social lending

Orchestras are adopting more diversified approaches to fundraising. As well as corporate sponsors and high net-worth individuals, committed concertgoers are a worthwhile source of charitable donations. Many are likely to have discretionary income to combine a donation each year with the price of their tickets. These donations could add up to a significant sum.

As noted earlier, Avi Shoshani advocates that board members' primary role should be raising funds. He also suggests government funders should match funds raised by board members²⁵. This may not be fiscally achievable from all government sources, but within the context of a wider philanthropy work plan the Ministry and CNZ are exploring how cultural organisations might be better supported and encouraged to generate new sources of private giving. The emerging social finance market – low-cost loans from social lending organisations - might also be a new revenue source for specific income-generating projects.

Sharing overhead costs

Orchestras agree they could increase productivity by taking a more systematic approach to some activities. This includes sharing guest soloists and conductors from overseas, something Avi Shoshani identified as a significant failing at present²⁶. In a less competitive, more collegial system, presenting exclusive appearances may not be an important marker of difference between orchestras.

Advance planning across the sector would allow resources, including players, to be deployed as and when required. Orchestras could also share back-office infrastructure, commissioning costs, expertise and

²³ This category of spending includes all the costs associated with presenting concerts excluding the PR and marketing.

²⁴ James Strong, *Orchestras Review 2005*, Australia Dept. of Communications, Information Technology and the Arts quoted in Flanagan p153.

²⁵ A. Shoshani, GMH Consultants, 2012, p10 (unpublished).

²⁶ Ibid, p6.

professional development of orchestral personnel. Further efficiencies might occur through sharing management structures and operations, either with orchestras or other performing arts organisations.

What productivity opportunities does digital technology offer?

Some orchestras are already responding to the opportunities to provide performances through high-speed broadband. Technology enables access to quality sound and visual images (in real time and on demand), in remote areas or for international audiences, at a fraction of the cost of touring.

Music industry leaders are optimistic about benefits for classical music from the digital world where “the potential is for global purchase of, or access to, a giant catalogue 24/7”²⁷. Recording companies and artists already market classical music catalogues on the internet; it is probably only a matter of time before classical music audiences embrace purchase through downloads or streaming access, for example Spotify. Pandora, the world’s biggest internet radio service, recently launched in New Zealand, has a stream devoted specifically to classical music.

In the short term these developments are unlikely to solve orchestras’ financial issues. Marketing and selling live performances through the range of digital platforms now available does, however, provide orchestras with opportunities to reach potential new audiences. They suggest a potentially successful future for classical music through diversified revenue streams and direct access to a worldwide market, provided business models adapt to changing consumer paradigms.

Film-scoring

The NZSO earns income from scoring work. In a submission to this review the NZSO identified the proposed creation of a purpose-built scoring stage as the single biggest contribution to its future financial well-being.

A scoring stage would increase the NZSO’s potential to secure contracts for recording orchestral music as well as film scores. It might also reduce the orchestra’s operational costs if the facility provided a rehearsal and administrative home.

However, to realise such a cost saving, substantial capital investment would be required, largely, if not entirely, from private sources. Sourcing that investment is likely to require a sound business case demonstrating economic impacts and attracting strong screen-industry support. Significant productivity gains to the NZSO from such an initiative are likely to be achievable only in the mid- to long-term, if at all.

GREATER WORKFORCE FLEXIBILITY

Employment arrangements differ in the five orchestras:

- the 90 NZSO players are on full-time salaries
- the 70 musicians in the APO are independent contractors, paid a retainer plus call fees
- the other three orchestras to varying degrees pay casual players on a call-by-call basis, and remuneration varies depending on the level of activity.

Each orchestra’s ability to vary how it deploys players in response to changing circumstances depends significantly on its employment arrangements.

Orchestras with mostly casual players have a high proportion of variable costs and are better placed to re-programme in order to mitigate an unforeseen operating deficit. Orchestras with mainly fixed personnel costs can achieve savings only at the margins by altering the amount and type of their activity.

More flexible employment agreements would better enable individual orchestras to innovate, and to compete with other forms of entertainment and events. The terms and conditions of some existing collective employment contracts are likely to restrict players from undertaking additional or different duties, even though individually many musicians may have the capacity and willingness to do so.

²⁷ C. Caddick, Recording Industry Association of NZ.

If orchestras were to work as an integrated system it could improve the sector's overall viability and productivity, but would require players to work flexibly in a variety of settings, sometimes at relatively short notice. It would also require the orchestras to plan together on a two- or three-year horizon and share the costs of players moving around more.

An integrated, systemic approach to employment would lead to our best orchestral musicians having a greater role in the wider musical life of the nation. To a degree this happens already through contemporary music groups such as Stroma and 175 East, with players boosting resources in a variety of ensembles, mentoring, tutoring and participating in other development initiatives.

More flexibility would make these initiatives and opportunities consistently available. It would also increase professional development opportunities for players in areas such as:

- individual technique, interpretation and repertoire
- ensemble, leadership and directing
- communication, teaching, outreach and education.

In some cases where full-time, salaried players are released to work outside their employing orchestra, they receive an additional, freelance fee. This contrasts with other public sector professions, where permanent employees are 'placed' or 'seconded' elsewhere but not effectively paid twice (although the organisations themselves may exchange funds). This is a practice or expectation whose merits and demerits could be re-examined by players and managers in the sector.

The proposition is about addressing orchestras' financial pressures through more flexible employment arrangements, not about creating an increasingly casualised workforce. The latter would have many risks and challenges, not least to maintaining an orchestra of international standard in New Zealand.

Nevertheless, international experience shows operating as a full-time, salaried professional orchestra, recruited, managed and developed in accord with best international practice, is a business model that is neither easily affordable nor easily sustainable.

For New Zealand there is merit in pursuing a balance of employment arrangements that are acceptable to musicians and their organisations, but also provide flexibility and optimal use of resources across the sector.

If this balance can be found, over time it may result in more development opportunities, more secure employment for our top musicians, and ultimately higher artistic standards among all orchestras.

QUESTIONS FOR CONSIDERATION

7. Do you agree there are **advantages** in having more flexible employment arrangements across the sector?
8. Do you agree there are **disadvantages** in having more flexible employment arrangements across the sector?
9. On balance do you think the advantages would outweigh the disadvantages?

Government policy and funding framework

An overarching policy and funding framework is required to clarify what the government expects from its funding to the orchestral sector.

The central and local government arrangements are well entrenched and more the result of history than design. Over the years, they have given rise to issues that include unclear policy objectives and contention about individual orchestras' roles in the overall system.

WHAT ARE THE CHALLENGES FOR THE ORCHESTRA SECTOR?

Split funding responsibilities

The split funding arrangement between the Ministry and CNZ contributes to less than optimal coherence in the policy and funding framework for the government's total investment in orchestras. It may also result in unnecessary cost and duplication of effort.

As an ACE, CNZ is expected to take account of government policy, but appropriately makes its own strategic and funding decisions at arm's length from the government. Following its recent Review of Recurrently Funded Organisations, CNZ's approach to funding any arts infrastructure is to take into account the current overall provision, including investment through central and local government as well as the private sector, in that area of arts practice.

CNZ has moved to establish clearer, more differentiated roles and expectations of its funded orchestras, which currently account for around 34% of its investment in music. In establishing operational policy, CNZ can take account of the NZSO's position as the national provider of high-quality orchestral music and the largest recipient of government investment in the performing arts infrastructure.

CNZ cannot, however, directly influence funding decisions concerning the NZSO, nor the NZSO's activities in regions also served by CNZ-funded orchestras. Conversely, the Minister's powers to direct CNZ do not extend to influencing its funding arrangements with the regional orchestras.

The NZSO's 2004 Act broadly defines its principal functions without reference to other government-funded orchestras (Appendix Five). Nor is the NZSO's relationship to the regional orchestras prescribed or defined elsewhere²⁸. In practice, informal and largely historical conventions operate that are at times unclear and contentious, as discussed below.

Later in this paper four possible change scenarios are outlined. Underpinning any of them would be a sector-wide policy and funding framework with clear government expectations from its funding to each of the orchestras.

Within these scenarios three different funding arrangements are identified:

- a. The Ministry and CNZ retain current split funding arrangements, but with a formally agreed joint policy framework in place to ensure effective professional orchestral services and value for money: this would continue to recognise the NZSO's status as a national institution and peak body among our cultural providers (including, for example, RNZB and Te Papa). It would also preserve CNZ's role as the major funder of performing arts organisations.
- b. Consolidate responsibility within the Ministry: this would place orchestral funding, already the largest proportion of central government funding for music, within the same policy context as its funding for contemporary music through the NZ Music Commission and New Zealand on Air. The RNZB, also funded through the Ministry, relies heavily on orchestral accompaniment services.

²⁸ Te Papa's Act gives its role a little more clarity as a national institution. It states that Te Papa "... must cooperate with and assist other New Zealand museums..." Part 1 s7(1)(i).

- c. Consolidate policy and funding responsibilities within CNZ, which already has wide funding responsibilities for performing arts infrastructure and other classical music genres such as instrumental music, opera and classical composition including funding SOUNZ (Centre for New Zealand Music). Technically this consolidation would be possible without altering the NZSO's Crown entity status.

QUESTION FOR CONSIDERATION

10. Which of the following options for funding and policy responsibilities do you consider would work best for the orchestral sector?
- They remain split between CNZ and the Ministry?
 - They are consolidated within the Ministry?
 - They are consolidated within CNZ?
 - Other?

Crown entity and four NGOs

In considering these options, the government may wish to assess the merits of continuing to own an orchestra, rather than following the Australian model of divesting itself of orchestras into the private sector. This is a different issue from that of whether the government continues to fund the NZSO directly, as it does a number of nationally significant arts bodies including Te Matatini, RNZB and the NZ Music Commission.

As a Crown entity, the NZSO's success or failure is ultimately the government's responsibility. While the chief executive and Board are accountable for the year-to-year financial and service performance, the Board is appointed by the Minister. The NZSO's direct relationship with its public funder also brings a different perspective to its dealings with other NGO sector organisations, which some argue are inequitable.

Avi Shoshani suggests the primary role of orchestra board members should be to raise funds – or to follow the '3G Rule – give, get or get off'²⁹. This proactive role is more characteristic of successful non-government businesses than government-owned agencies.

²⁹ A. Shoshani, GMH Consultants, 2012, p10 (unpublished).

Re-establishing the NZSO as an NGO with no legislative mandate could help facilitate the development of a sector-wide policy and a consistent funding framework, enabling the NZSO to be considered under the same terms of reference as other orchestras in which the government invests.

QUESTION FOR CONSIDERATION

11. Which of the following do you support?
- The NZSO remains a Crown entity?
 - The NZSO is re-established as an NGO?

One national touring orchestra and four city-based/ regional orchestras

To some regional orchestras and their supporters there is a seemingly uneven 'playing field' in the way government invests in the sector and what it expects from the whole of its investment.

The nub of the issue is the historical model of a national touring orchestra and a series of regional or city-based orchestras, without each having clearly defined and accepted roles and relationships.

The NZSO's mandate requires a broad reach into New Zealand communities, many without large population catchments. The mandate also requires the NZSO to undertake activities that do not necessarily generate large audiences or box-office revenue³⁰.

The government's funding to the NZSO as a proportion of its overall revenue is consistent with public support in other countries where touring orchestras receive considerably higher subsidies than city-based or regional orchestras. The level of funding also reflects a premium for high artistic quality. Unlike most other touring orchestras, the NZSO is also New Zealand's leading professional orchestra. It is expected to maintain the highest artistic and professional standards, which means recruiting players on the international market and contracting conductors and soloists who are in demand internationally.

³⁰ These activities include "taking a role in the development of a distinctively New Zealand cultural environment; performing to an international standard and presenting a broad and artistically imaginative repertoire, including new New Zealand works." New Zealand Symphony Orchestra Act 2004 s8(a), 8(c) and 9(c).

The idea of foregoing a national touring orchestra, in favour of city-based orchestras undertaking touring in their own regions, has received some support over the years. This is particularly true in Auckland, probably the only city that could support a full-time, professional orchestra.

There is no doubt locally based orchestras can add real value to the vibrancy of their communities as well as developing New Zealand's musical talent base. Nevertheless, there is also good evidence, including average paid attendance figures, of substantial audience demand for the top-quality playing and more complex repertoire the NZSO presents in its national tours.

This includes in Auckland, where from 2006 to 2010 an annual average audience of over 19,000 paid to attend an annual average of 19 NZSO concerts. The NZSO also consistently attracts sizeable paying audiences in Christchurch and Dunedin.

Regional orchestras have indicated they recognise and respect the NZSO's value as a national and international flagship for New Zealand orchestral music. They do not wish to see its demise. Some, however, consider it needs to take a more active leadership role and function as a 'national resource' towards the other orchestras.

Audience data suggests there is sufficient demand for the NZSO to continue to perform concerts in regional centres, but to concentrate on repertoire beyond the regional orchestras' capability. Regional orchestras could choose repertoire that avoided placing them in direct competition with the NZSO or requiring them to 'buy in' additional players and incur additional costs.

Avi Shoshani agrees the NZSO should differentiate itself by presenting difficult repertoire and argues it should leave community engagement and education activities to the regional orchestras³¹. This view has been supported by some orchestras and in media comment: "Having an orchestra based in a city gives it a deep connection with the local community in a way that touring orchestras can't achieve"³².

³¹ A. Shoshani, GMH Consultants, 2012, p3 (unpublished).

³² *Metro*, 1 May 2012, p114.

QUESTION FOR CONSIDERATION

12. What is the best way of ensuring audience access to high quality orchestral services in New Zealand?

- The current model of one orchestra funded to be of international quality and that tours nationally?
- Reallocate funding to achieve higher artistic quality in city-based regional orchestras?
- Other?

Accompaniment services

A key point of differentiation between the NZSO and regional orchestras is that the latter provide accompaniment services for performances by the NBR NZ Opera (Auckland and Wellington), RNZB and some choral and other performances.

Each regional orchestra plays for ballet or opera productions which tour to its base city (and sometimes within its region). Avi Shoshani refers to an 'unprofessional' situation, whereby the opera and ballet companies must rehearse different orchestras in each city for the same production, rather than having dedicated accompaniment orchestras, as is common overseas³³.

Under an informal convention, the NZSO generally foregoes accompaniment work for government-funded performing arts companies, unless difficult repertoire requires it. Arrangements are more fluid for commercial hires and the NZSO accepts this work on occasions.

This approach assumes there is sufficient consistent quality across all four orchestras to meet hirers' requirements, but there is evidence this is not the case. Some orchestras argue they are insufficiently resourced to provide the quality accompaniment services expected of them, but given overall constraints in government funding, this is not easy to address. The RNZB suggests current expectations of quality standards across the country may be unrealistic and unfair on audiences, hirers and players.

³³ A. Shoshani, GMH Consultants, 2012, p6 (unpublished).

It is evident the current arrangements are too restrictive and the orchestra sector needs clearer guidance. The Review Team favours a more flexible approach whereby the hiring organisations, including the RNZB and the NBR NZ Opera, negotiate with orchestras directly, according to needs, capability and business interests around each production.

More flexible arrangements could involve a smaller number of orchestras, leading to cost-efficiencies from not having to re-rehearse orchestras in different centres. Further work is needed to identify whether these savings would outweigh the costs of touring an orchestra. Funding arrangements would also need to take into account current regional orchestras' reliance on hire work for their financial viability.

QUESTIONS FOR CONSIDERATION

13. Do you agree current arrangements for organisations to hire orchestras are unsatisfactory?
14. How could those arrangements be improved without the need to increase government support overall?

Orchestras' aspirations

A fundamental issue is to what extent the government can – and should – support the aspirations of the regional orchestras, beyond the core roles and levels of activities it currently funds them to deliver.

Most have indicated they would like to perform more often, tour more within their region, pay their players better and connect more with their local communities in diverse and innovative ways – all of which implies an expectation of increased government subsidy.

The APO, in particular, has publicly recorded its aspiration to increase its core musicians to 85, remunerate them at rates competitive with those offered by international orchestras and take the orchestra on tour³⁴. That would position the APO roughly on a par artistically with the NZSO.

The APO also supports its case by arguing for equity with city orchestras in Australia, but the Australian federal and state funding model is not analogous to that of New Zealand. New Zealand's population is roughly equivalent to Queensland's and considerably less than that of New South Wales or Victoria. None of those states sustains both a top-tier touring orchestra and a city-based orchestra of equivalent standard.

There is also evidence that despite an AU\$24m funding package following a government-led review in 2005³⁵, major Australian city orchestras struggle to remain viable without continued increases in government investment. It is legitimate to question why the New Zealand government should support a second, fully professional orchestra in a country of four million people – and how sustainable it would be.

As a flagship arts company in New Zealand's largest city, itself aspiring to become 'the world's most liveable city', the APO's ambition is not surprising. Funding increases to the APO over the last decade, show that central and local government funders have responded to the orchestra's significance in the growing city of Auckland.

CNZ's funding to the APO increased from \$1.03m in 2000 to \$1.8m in 2007 and \$2m in 2011. Local government funding increased from \$0.32m in 2000 to \$0.85m in 2007 to \$2.65m in 2012/13.

At this point, however, in a static government funding environment, continuing to meet the aspirations of regional orchestras would require a trade-off against other funding in the cultural portfolio. In effect this would require transferring funding from the NZSO or another arts or cultural organisation.

Avi Shoshani has recommended transferring of some funding, in stages, from the NZSO to other orchestras including the APO³⁶. He argued this on the merit of providing more equitable remuneration to non-NZSO players. This in itself, however, would not be enough to enable the APO fully to achieve its ambition.

³⁵ James Strong, *Orchestras Review 2005*, Australia Dept. of Communications, Information Technology and the Arts.

³⁶ A. Shoshani, GMH Consultants, 2012, p8 (unpublished).

³⁴ *Metro*, 1 May 2012, p114.

WHAT COULD CHANGE?

Funding incentives

One instrument the government could consider as a way to respond to orchestras' aspirations would be by providing financial incentives to encourage each orchestra to modify its business model and to work within its budget. Incentives could promote more effective collaboration and reward increased revenue from non-government sources. This approach is reflected in four change scenarios presented for discussion later in the paper.

CNZ is already exploring financial instruments to incentivise behaviour and performance. It requires some organisations, funded under two recently introduced investment programmes, to achieve income at a stated proportion of government funding to other revenue. Whatever share of that funding CNZ provides is also required to be within a given range.

How might an incentive scheme work?

The following table is for illustrative purposes only. It is an example of how an incentive-based approach to funding might be linked to the orchestras' own success in generating non-government income.

This example assumes static government support for the orchestra sector of \$17m per annum. The balance could be applied to a complementary incentive scheme, in this instance, towards projects on which the orchestras are collaborating effectively.

If such an incentive scheme were to be developed, it would need to be refined to take account of the fact that the revenue generated by each orchestra fluctuates from year to year, partly through circumstances outside the orchestra's control.

(\$millions)	2011 actual			Proposed (based on 2011)	
	total revenue 2011	Central govt core funding	Funding as % of total revenue (variable)	Funding as % of total revenue (fixed)	Central govt funding (based on fixed % total revenue)
NZSO	19.008	13.446	70.7%	70.0%	13.306
Regional / City orchestras	13.894	3.430	24.7%	25.0%	3.474
Incentive fund (eg Collaboration funding)					0.221
Total		16.876			17.000

QUESTION FOR CONSIDERATION

15. Which of these incentives would be effective in encouraging orchestras to operate more sustainable business models?

- Reward for achieving/exceeding financial targets?
- Reward for meeting/exceeding audience targets?
- Reward for greater sharing of resources/collaboration?
- Other?

Industry leadership

The government could support the orchestral sector's collective aspirations, rather than engaging separately with individual orchestras, by working with an industry leadership group based primarily on the members of the existing APONZ. Through the ILM process the current managers of the five orchestras worked together to put forward a collective APONZ approach to improving orchestral services in New Zealand. They envisaged a formal mechanism for ensuring cooperation and coordination of the orchestral sector on a national basis. They advocated for an industry-led expert body to provide leadership, direction and advice on the management and development of orchestras. APONZ proposed such a body could create a vision and framework for the sector, coordinate planning, share resources and implement strategies to build audiences and revenue.

Establishing and funding an industry leadership group would be the business of the sector itself. However, the government could work with such a body, which would negotiate among its member orchestras, to ensure the most effective and efficient use of the quantum of funding it provides to the sector. The group could, for example, negotiate an effective collaborative approach to providing accompaniment services, rather than the government deciding the model. It could also negotiate targets, roles and responsibilities for individual members and collaborate in ways already discussed in this paper, such as shared education programme resources.

One of the change scenarios proposed in the next section of this paper focuses specifically on the approach of an industry organisation (modeled on an enhanced APONZ) mandated to work with the government as part of a different funding model.

A clear government policy and funding framework

This review provides a timely vehicle to integrate all government support into one framework, where the government's role in the sector is clear, as are its expectations of what orchestras must provide from its funding, compared with other discretionary activities they may undertake if they are affordable. This is something the

orchestra sector itself has requested and Avi Shoshani has endorsed in his report.

Some progress is already being made towards achieving this outcome. CNZ has moved, in its recently introduced investment programmes, to establish clearer, differentiated roles and expectations of its funded orchestras. The Ministry similarly requires the NZSO to examine its expectations and mix of outputs to ensure it can operate within static funding levels in the current environment, while continuing to meet its mandate under the NZSO Act.

It is clear an integrated government funding framework needs, if at all possible, to cover both central and local government funding.

In his report Avi Shoshani criticised inconsistent levels of TLA support. He recommended central government and local government reach a clear understanding about appropriately shared responsibility for that support³⁸.

CNZ has started working with TLAs in main centres towards establishing agreed targets for shared funding of arts organisations, including orchestras.

The Review Team anticipates engaging directly with local government officials on this issue and including it in its recommendations in the report from this review.

QUESTIONS FOR CONSIDERATION

16. Should government have explicit expectations of what the orchestral sector as a whole system should provide?
17. If YES, what are the five top priority services government funding should support and why?
18. Which services do you consider discretionary (nice to have) if orchestras can afford them and why?
19. Should the government have clearly differentiated roles and expectations for each orchestra?

³⁸ A. Shoshani, GMH Consultants, 2012, pg (unpublished).

Potential scenarios for change

Many ideas for improving current arrangements and performance discussed in this paper do not involve structural change, with its inevitable financial and human costs. Government funders have some existing levers to influence orchestras' performance. The orchestral sector also has opportunities to be more effective and could be further incentivised to do so without different structures being put in place.

A fresh look at overall system design may, however, be the best way to ensure New Zealand audiences can continue to access high-quality, cost-effective orchestral music and services within current resourcing levels.

This section proposes four different scenarios for providing government-funded orchestral services. The overall policy responsibility is intended to remain with the government funder(s), therefore the scenarios focus on delivery.

- Scenarios One and Four involve the most structural change
- Scenarios One, Two and Three reflect the current model of one national touring orchestra and other city-based/regional orchestras
- Scenario Four has a configuration of city-based/regional orchestras only.

The scenarios are represented overleaf, in four vertical boxes. Below each scenario there is an initial assessment by the Review Team of how well this scenario might achieve the ten success criteria introduced on p13³⁹:

1. At least one orchestra in New Zealand performs symphonic music to an international standard.
2. The government's role in supporting the orchestra sector and its expectations of the orchestras it funds are clear, consistent and sustainable into the future.

3. The orchestra sector collectively provides, within available resources, the most effective, efficient and sustainable orchestral services.
4. The orchestra sector collectively supports and encourages New Zealand music and composition and contributes to New Zealand's distinctive culture.
5. The orchestra system contributes to a career path for musicians in New Zealand.
6. The system is sufficiently flexible to allow the number and role of orchestras to change over time.
7. All orchestral accompaniment services for the performing arts are of appropriate quality.
8. Diverse New Zealand communities, including in centres with small populations, access live performances.
9. Valued orchestra brands are protected and there is support for local and, possibly, regional needs and interests.
10. Orchestral sector activities support broader outcomes in community and youth development.

³⁹ Refer to p13 for suggested definitions of 'international standard' and 'appropriate quality'.

Potential scenarios for supporting the professional orchestra sector

SCENARIO ONE: A SINGLE COMPANY FOR NEW ZEALAND ORCHESTRAS

Funding to all orchestras delivered and managed through MCH
NZSO disestablished as a Crown entity but retains NZSO brand for national and international touring

One company is established as a non-government organisation (NGO) to operate as the national orchestra 'holding company' which:

- has an independent board comprising national, city-based and regional orchestra representation and other skills and experience, (initially the Minister would set up an establishment board)
- manages and coordinates planning and delivery across the orchestral sector and directs the allocation of resources
- enables each orchestra to operate with local day-to-day management, but without individual boards
- allows each orchestra to retain local 'ownership' through brand identification and to attract local support and investment, including local government funding
- deploys each orchestra's players to achieve best capability for concerts, accompaniment work, small centre touring, outreach, education, audience development, arts development and other activities

Stronger for success criteria 2, 3, 4, 5, 6, 7
More consistent/coherent funder policy & orchestra roles, and enables more collective provision through one system

Weaker for success criteria 1, 8, 9, 10
Potentially less protection of regional/community interests and needs; and some risk to international orchestra standards

SCENARIO TWO: FUNDING ASSESSMENT PANEL (FAP)

MCH and CNZ retain current funding and monitoring roles and jointly appoint a new FAP, which may include orchestra nominees

NZSO may or may not retain Crown entity status

FAP works with APONZ/orchestra boards to:

- assess funding proposals
- negotiate targets for each orchestra
- ensure most effective services through cooperation and shared resources
- make recommendations to funders

Orchestras each retain their own governance, management and brand identity

The funder(s) apply some Vote/CNZ funding contestably to ensure collaboration, coordination of projects, and value-for-money

Stronger for success criteria 1, 3, 4, 5, 7
Potentially more coordinated provision of services and clearer roles for the orchestras; maintain international standard

Weaker for success criteria 2, 6, 8, 9, 10
Potentially less consistent funder policy; less protection of regional/community interests and needs; less flexibility

Under Scenarios One, Two and Three the sector would comprise:

- 1 national touring orchestra of international standard based in Wellington
- A network of high standard city-based/regional orchestras
- Local community orchestras supported as appropriate to reflect agreed roles and stakeholder support base

Funding incentive to increase non-government revenue under all scenarios

Government funding includes financial incentives to increase non-government revenue (for example, NZSO would be guaranteed its current level of central government funding for three years; government funding would then be capped or set at a fixed % of revenue, whichever is the lesser. A comparable incentivisation formula would be applied to other orchestras)

Potential scenarios for supporting the professional orchestra sector

SCENARIO THREE: INDUSTRY BODY ASSIGNED AGREED MANDATE

CNZ becomes the funding and monitoring agency for orchestras

NZSO becomes an NGO with a mandate to deliver orchestral services nationally

An industry-led body (based on APONZ) ensures funding proposals from the orchestras reflect:

- negotiated targets for each orchestra
- collective delivery of services
- agreed roles
- geographic spread (for example, NZSO might have a modified Auckland presence with APO explicitly supported as a city-based, rather than regional orchestra)

Orchestras each retain their own governance, management and brand identity

The funder(s) apply some Vote/CNZ funding contestably to ensure collaboration, coordination of projects, and value-for-money

SCENARIO FOUR: CITY AND COMMUNITY ORCHESTRA NETWORK

Under this model

- Funding to all orchestras delivered and managed through CNZ
- There is no government-owned, national touring orchestra
- There is at least one orchestra of international standard
- City-based orchestras undertake some regional touring
- Orchestras coordinate and collaborate through APONZ
- Orchestras retain their own governance, management and brand identity
- City and regional constituencies determine each orchestra's level of quality and community engagement within available resources
- Local community orchestras supported for agreed roles

Stronger for success criteria 4, 7, 8, 9, 10
Consistent funder policy; maintains community/regional interests and needs

Weaker for success criteria 1, 2, 3, 5, 6
Relies on cooperative provision of services; fewer levers for adherence to roles and targets; less flexible; some risk to international orchestra standards

Stronger for success criteria 8, 9, 10
Increased community ownership and response to regional needs; greater consistency of funder role and policy

Weaker for success criteria 1, 2, 3, 4, 5, 6, 7
Increased risk to international orchestra standards; less flexible and relies on cooperation to achieve coordinated provision of services; fewer levers for adherence to roles and targets

Under Scenarios One, Two and Three the sector would comprise:

- 1 national touring orchestra of international standard based in Wellington
- A network of high standard city-based/regional orchestras
- Local community orchestras supported as appropriate to reflect agreed roles and stakeholder support base

Funding incentive to increase non-government revenue under all scenarios

Government funding includes financial incentives to increase non-government revenue (for example, NZSO would be guaranteed its current level of central government funding for three years; government funding would then be capped or set at a fixed % of revenue, whichever is the lesser. A comparable incentivisation formula would be applied to other orchestras)

QUESTIONS FOR CONSIDERATION

Using the success criteria on p13 of the discussion paper, assess how well each scenario might contribute to a successful outcome for this review:

20. Which scenario do you like most and why?
21. Which scenario do you like least and why?
22. Do you have any comment on the other two scenarios?

Appendices

APPENDIX ONE: OTHER ISSUES FOR THE ORCHESTRAL SECTOR

This section identifies a small number of issues captured in the Terms of Reference but not covered in detail in this paper.

The review will address these issues in its report, even if only to recommend further work. In some cases the issues require engagement with other parts of government (such as tertiary training) or may be addressed effectively within the sector itself, rather than through government intervention.

Career development

Orchestral musicians' career opportunities depend largely on player supply and demand - locally, domestically or internationally. Opportunities also depend on the degree of fluidity and collaboration that exists between employment situations, as well as players' skills, preferences and aspirations.

Submissions to this review have cited examples of players who began in university and youth orchestras, graduated to positions in regional orchestras and then (often after experience overseas) to the NZSO. Each step represents professional advancement towards full-time work, more secure tenure and higher remuneration.

It is important for New Zealand to retain, as far as possible, a system-wide, tiered structure where players have choices that include aspiring to work in an excellent, internationally recognised orchestra.

Relationships with the tertiary sector

Five New Zealand university music departments offer performance qualifications in orchestral instruments. Anecdotally, the Review Team understands there is considerable variation in how well each department engages with its local orchestra, as well as in the quality of specialist tuition different universities can offer students of orchestral instruments.

If that is true, it seems a lot more could be done to develop stronger and more functional relationships between orchestras and tertiary music institutions in their city. Mutual benefits could include:

- orchestras provide tertiary students with ensemble performance experience
- orchestras are a source of tutors, directors and mentors for universities
- tertiary students and lecturers are a source of players for orchestras
- cities with quality orchestras are more attractive to potential university music staff and students
- universities and orchestras make it more possible for musicians to have viable careers through employment in performance and educational settings.

Support for New Zealand music and composers

The symphony-orchestra ensemble represents in many ways the pinnacle of instrumental composition, not least due to its resource requirements and complexity. The NZSO's mandate requires it to *promote and encourage New Zealand musical composition and composers* (Appendix Five).

New Zealand orchestras generally have a strong record of investing in composers and new New Zealand music in a variety of ways, such as composer residencies, workshops, rehearsed readings, commissions of new works, performances and recordings. This provides a good basis for increased collaboration among the orchestras, for example by sharing players to enable new commissions of difficult works to be played more widely. This could include more co-commissioning of works where appropriate.

Multiple performances of new repertoire would give better value for the orchestras' investment in new New Zealand music. This would not only benefit composers, players and the work itself (familiarity by the musicians and audiences improves with repeat performances), but also give audiences access to a continuously refreshed, contemporary repertoire reflecting our own cultural identity.

Representation on the international stage

The NZSO's Act requires it to *provide ... symphonic music performed to an international standard*. The Act also states its touring activities may include some international performances (Appendix Four).

Performing to an international standard requires players of the highest calibre to stay in or move to New Zealand for extended periods. Similarly, overseas-based soloists and music directors in demand internationally must also be attracted here.

Presenting top-rate orchestral concerts on the world stage can enhance New Zealand's reputation. Although hard to quantify, diplomatic and financial benefits may include attracting high net-worth investors and immigrants who, as well as contributing to our economy, are also willing to financially support arts and cultural organisations whose activities they value and enjoy.

The key issue for New Zealand is the high cost of touring a large orchestra overseas, particularly to Europe. Recent NZSO tours have required substantial additional government funding to supplement the NZSO's own resources and income from private sources.

An orchestra of international standard may wish to test itself from time to time in the international orchestral market. Artistic benefits are considered to have accrued to the NZSO from its highly acclaimed performances in Europe, China and Japan.

Nevertheless, the Act's wording: *may include some international performances...* positions international touring within the NZSO's mandate as 'nice to have' rather than 'must do'. In an environment of static government funding, it is reasonable to suggest the NZSO should meet the bulk of international touring costs itself or from private sources.

The issues in Appendix One are not covered in detail in this report. Please comment, if you wish, on any issues for each section as they relate to the orchestral sector.

23. Career development

24. Relationships with the tertiary sector

25. Support for New Zealand music and composers

26. Representation on the world stage

APPENDIX TWO: FIGURES

Figure 1 Orchestra audience composition and trends, 2006–2010

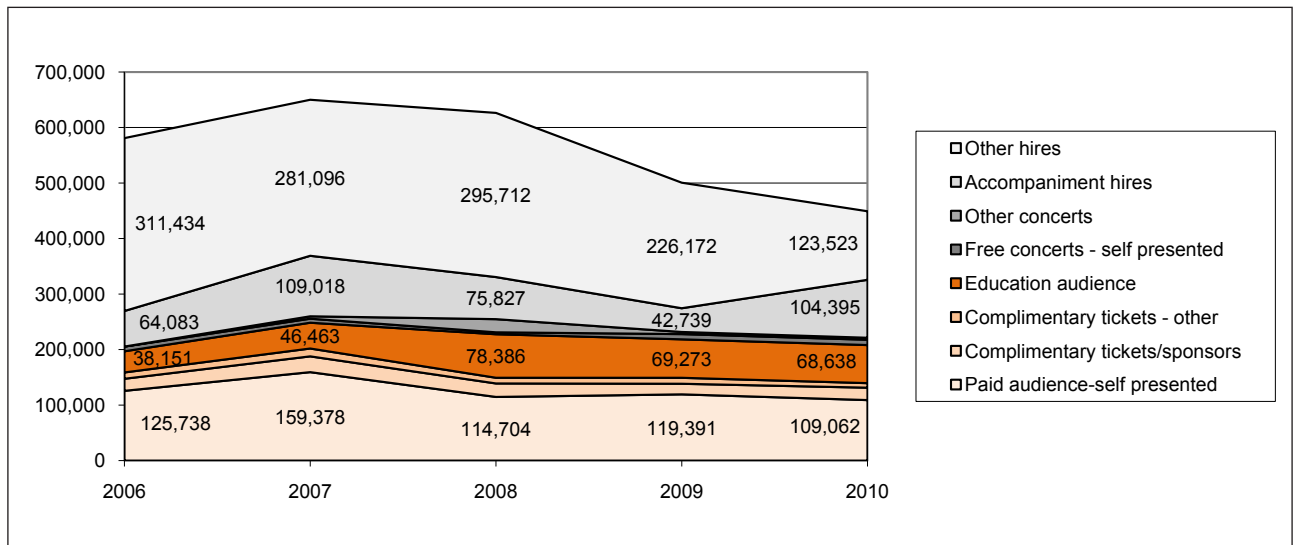


Figure 2 Sources of orchestra revenue, 2000–2010

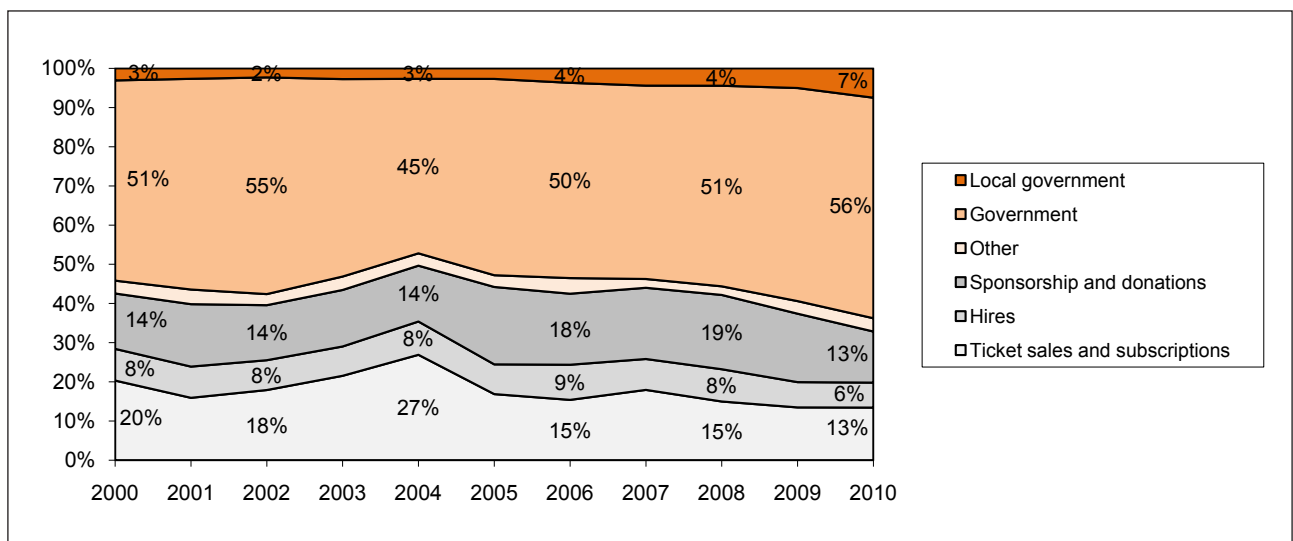


Figure 3 Inflation-adjusted government funding, 2000–2010

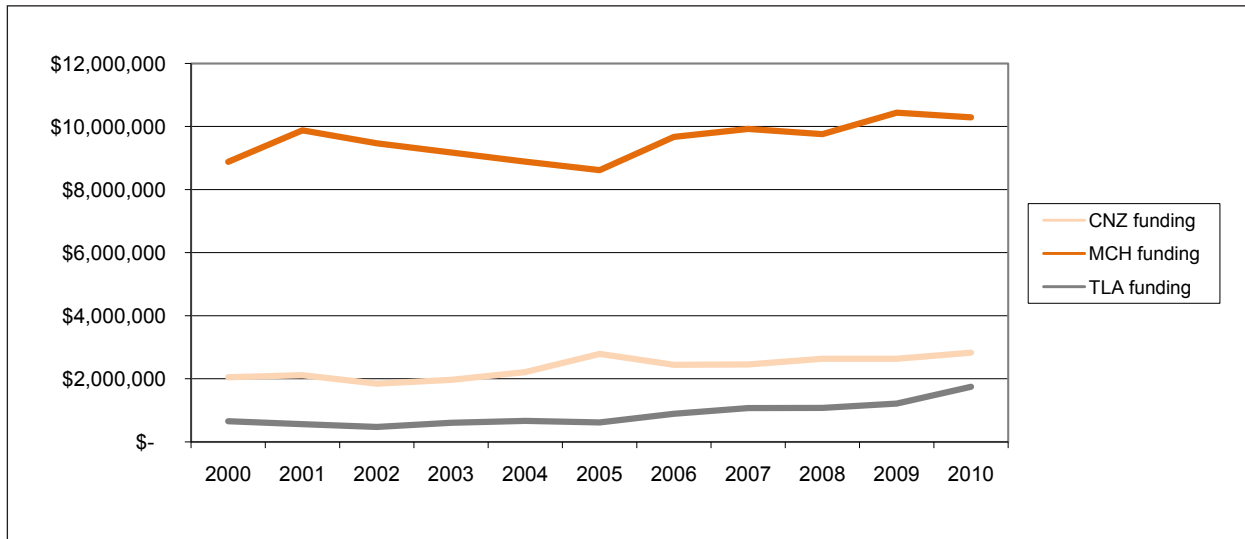


Figure 4 Orchestras' costs versus non-government revenue, 2000–2010

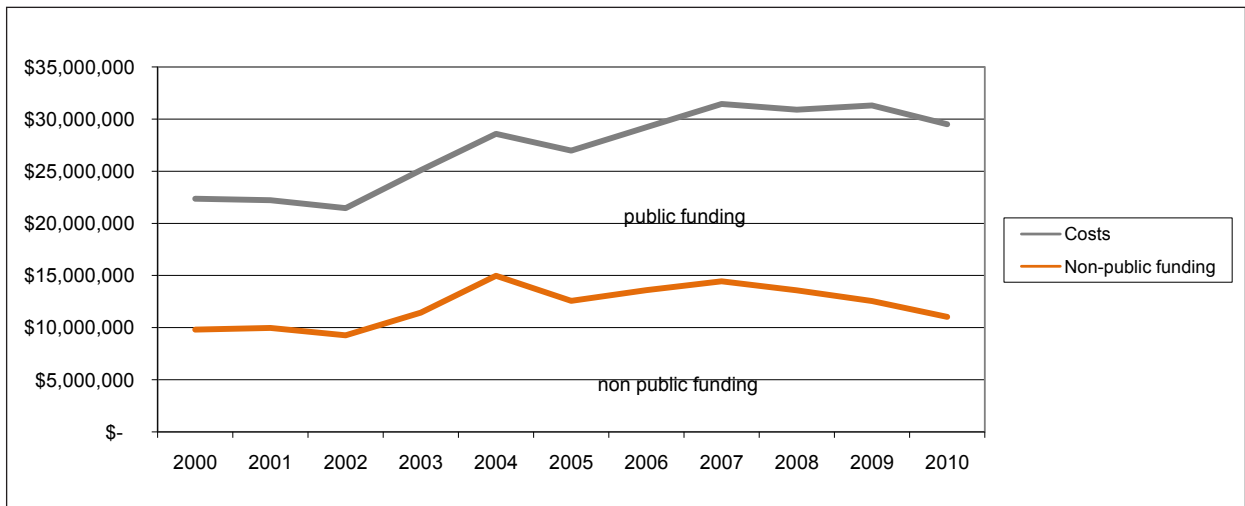
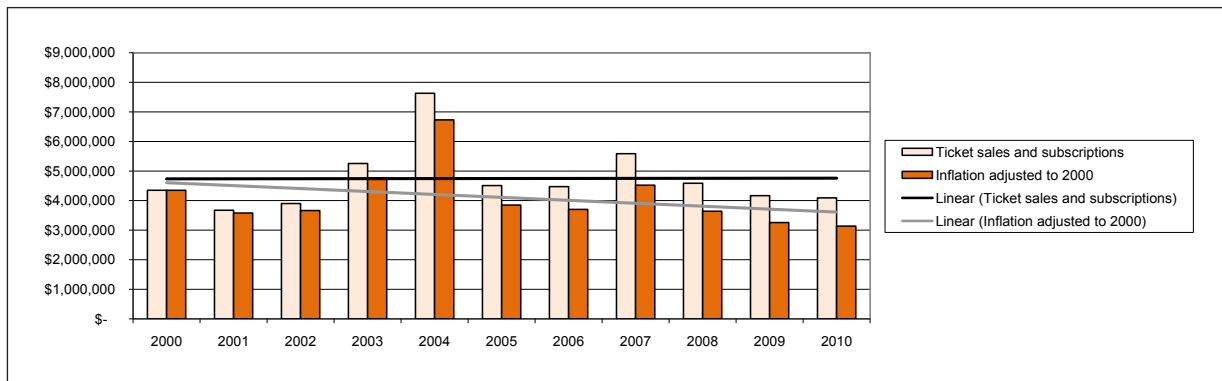


Figure 5 Orchestras' ticket sales and subscription income, 2000-2010



Note: 2004 includes the APO's tour of rock musician Meatloaf to Auckland and Christchurch which played to 30,000 people.⁴⁰

Figure 6 Orchestras' hire income, 2000-2010

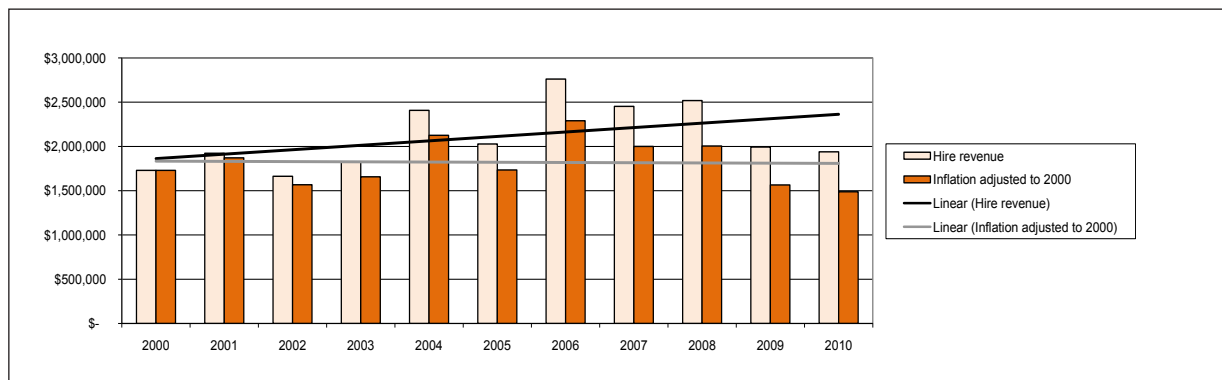
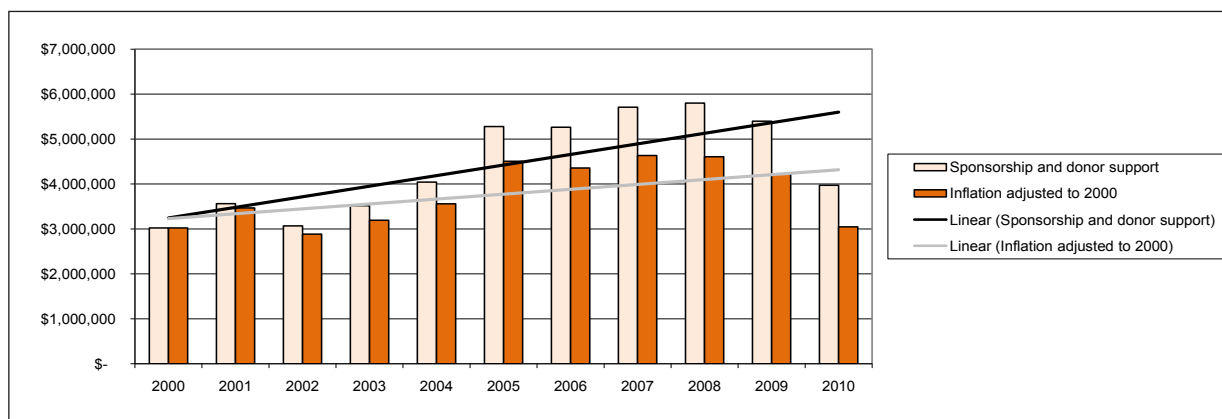


Figure 7 Orchestras' sponsorship and donor support, 2000-2010



⁴⁰ <http://www.scoop.co.nz/stories/CUo404/S00067/diversifying-pays-off.htm>

APPENDIX THREE: TERMS OF REFERENCE

Purpose

To undertake a wide-ranging review of the professional orchestra sector in New Zealand funded by central government.

To assess whether the current model of one national and four regionally-based orchestras provides optimal delivery of orchestral services to New Zealanders.

To identify options to ensure New Zealand audiences have access to high quality, cost-effective orchestral music and services within current resourcing levels.

Scope

The Review will consider:

- i the range of objectives government seeks from funding the professional orchestra sector in New Zealand. This will include but is not limited to consideration of:
 - the principal objectives and functions of the NZSO under the New Zealand Symphony Orchestra Act 2004
 - the particular roles of the regional orchestras
 - the provision of orchestral services to New Zealanders outside the main centres
 - meeting the requirements for orchestral services by national and local performing arts organisations
 - representation on the international stage
 - support for New Zealand composition
 - support for training and development of orchestra professionals
 - support for building audiences and engaging young people and diverse communities
 - support for orchestral education programmes
- ii the extent to which existing structural, funding and operational arrangements for the professional orchestra sector are a) optimal and b) sustainable in supporting government objectives, taking into account:
 - environmental factors including but not limited to:
 - New Zealand's changing population demographics in relation to geography, ageing and diversity
 - current and potential influences of digital media and emerging technologies on access to orchestral music
 - international trends towards new business models and practices to address changing audience patterns
 - limited government funding
 - other emerging uses of orchestral music e.g. film.
- iii the potential for professional orchestras to maximise revenue from commercial activities, sponsorship and philanthropic sources
- iv the potential for greater collaboration between orchestras
- v the engagement of professional orchestras with regional cities, and communities
- vi the role of local government in supporting professional orchestra services, particularly in large urban centres

- vii Creative New Zealand's current funding relationship with the four regionally-based professional orchestras
- viii engagement of professional orchestras with young people and diverse communities through education, outreach programmes, and their overall annual programme
- ix recruitment and retention of orchestral professionals
- x the inter-relationship of the professional orchestral sector, tertiary music education providers and vocational training for professional musicians.

Orchestral Services

The following fall within the scope of the Review:

- New Zealand Symphony Orchestra
- four regionally based orchestras:
 - Auckland Philharmonia Orchestra
 - Vector Wellington Orchestra
 - Christchurch Symphony Orchestra
 - Southern Sinfonia.

Process

The Ministry for Culture and Heritage will undertake the Review. The Ministry will work closely with Creative New Zealand and with relevant local government funders.

The process for the Review will include but is not limited to:

- stakeholder consultation
- analysis of funding, structural arrangements and operating models
- collection, synthesis and analysis of research and administrative data held by orchestras and other relevant stakeholders
- investigation of a range of alternative business models.

The Ministry will establish an external Reference Group made up of orchestral and other experts to provide advice and guidance throughout the Review.

The Ministry will also contract an international orchestral expert who will provide an independent assessment of the issues covered by the terms of reference following discussions with the orchestras. His advice may include specific recommendations on future government support for the professional orchestra sector.

The Ministry will prepare a preliminary report informed by the independent expert's advice, the views of the reference group, and the Ministry's own research and consultation, for discussion with orchestras and other key stakeholders.

The final Review report will inform subsequent Ministry advice to the Minister on future policy and support for the professional orchestra sector. It will also inform Creative New Zealand's review of its priorities for music planned for 2012/13.

It is intended that the Review be completed, including advice to the Minister for Arts, Culture and Heritage, by the end of August 2012.

Research

As part of the Review the Ministry will undertake research into trends in orchestras' income and expenditure, audience numbers, and numbers of concerts, based on information in annual reports and other administrative data held by orchestras, the Ministry and Creative New Zealand.

Consultation

Parties to be consulted as part of the review will include but are not limited to:

Orchestras (Boards, Management and selected musicians):

- New Zealand Symphony Orchestra
- Auckland Philharmonia Orchestra
- Vector Wellington Orchestra
- Christchurch Symphony Orchestra
- Southern Sinfonia
- Other orchestras such as Opus, Manukau Symphony Orchestra and Nelson Symphony Orchestra

Users of orchestral services such as:

- Royal New Zealand Ballet
- NBR New Zealand Opera
- regional choirs, festivals etc
- others to be identified

Local Authorities and funders:

- Auckland
- Wellington
- Christchurch
- Dunedin
- other local authorities funding orchestras
- other major funders of orchestras
- audience and community representatives

Tertiary music education providers.

APPENDIX FOUR: BACKGROUND INFORMATION PROVIDED BY ORCHESTRAS

New Zealand Symphony Orchestra

The New Zealand Symphony Orchestra (NZSO) is New Zealand's national orchestra and was established in 1946. Its Mission is to enrich the lives of New Zealanders through artistically excellent performances, presented nationally and abroad, by a full-time, full-strength, professional symphony orchestra of international standing.

The orchestra is an Autonomous Crown Entity subject to requirements of the Crown Entities Act 2004 and accountable to Parliament.

It has 90 full-time musicians (triple wind, and strings 16-14-12-10-8) and 27 FTE management staff. Its 7-member (governance) Board is appointed by the Minister for Arts, Culture and Heritage. Players are full-time salaried employees. The players and some management staff are employed under collective employment agreements.

The orchestra is based in Wellington and maintains a small office in Auckland.

It is funded by central government through the Ministry for Culture and Heritage. Its funding from government in 2011/12 is \$13.4 m.

Its mandate is established by the New Zealand Symphony Orchestra Act 2004 which defines its key objectives and functions.⁴¹

The NZSO performs over 100 concerts a year and tours extensively throughout New Zealand. The NZSO also occasionally tours internationally. In 2010 it undertook an extensive European tour to Germany, Austria (the Musikverein in Vienna), Switzerland and Slovenia. It also performed in Shanghai. In 2008 it took part in the Olympic Cultural Festival in Beijing and in 2005/6 it performed in the UK (at the London Proms and the Aldeburgh Festival), at the Concertgebouw in Amsterdam and at the World Expo at Aichi, Japan.

Virtually all of its full-orchestra programmes are broadcast on Radio New Zealand Concert (usually from Wellington or Auckland). The NZSO has an extensive discography (mostly with Naxos). Over one million NZSO CDs have been distributed internationally in the past decade. It has also provided the sound track for a number of films (both New Zealand and international productions). Critical reaction both to the NZSO's concerts in Europe and to its CD recordings has been outstanding.

The NZSO National Youth Orchestra (founded in 1959) sits at the apex of the NZSO's education programme. The NYO is the pre-eminent training orchestra for leading young musicians in New Zealand. It normally hosts one intensive rehearsal period each year culminating in several concerts. This year, in addition to its main programme, the NYO performed with Plácido Domingo in a fundraising concert for arts organisations in Christchurch City.

Orchestra members and guest artists also run masterclasses, mentoring programmes for young musicians, and coach aspiring players. Through its Education and Community Programmes the orchestra seeks both to nurture the next generation of professional musicians and to broaden audience access to symphonic music.

Key Staff

CEO: Chris Blake

Music Director: Pietari Inkinen

Concertmaster: Vesa-Matti Leppanen

Key figures 2010/2011

Audience: 145,329

Number of concerts: 102

Communities reached: 26

Education and young people: 25,381

⁴¹ These are provided as Appendix Five.

Auckland Philharmonia Orchestra

Auckland Philharmonia Orchestra (APO) is the city's leading performing arts organisation and Auckland's only full-time resident orchestra. Established in 1980 the APO comprises 70 full-time professional musicians, as well as support and administrative staff. It is governed by a voluntary board of respected professionals from a range of business, arts and educational backgrounds.

In 2010 the APO received \$2.2m in funding from central government and \$1.8m from Auckland ratepayers through the Auckland Regional Amenities Funding Board.

The orchestra presents a full season of mainstage concerts each year, performing with many of the world's finest classical artists. World class musicians the orchestra has recently engaged include James Ehnes, Midori, Nikolai Demidenko and Tasmin Little.

The orchestra collaborates with other leading New Zealand arts organisations, playing regularly with the national opera and ballet companies, among others. It initiates projects with popular New Zealand and international artists such as Serj Tankian, Dave Dobbyn, The Topp Twins, Warren Maxwell, Nathan Haines and Shapeshifter, introducing them to a new audience; and accompanies visiting celebrities such as Diana Krall, and Kenny Rogers, who require an international-quality orchestra. The APO also leads cross-cultural and multi-artform projects such as *Sacre* (contemporary dance) in 2011 and *Remix the Orchestra* (hip-hop) in 2012.

With more than 93 performances annually, over 100,000 people hear the orchestra live each year, and many more are reached through special events, other media and recordings on the APO Live and Naxos music labels.

Through APO Connecting (launched in 2011) the orchestra reaches more than 30,000 students. APO musicians make almost 200 school visits annually, playing small ensemble performances, mentoring both students and their teachers and augmenting work done by the Ministry of Education. APO musicians do approximately 300 hours per week of instrumental teaching, from primary to tertiary level.

In 2011 the APO partnered with the Ministry for Culture and Heritage to establish Sistema Aotearoa, the country's first Sistema-based programme.

Key Staff

Chief Executive: Barbara Glaser

Music Director: Ekehard Stier

Concert Master: Dimitri Atanassov

Key Figures 2010

Audience: 113,715

Number of performances: 93

Education concerts and contact with young people in schools approx: 23,000

Vector Wellington Orchestra

Vector Wellington Orchestra (VWO) is based in Wellington. The orchestra has 6 administrative/operations staff (three are full-time, two are part-time) and a Board of 6. The Concertmaster is retained on salary and the Music Director is engaged on contract. There are 55 core player appointed positions and over 50 further musicians who are called for performances.

The VWO's purpose is *to offer outstanding, innovative and distinctly New Zealand musical experiences to audiences in the lower North Island.*

The VWO received \$365,000 from Creative New Zealand in 2010 and \$71,500 from the Wellington City Council (26% and 5% of its revenue respectively).

The orchestra's programme includes an annual subscription series of up to five concerts, as well as education, family and popular concerts and an annual outdoor concert.

Vector Wellington Orchestra tours its subscription and education programmes throughout the lower North Island to regions including Hawkes Bay, Manawatu-Wanganui, Taranaki and Wairarapa; it also performs in Nelson.

The orchestra also provides essential orchestral services in Wellington to local and national arts organisations - including the Royal New Zealand Ballet and the NBR NZ Opera; and choral and musical theatre ensembles throughout the region. It contributes to the performing arts in Wellington city and region and supports visiting international artists.

Fostering young people's enjoyment of music is one of the orchestra's important contributions to the region through entertaining concerts to pre-school and primary school children and families.

The orchestra strives to expand opportunities for professional performance and artistic development for its players. For young people it develops innovative and engaging programmes for schools especially and training opportunities for emerging musicians. It also collaborates with the New Zealand School of Music and other tertiary musical institutions.

Key Staff

General Manager: Adán E. Tijerina

Music Director: Marc Taddei

Concertmaster: Matthew Ross

Residencies and Internships

Composer-in-Residence (In partnership with the Creative NZ/Jack C Richards Composer-in-Residence)

Emerging Composer-in-Residence

Education Composer-in-Residence

Assistant Conductor Internship Programme

Arts Management Internship (in partnership with Whitecliffe College of Art and Design in Auckland)

Key figures 2010

Audience: 83,904

Number of concerts: 54

Education and young people: 5,155

Christchurch Symphony Orchestra

Christchurch Symphony Orchestra (CSO) was established in 1958. The orchestra has a staff of 8 and a Management Board of 8. The players in the CSO are currently a combination of part-time employees and independent contractors. The orchestra also has a Trust Board. The Christchurch Symphony Foundation was established as a separate charity in 1994. It is responsible for building a capital fund to ensure the financial security of the CSO.

The CSO received \$750,000 in 2010 from Creative New Zealand and \$300,000⁴² from local government (26% and 11% respectively of its revenue).

The CSO subscription season includes three concert series: Lamb and Hayward Masterworks, Leighs Construction CSO Presents, and Symphonic Sundays. Through these concerts the CSO presents a diverse range of musical styles from classical to contemporary genres. The CSO also performs with the Royal New Zealand Ballet, Southern Opera, Christchurch City Choir, Christchurch City Council events, the National Concerto Competition, Christchurch International Jazz and Blues Festival and the Christchurch Arts Festival.

Central to the work of the CSO is the Solid Energy Outreach and Education programme. Through this activity the orchestra engages with 25,000 participants annually in Christchurch, Canterbury, the West Coast, and the Nelson/Marlborough regions providing opportunities for pre-schoolers and the elderly to participate and experience live orchestral music.

Regular tours of small ensembles of CSO musicians tour throughout the year in the West Coast and Southland/Central Lakes regions of the South Island.

The CSO toured Japan in September 2011 with an orchestra of 71 members.

Key Staff

Chief Executive: Therese Arseneau

Chief Conductor: Tom Woods

Conductor Laureate: Sir William Southgate

Concertmaster: Oleg Kotorovich

Key figures 2010

Audience: 180,088

Number of concerts: 77

Education and young people: 25,000

⁴² Actual figure for local government funding is not available. Based on 2009 figure.

Southern Sinfonia

Orchestras have been playing in Dunedin for over 100 years. They started as concert orchestras. In the 1930s, the 4YA Studio Orchestra performed national live broadcasts for half-an-hour each week. In 1958, a new group called the Concert Orchestra was formed to accompany performances of the Dunedin Opera Company and the Dunedin Choral Society. In late 1965, the Dunedin Civic Orchestra was formed, funded by the Dunedin City Council, the University, QEII Arts Council of New Zealand (now Creative NZ), and the New Zealand Broadcasting Corporation. The inaugural concert of the Orchestra was held in the Dunedin Town Hall on 19 February 1966.

In 1971 the Dunedin Civic Orchestra Incorporated was registered, and this is still the orchestra's legal governing entity. Annually this entity elects a Board of 9 members (including 2 players' representatives) to govern the orchestra.

The Foundation for the Dunedin Civic Orchestra was established in 1994. It administers a separate fund, intended to safeguard the financial future of the orchestra. In 1998, the Friends of the Sinfonia was formed, with a current membership of 281. It attracts Otago/Southland subscription audience members from as far afield as Manapouri, Queenstown/Wanaka, Ranfurly and Oamaru.

Based in Dunedin the SS is the only professional orchestra in Otago and Southland. It has a staff of 7: a full-time General Manager, and six part-time staff (2.95 full-time-equivalents). The Sinfonia players are part-time and are paid by engagement. They range in experience from one player who has been in the orchestra for 45 years, to new students. The section principals are paid a bonus retainer, and the Concertmaster is employed on salary. Orchestra size depends on the repertoire, ranging from 65–70 players for full symphonic concerts to 35 for chamber orchestra concerts.

Creative New Zealand funding of \$325,000 in 2010 (\$315,000 p.a. 2011–2013) and local government funding of \$95,600 supports the orchestra. These funding sources contribute an average of 33% and 10% respectively of the orchestra's revenue.

The orchestra's annual programme includes a five-concert subscription series, (seven concerts when funding permits), featuring visiting international conductors and soloists shared with other New Zealand and Australian orchestras. Recently its chamber orchestra series concerts have had to be repeated because of audience demand, and in the years 2000 to 2010, the orchestra's subscriber numbers have increased by 33%. The orchestra also presents light music, chamber and Proms concerts. Its education programmes include schools concerts, a junior academy, Play with the Orchestra, master classes and workshops, and a range of scholarships including one with the Southbank Sinfonia in London. It accompanies productions by resident and touring opera, ballet, musical and choral companies, and it regularly tours to regional centres, such as Oamaru, Invercargill and Wanaka.

The Sinfonia has very strong ties with the University of Otago, which include opportunities for performance, conducting and composition students and lecturers.

Key Staff

General Manager: Philippa Harris

Concert Master: Sydney Manowitz

Key figures 2010

Audience: 14,112

Number of concerts: 52

Education and young people: 2,500

APPENDIX FIVE: NEW ZEALAND SYMPHONY ORCHESTRA ACT 2004

Sec. 8

The principal objectives of the Orchestra are—

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

Sec. 9

The functions of the Orchestra are—

- (a) to ensure that the orchestra presents a broad repertoire of orchestral performance including New Zealand works and recent works:
- (b) to encourage the development of New Zealand musicians:
- (c) to encourage the development of New Zealanders' knowledge and appreciation of orchestral music:
- (d) to develop and expand the audience of the orchestra on a national basis:
- (e) to provide a touring orchestra (which may also include international performances):
- (f) to carry out any other functions consistent with its principal objectives, as agreed to by the Minister after consultation with the Orchestra:
- (g) to co-operate with other institutions and organisations having objectives similar to those of the Orchestra.⁴³

⁴³ New Zealand Symphony Orchestra Act 2004 S8 and S9.

Providing your feedback

Your feedback on the discussion paper: New Zealand Professional Orchestra Sector Review will inform the final recommendations to the Minister in this review of the orchestra sector in New Zealand.

In providing your feedback you may not wish to respond to every question in the following form. Please answer the questions you wish to, and make comments where appropriate.

The sections in the feedback form follow the structure of the discussion paper

- Success criteria
- Changing demand for orchestra services
- Workforce flexibility
- Government funding model
- Access to quality orchestral services
- Accompaniment services
- Incentives
- Roles and responsibilities of orchestras
- Scenarios for change
- Other issues for the orchestral sector
- Final comments

We recommend that you have a copy of the discussion paper beside you as you answer the questions.

HOW TO PROVIDE YOUR FEEDBACK

- **Online by answering the questions and providing comment at**
<https://www.surveymonkey.com/s/orchestrareview>
- **Emailing your response to us at** orchestrareview@mch.govt.nz
- **Posting the completed feedback form in this document to us at**
Orchestra Review Discussion Paper
Cultural Policy Branch
Manatū Taonga - Ministry for Culture and Heritage
PO Box 5364
WELLINGTON 6145
- **Delivering the completed feedback form to us at**
Orchestra Review Discussion Paper
Cultural Policy Branch
Manatū Taonga - Ministry for Culture and Heritage
Level 4 101 The Terrace
WELLINGTON

Send your response to us by **MONDAY 20 AUGUST 2012**

PUBLICATION OF SUBMISSIONS

Submissions may be posted on the Ministry's website and are subject to disclosure under the Official Information Act 1982. If your submission includes commercially or otherwise sensitive material you wish the Ministry to withhold under the Official Information Act you should clearly identify the relevant information and the applicable grounds under which the Ministry could seek to withhold the information.

Contact details of respondents will not be made public. They will be recorded and may be used for future consultation unless requested otherwise.

Feedback form

1. The Review Team proposes the following criteria for evaluating the outcome of this review. Which criteria do you think are appropriate? (Tick as many as required)

- At least one orchestra in New Zealand performs symphonic music to an international standard.
- The government's role in supporting the sector and its expectations of the orchestras it funds are clear and consistent and sustainable.
- The orchestra sector collectively provides within available resources the most effective, efficient and sustainable orchestral services.
- The orchestra sector collectively supports and encourages New Zealand music and composition and contributes to New Zealand's distinctive culture.
- The orchestra system contributes to a career path for musicians in New Zealand.
- The system is sufficiently flexible to allow the number and role of orchestras to change over time.
- All orchestral accompaniment services for the performing arts are of appropriate quality.
- Diverse New Zealand communities including centres with small populations access live performances.
- Valued orchestra brands are protected and there is support for local and, possibly, regional needs and interests.
- Orchestral sector activities support broader outcomes in community and youth development.

2. If you think there are alternative criteria that should be included please indicate what they are and why they should be included?

3. Do you agree the demand for orchestra services is changing?

- YES
- NO

4. If YES, how can orchestras do things differently in response to those changes?

5. Should government support reflect those changes within current funding levels? (Tick one)

YES

NO

6. If YES, how should government support reflect those changes?

7. Do you agree there are *advantages* in having more flexible employment arrangements across the sector?

YES

NO

Please comment on your response

8. Do you agree there are *disadvantages* in having more flexible employment arrangements across the sector?

YES

NO

Please comment on your response

9. On balance, do you think the advantages would outweigh the disadvantages?

YES

NO

Please comment on your response

10. Which of the following options for funding and policy responsibilities do you consider would work best for the orchestral sector? (Tick one)

They remain split between CNZ and the Ministry?

They are consolidated within the Ministry?

They are consolidated within CNZ?

Other? (Please specify in your comment)

Please comment on your response

11. Which of the following do you support?

- The NZSO remaining a Crown entity?
- The NZSO is re-established as an NGO (non-government organisation)?

Please comment on your response

**12. What is the best way of ensuring audience access to high quality orchestral services in New Zealand?
(Tick one)**

- The current model of one orchestra funded to be of international quality that tours nationally?
- Reallocate funding to achieve higher artistic quality in city-based regional orchestras?
- Other? (Please specify in your comment)

Please comment on your response

13. Do you agree the current arrangements for organisations to hire orchestras are unsatisfactory?

- YES
- NO

14. If YES, how could these arrangements be improved without the need to increase government support overall?

15. How can orchestras be incentivised to operate more sustainable business models? (Tick as many as apply)

- Reward for achieving/exceeding financial targets
- Reward for meeting/exceeding audience targets
- Reward for greater sharing of resources/collaboration?
- Other (please specify)?

Please comment and give examples of how incentives might work.

16. Should government have explicit expectations of what the orchestral sector as a whole system should provide?

- YES
- NO

17. If YES, what are the five top priorities for services government funding should support and why?

18. Which services do you consider discretionary (nice to have) if orchestras can afford them and why?

19. Should the government have clearly differentiated roles and expectations for each orchestra?

YES

NO

Please comment on your response

20. Using the success criteria on page 13 or 27 of the discussion paper to assess how well each scenario might contribute to a successful outcome for this review:

Which scenario do you like most and why? (Tick one)

Scenario one

Scenario two

Scenario three

Scenario four

Please comment on your response

21. Which scenario do you like least and why? (Tick one)

- Scenario one
- Scenario two
- Scenario three
- Scenario four

Please comment on your response

22. Do you have any comment on the other two scenarios?

Appendix One identifies a small number of issues captured in the terms of reference but not covered in detail in the discussion paper.

Please comment, if you wish, on any issues for each section as they relate to the orchestral sector.

23. Career development

Please comment

24. Relationships with the tertiary sector

Please comment

25. Support for New Zealand music and composers

Please comment

26. Representation on the international stage

Please comment

27. If you have any other comments please make them here.

Information about the person completing this form

28. Are you ...

- A player in an orchestra
- A member of an orchestra's administration team
- Orchestra board member
- 'Friend' of an orchestra
- A 'subscriber' to an orchestra
- Orchestra concert goer
- Staff member of a tertiary music school
- A primary or secondary school teacher
- Employee of a local authority funding an orchestra
- Employee of a community trust funding an orchestra
- A sponsor of an orchestra
- Other

29. Are you...

- Female
- Male

30. Are you ...

- 15-24 years
- 25-34 years
- 35-44 years
- 45-54 years
- 55-64 years
- 65-74 years
- 75+ years

31. Are you responding as an individual or on behalf of a group?

- Individual
- Group (please specify eg player, Board, school etc)

Thank you for your feedback.

Please return it to us by 20 August 2012

Contact details

Name:

Organisation:

Address:

Phone number:

Email address:

