

THE NEW ZEALAND MUSIC COMMISSION TE REO REKA O AOTEAROA

ANNUAL PLAN 2017 - 2018

SUPPORTING THE GROWTH OF THE NZ MUSIC INDUSTRY
BOTH CULTURALLY AND ECONOMICALLY, AT HOME AND ABROAD



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INTRODUCTION

This is the Annual Plan for the New Zealand Music Commission Te Reo Reka O Aotearoa for the year beginning 1 July 2017. It outlines our expected initiatives, results and financial forecast across the organisation.

This will be the second year of the Music Commission's four year *Strategic Plan 2016-2020* which prioritised creating sustainable NZ music careers and businesses, that survive locally and thrive globally.

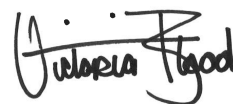
2016 delivered the second year of growth, in both global and local recorded music revenues, following a 15 year world-wide decline of almost 40%. Global revenues increased 5.9% and New Zealand was up 16% to over \$86 million. Much of this growth was due to the phenomenal uptake of streaming which rose 60.4% worldwide, and 169% in New Zealand, accounting for half of all revenues here.

The ability of streaming to deliver music immediately to a global audience, and the harnessing of data and social media connections to pinpoint marketing activity, are the two greatest facilitators of success for NZ artists and businesses, yet there remain challenges.

The 'value gap' between the consumption of music via paid streaming services and the vastly larger consumption via 'free' user upload services, such as YouTube, means that artists are not being sufficiently compensated for their recordings. To offset this, most artists who are reaching international markets need, more than ever, to be able to travel and perform live in other territories - both for the income generated and the promotional impact.

Several artists Outward Sound has supported in recent years have achieved significant success and acclaim internationally, and are poised to take their careers to the next level. Among them are Aldous Harding, Marlon Williams, Aaradhna, Nadia Reid, Broods, David Dallas, Fazerdaze and Tami Neilson. Continued investment in NZ artists, and music businesses, on a global level is vital to sustain future growth and create a new generation of Kiwi music stars.

This year will however be the tenth year of static funding for the Music Commission, and we will not be able to fully support the growing opportunities open to our artists and businesses. We will further refine our programmes of local engagement, industry capability and export support within the constraints of the available resources to invest for maximum cultural and economic return.



Victoria Blood
Chairperson

ABOUT THE NZ MUSIC COMMISSION

Nature & Scope of Functions:

The NZ Music Commission Te Reo Reka o Aotearoa is an organisation with a national reach that is funded primarily by Government through Vote: Arts, Culture and Heritage. Its purpose is to provide services and support to grow New Zealand music businesses.

These services are not provided by other government agencies. The Music Commission is in a unique position to take a long-term developmental approach for the contemporary popular music sector as a whole.

Additionally, the Music Commission undertakes two contracts for the Ministry of Education, to provide music mentoring services and support for students and in schools. This contract has a separate reporting process twice annually.

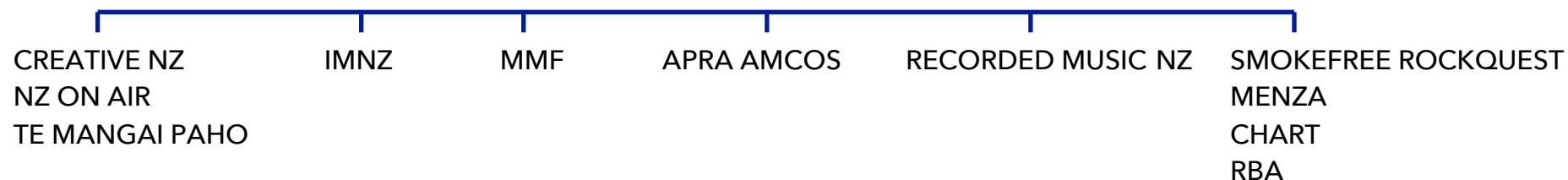
Reporting Framework:

The Music Commission reports to the Minister for Arts, Culture and Heritage via the Ministry for Culture and Heritage.

The terms of the funding relationship are set out in a Funding Agreement between the Music Commission and the Ministry. Further expectations of the Minister are communicated to the Music Commission in an annual Letter of Expectations.

Collaborations

The Music Commission works with a range of other organisations to help us achieve the best value and reach for our services.



STRATEGIC APPROACH 2016 - 2020

The vision of the Music Commission is
A successful music industry in New Zealand.

The mission of the Music Commission is
Supporting the growth of the New Zealand music industry - culturally and economically, at home and abroad.

The Music Commission is:

- Contemporary popular music focused
- Industry Lead

The Music Commission strategic focus areas will be:

Domestic

New Zealand music is part of the national cultural conversation

International

New Zealand music can compete in an evolving and diverse international music environment

The Music Commission strategic results areas will be:

Capability results

New Zealand music practitioners have the resources and tools for doing better business

Business Growth Results

New Zealand music businesses grow their opportunities and successes

We believe these result areas are interconnected and positive results in one area will lead to benefits for the others.



KEY PROJECTS

The Music Commission's strategic direction is focused on achieving its Mission through undertaking work across focus and result areas. The key projects, which will contribute to our Mission, and MCH Outcomes, are:

DOMESTIC

- Operating the Musicians Mentoring in Schools Programme
- Operating the Bands Mentoring in Schools Programme
- Organising NZ Music Month
- Supporting significant cultural recognition events - eg. Waiata Maori Awards, Pacific Music Awards, MMF Awards and the Taite Music Prize
- Supporting the Music Managers Forum NZ
- Supporting Independent Music NZ
- Continuing to monitor emerging income streams, including digital developments
- Producing the Official NZ Music Month Summit in partnership with the MMF
- Participating in and hosting seminars and upskilling events
- Providing a free legal advice service
- Producing the music industry handbook 'The May Book' annually
- Maintaining a website with a directory of NZ musicians, artist news and resources
- Supporting capability growth for NZ music businesses
- Contributing toward research on the economic value of the music industry
- Providing quarterly reports on the performance of the NZ music industry regarding sales and airplay
- Publishing information on key domestic and international events.

MCH Outcome:
ENGAGE
Engagement in cultural activities is increasing

MCH Outcome:
CREATE
Cultural activity flourishes in New Zealand

INTERNATIONAL

- Operating the Outward Sound Programme
- Coordinating and managing the representation of NZ music at international music trade events - eg. The Great Escape, BIGSOUND, IndieWeek, WOMEX and SXSW
- Producing the Going Global Music Summit in partnership with IMNZ
- Providing networking opportunities for NZ music businesses with international counterparts i.e. Country Connections
- Facilitating Master Classes

MCH Outcome:
EXCEL
Artists and organisations achieve excellence

FORECAST INITIATIVES & RESULTS 2017 - 2018

Focus / Results	Results	Quantitative	Qualitative	Budget (\$000)
Domestic	INITIATIVE 1: Musicians Mentoring & Bands Mentoring in Schools Programmes	600 hours delivered of Musician Mentoring	80% of participants rate the Programmes as having a positive or strong influence in the intended result areas.	326
Capability	Teachers and students develop knowledge, skills and understanding of contemporary popular NZ music through a practical based framework in which professional musicians act as mentors in participating schools.	40 Schools participate in Bands Mentoring		
	Participants in the Smokefreerockquest programmes will be assisted to develop their live performance and event management skills through partnering them with a professional band that provides support, and shares their experiences and knowledge.			
Domestic	INITIATIVE 2: New Zealand Music Month	Volume of music events occurring nationwide grows or is stable	Social Media engagement grows as shown through a combination of social media analytic data.	50
Capability	Promotional activities lead to increased coverage celebrating NZ music and the people who create it.	Number of traditional media stories covering NZ music and artists as tracked by an alert system grows or is stable		
Business Growth	The purpose of NZ Music Month is to grow awareness of NZ artists, encourage music discovery of new local music, and encourage growth for NZ music businesses.			

Focus / Results	Results	Quantitative	Qualitative	Budget (\$000)
Domestic Capability Business Growth	<p>INITIATIVE 3: Supporting significant cultural recognition events</p> <p>Supporting events that celebrate excellence in Maori Music, Pacific Music, independent music and music management will showcase to the public the importance of their contribution to the contemporary popular music industry.</p>	That the events such as the Waiata Maori Awards, the Pacific Music Awards, the Taite Music Prize and the NZ Music Managers Awards continue to be recognised as culturally significant events, and supported annually by the Music Commission.	That the four events produce positive media results and provides recognition and coverage to relevant parts of the sector.	15
Domestic Capability Business Growth	<p>INITIATIVE 4: Support Independent Music New Zealand (IMNZ) and the Music Managers Forum (MMF)</p> <p>Providing support to independent music companies via IMNZ and professional artist managers through the MMF enables the delivery of important industry support and professional development initiatives for the benefit of the wider industry.</p>	<p>The paid membership of IMNZ remains stable or grows</p> <p>The paid membership of the MMF remains stable or grows</p>	The MMF and IMNZ will provide services, including an upskilling schedule based on membership surveys and feedback, to benefit both their memberships and the wider industry.	220

Focus / Results	Results	Quantitative	Qualitative	Budget (\$000)
Domestic International	INITIATIVE 5: Delivering professional development opportunities, useful information & resources for the NZ music industry	A minimum of five upskilling events occur annually.	At least 75% of upskilling event attendees rate the events as good or excellent	95
Capability Business Growth	Supporting and participating in upskilling events across NZ, from grassroots learning through to higher professional development opportunities, and producing practical information and resources, will provide industry practitioners with useful and high quality information with which to expand their skill base and help to grow the industry's expertise.	That usage of resources is maintained or grows annually 25% of event audiences or resource users are first time attendees or clients		
	Facilitating the collection of data relevant to the NZ music industry will provide the industry (and the Music Commission) with important knowledge about the economic performance of the industry and greater societal benefits of music. Research and development will lead to greater investment, as returns can be better documented.	A quantifiable figure of the financial value of NZ music is published annually Produce the May Book Provide a free legal advice service		
International	INITIATIVE 6: Creating access to offshore expertise, networks and upskilling opportunities	At least 50 NZ music businesses participate per annum.	At least 70% of attendees / participants surveyed rate their satisfaction with events as good or excellent	50
Capability Business Growth	Facilitating opportunities for international specialists to pass on knowledge to local music businesses via seminars and networking opportunities will enable NZ artists and professionals to make more informed plans and decisions with regard to overseas market initiatives, improving their chances of success.	Three local companies undertake an intensive business development programme.	That experts participate in upskilling or networking opportunities annually in NZ and offshore providing useful information and contacts	
	Participation in upskilling or networking opportunities annually, both in New Zealand and offshore, provides useful information and contacts for NZ music businesses.	At least 15 international professionals participate per annum.		

Focus / Results	Results	Quantitative	Qualitative	Budget (\$000)
International Capability Business Growth	<p>INITIATIVE 7: Operation of the Outward Sound Programme</p> <p>Through providing a robust and transparent grants assistance programme that invests up to 50% of costs for representatives or artists to undertake offshore music market initiatives, NZ music projects will have an increased chance at success in overseas markets, foreign exchange earnings from NZ music will increase, and the profile of NZ music in international markets will improve.</p>	<p>Four funding rounds are held annually and independent audits are undertaken for a minimum of two completed projects</p> <p>100% of projects funded through Outward Sound have robust plans and demonstrate capability to achieve increased overseas earnings</p> <p>A stable or growing percentage of Outward Sound recipients offered subsequent international opportunities</p>	<p>Artists we work with internationally receive greater coverage and engagement</p> <p>Four applicants take part in a survey to assess the funding process and management of the programme</p>	440
International Capability Business Growth	<p>INITIATIVE 8: Coordinating and managing the representation of NZ music at strategically identified international music trade events</p> <p>The offshore business potential for NZ music businesses will be increased through a coordinated, professional and territory-relevant national representation promoting New Zealand as a source of repertoire.</p>	<p>Positive results are gained by a growing or stable percentage of NZ music businesses (including artists) that attend music markets or trade fairs to showcase artists and promote NZ as a source of repertoire</p> <p>A minimum of four international trade events host a NZ presence</p>	<p>Percentage increase in volume of social media metrics for artists attending or represented at international trade events.</p> <p>Volume of new business connections reported by attending NZ music businesses</p>	120

ORGANISATIONAL HEALTH & CAPABILITY

The Music Commission has a small staff and recognises that its people are its greatest organisational asset.

The operations of the organisation are managed by the Chief Executive, with input from two senior managers. Additional staff work in each outcome area with the full-time equivalent (FTE) staff of 7.2, including financial management.

The organisational structure for the NZ Music Commission is:

Board Of Trustees		
Chief Executive		
Finance Manager	Education Manager	International Manager
Communications & Projects Officer	Education Assistant	International Coordinator
Executive Support		
Administration Assistant		

Organisational Health & Capability Goals

- | | |
|---|---|
| <p>Goal 1: The Music Commission has a committed and capable Board of Trustees that effectively governs the organisation.</p> | <ul style="list-style-type: none"> • The Board undertake an annual self-assessment to evaluate the effectiveness of its governance. • The Board reviews its make-up to ensure the right balance of skills as vacancies arise. • The Board reviews its policies, procedures and Governance Manual on an annual basis. |
| <p>Goal 2: The Music Commission is committed to being a good employer focusing on retention of staff and providing equal opportunities to staff.</p> | <ul style="list-style-type: none"> • All staff will have training opportunities and performance reviews annually. • That staff turn over is no more than 1.5 FTE annually. • The Music Commission will develop a formal diversity policy for the staff and Board. |
| <p>Goal 3: Our office environment is safe, well maintained and fit for purpose.</p> | <ul style="list-style-type: none"> • Business Continuity Planning is part of the ongoing life of the organisation and reviewed annually. • Zero tolerance is maintained for harassment or bullying and all staff are aware of the serious misconduct policy. • Any safety hazards issues are dealt with promptly and reported in a document controlled file. |

Organisational Goals

Goal 1: The Music Commission will collaborate with other agencies, both government and non-government, to provide services to support the growth of the music industry in New Zealand where appropriate.

- The Music Commission identifies common goals with other agencies and where appropriate participates in partnerships for service provision.
- The Music Commission continues to collaborate with government organisations that work with contemporary popular music.

Goal 2: The Music Commission will consult with the wider industry on an annual basis to ensure our strategic goals are aligned with the current environment.

- The Music Commission will host external industry representatives every year, either in small focus groups or wider forums, to gain insight into sectoral issues and opportunities.
- The staff and Board will be proactive in their roles as ambassadors for the Music Commission and provide feedback and ideas to inform the organisation's strategic framework.

Goal 3: The Music Commission explores opportunities for increasing its income to leverage on the current international spotlight on music from New Zealand.

- The Music Commission advocates for greater investment in contemporary popular music, particularly to support New Zealand music businesses in the global market.

Goal 4: The Music Commission explores opportunities for joined-up purchasing of services for the organisation, and where applicable, the sector as a whole.

- The Music Commission investigates and executes at least one contract for joined-up purchasing with a supplier.
- The Music Commission collates information on the most commonly used offshore suppliers and provides this information to NZ music businesses.

Goal 5: The Music Commission and its Board of Trustees continue to explore opportunities to partner with external organisations.

- The Music Commission gains a minimum of three domestic and three international financial or in-kind sponsors per annum.
- The Music Commission undertakes a minimum of five partnership projects with shared financial input.

FINANCIAL FORECAST TO 30 JUNE 2018

BALANCE SHEET

	Jun-17	Jun-18
Working Capital		
Cash and Investments	563,516	481,803
Receivables	177,788	167,407
Prepayments	4,540	2,833
	745,844	652,043
Less		
Payables & Accruals	(408,424)	(376,706)
Income In Advance	0	0
Taxation	5,511	4,807
	(402,912)	(371,899)
Net Working Capital:	342,932	280,144
Non Current Assets		
Fixed Assets	5,610	9,103
Preliminary Expenses	14,681	14,681
Outward Sound Set Up Costs	11,177	11,177
Logo	-	-
	31,468	34,961
	374,400	315,105
Represented by:		
Retained Earnings	379,301	374,400
Prior Year Adjustment	-	-
Net Profit	(4,901)	(59,295)
	374,400	315,105
FIXED ASSETS		
Assets at Cost - 2014	84,162	87,262
Purchases/(Sales) - Prior Months		7,200
Purchases/(Sales) - Current Year	3,100	-
	87,262	94,462
Accumulated Depreciation - 2014	(78,514)	(81,652)
Depreciation Expense - Prior Months		-
Depreciation Expense - Current Year	(3,138)	(3,707)
	(81,652)	(85,359)
Fixed Assets	5,610	9,103

CASHFLOW

	Jun-17	Jun-18
Net Profit Before Tax (Inclusive of Non Deductible)	(4,901)	(59,295)
Depreciation	3,138	3,707
Decrease / (Increase) in Receivables	7,941	10,380
Decrease / (Increase) in Prepayments	(1,330)	1,708
Decrease / (Increase) in Long Term Assets	-	-
Increase / (Decrease) in Payables / Accruals	79,014	(31,718)
Decrease / (Increase) in Income in Advance	0	-
Decrease / (Increase) in Taxation	(1,707)	704
Prior Year Adjustment (Retained Earnings)	-	-
Operating Cashflow:	82,155	(74,513)
Purchase of Fixed Assets	(3,100)	(7,200)
Movement in Cash:	79,055	(81,713)

SOURCE AND APPLICATION OF FUNDS STATEMENT

The Bank started at (1/7/17)	484,462	563,516
Cash was received from		
Grants, donations and other income	1,951,266	1,914,418
Taxation	-	5,296
	1,951,266	1,919,713
Cash was applied to		
Expenses (Including Non Deductible)	(1,867,263)	(1,989,635)
Long Term Assets	-	-
Taxation	(1,848)	(4,591)
Fixed Assets	(3,100)	(7,200)
	(1,872,211)	(2,001,426)
The Bank Closed at (30/6/18)	563,516	481,803
Memo:		
Cash Received	1,951,266	1,919,713
Cash Applied	(1,872,211)	(2,001,426)
Movement in Cash:	79,055	(81,713)

SURPLUS FUNDS

Balance of Reserves:	
To 30 June 2018	
Outward Sound:	
Opening Balance -1 July 2017	-
Plus:	
Budget Income for 2018	440,000
TOTAL FUNDS	440,000
Less:	
Budget Expenditure for 2018	(440,000)
NET SURPLUS TO BE RETAINED	-

Music Commission Cash In Bank - 30 June 2018	481,803
Less:	
Accounts Payable - 30 June 2018	(376,706)
Taxation - 30 June 2018	4,807
Plus:	
Accounts Receivable - 30 June 2018	167,407
MUSIC COMMISSION NET SURPLUS FUNDS	277,311

Music Commission NET Surplus Funds Analysis	
Surplus Funds	277,311
Made up of:	
2016 / 17 Surplus Funds Brought Forward	338,392
2017 / 18 Net Profit / (Loss) - MCH Funded	7,494
2017 / 18 Education - MCH Funded	(66,789)
2017 / 18 Outward Sound - MCH Funded	-
+ 2017 / 18 Non Cash Expenditure (Depreciation)	3,707
Less Capital Expenditure	(7,200)
Movement in Taxation	-
Movement in Income in Advance	-
Movement in Prepayments & Long Term Assets	1,708
MUSIC COMMISSION NET SURPLUS FUNDS	277,312

SUMMARY BY DEPARTMENT

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	BUDGET 2018	R-CAST 2017	Variance
TOTAL MUSIC COMMISSION SUMMARY							
BY DEPT							
Income							
Domestic	205,021	206,553	207,624	245,882	865,080	856,325	8,755
Education	-	133,500	-	133,500	267,000	269,000	(2,000)
International	82,989	82,989	82,989	82,989	331,957	380,003	(48,046)
Outward Sound	110,000	110,000	110,000	110,000	440,000	399,996	40,004
NZ Rugby Festival 2017	-	-	-	-	-	38,000	(38,000)
Total Income	398,011	533,042	400,613	572,371	1,904,037	1,943,324	(39,287)
Expenses (Including Non Deductible)							
Domestic	348,196	138,196	163,197	207,996	857,586	817,278	(40,307)
Education	54,156	88,728	50,732	140,172	333,789	325,771	(8,018)
International	78,646	84,052	82,316	86,943	331,957	296,580	(35,377)
Outward Sound	110,000	110,000	110,000	110,000	440,000	476,455	36,455
Total Expenses	590,999	420,976	406,246	545,111	1,963,332	1,948,085	(15,247)
Profit / (Loss) Inclusive Non Deductible	(192,988)	112,066	(5,632)	27,259	(59,295)	(4,760)	(54,534)
Taxation	-	-	-	-	-	141	141
NET Profit / (Loss)	(192,988)	112,066	(5,632)	27,259	(59,295)	(4,901)	(54,393)

DIRECTORY

Board of Trustees:

Victoria Blood - Chairperson
Music Consultant

Paul McLaney - Deputy Chairperson
Artist & Native Tongue Music Publishing

Greg Bonnett
Business Affairs, ANZ Bank

Lorraine Barry
Owner, Lorraine Barry Management

Nick Atkinson
Artist, Manager & Journalist

Ria Hall
Artist and Music Business Owner

Scott Maclachlan
Director, Saiko Management

Wairere Iti
Music Managers Forum NZ

Staff:

Cath Andersen
Chief Executive

Alan Holt
International Manager

Michelle Williams
Education Manager

Vicki Walker
Finance Manager

Rebekah Ngatae
International Coordinator

Jade Keyword
Administration Officer

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