



ANNUAL REPORT 2018

PAST

PRESENT

FUTURE



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Designed by Mark Roach.



RECORDED MUSIC NEW ZEALAND LIMITED

Annual Report for the year ended 31 December 2018

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APPROVAL OF ANNUAL REPORT

In the opinion of the Directors of Recorded Music New Zealand Limited ('the Company') the financial statements and notes, on pages 26 to 31:

- comply with New Zealand generally accepted accounting practice and present fairly the financial position of the Company as at 31 December 2018 and the results of operations for the year ended on that date;
- have been prepared using the appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The Directors are pleased to present the annual report including the financial statements of Recorded Music New Zealand Limited for the year ended 31 December 2018.



Chris Caddick, Chairman
Dated 09.04.19



Adam Holt, Director
Dated 09.04.19



CHAIRMAN'S REPORT

2018 was a very busy year for the team at Recorded Music New Zealand.

In addition to successfully achieving budgeted targets for income and distribution, resources were focused on two main goals: preparation for the Copyright Act review, and in-house production of a new-look Vodafone New Zealand Music Awards.

The intense preparation and sheer scale of work involved for the Copyright Act review has been tackled with determination and professionalism. The success of the Vodafone New Zealand Music Awards is a testament to the hard work of Sarah Owen and her colleagues at Recorded Music New Zealand.

My thanks go to the Board for their application and enthusiasm during a challenging year. And on behalf of the Board, congratulations to our CEO Damian Vaughan, for leading and developing his team with calm determination. Lastly thank you to the staff at Recorded Music New Zealand who have all represented the organisation with distinction.

Chris Caddick

Chris Caddick
Chairman, Recorded Music NZ



UPPER HUTT POSSE

Upper Hutt Posse was presented with the **Legacy Award** at the 2018 VNZMA and inducted into the **New Zealand Music Hall of Fame**. The individual inductees spanned the career of the band including frontman **Dean Hapeta** and other notable names such as **DLT**, **Emma Paki** and **Teremoana Rapley**. A tribute version of Upper Hutt Posse's seminal track 'E Tu' was performed by **Che Fu**.

Photo: Topic Photography





CHIEF EXECUTIVE'S REPORT

THE NEW ZEALAND MUSIC INDUSTRY

On behalf of Recorded Music New Zealand I am pleased to report that Aotearoa's recorded music industry enjoyed a fourth straight year of revenue growth in 2018, increasing by **7.7%** to **\$107.9 million**. It's a very exciting time for our artists and their music; there's a real optimism and buoyancy locally after a sustained period of growth. Reduced entry barriers have allowed new artists to release music in ways that connect directly with their fans and this has really helped the industry grow. Artists are finding new fans and audiences wherever they may be and there is increased investment going towards developing our local talent.

To ensure the New Zealand music industry continues to offer sustainable careers for our artists we need to build on this momentum, support our creatives and ensure that their intellectual property is protected. The Government is currently undertaking a review of the **NZ Copyright Act** and Recorded Music New Zealand is leading this process on behalf of the music sector and is actively engaging with government, ministers, officials and other key stakeholders as they progress through the review.

REVENUE SUMMARY 2018 SNAPSHOT

(refer to page 14 for Revenue summary 2018 graphs)

Streaming now takes centre-stage in New Zealand's music landscape, accounting for **69%** of all recorded music revenue in 2018 and totalling \$74.2m. Services like Spotify and Apple Music have fundamentally changed the way Kiwis access and engage with music – giving us access to our favourite artists at any time and on any device.

Digital Downloads and Physical Music remain important contributors, representing 5% (\$5.4m) and 10% (\$11.3m) in industry revenue respectively. The resurgence of vinyl has also continued, with vinyl sales now making up 33% of all physical music purchases.

Public Performance and Communication income, derived from the collective licensing activities of Recorded Music New Zealand, remained stable in 2018 representing 14% of industry revenue and totalling \$14.8m. Also included in this year's wholesale revenue totals for the first time is Synchronisation representing 2% of all recorded music revenue and totalling \$2.2m. A 'synch' is when a song is included in an advertisement, television programme, film or video game and in some instances can expose an artist's music to entirely new audiences.

RECORDED MUSIC NEW ZEALAND

I am also pleased to report that Recorded Music New Zealand met our strategic goals across our core areas; maximising our collective licensing revenue; delivering world class service to our membership; and protecting and promoting the value of music.



LICENSING REVENUE

2018 was a tough year for our collective licensing, especially in relation to radio and other linear broadcasters, however overall television revenue returned positive results and we continued to see growth in public performance licensing.

Head of Licensing, Liz Diamond reports that our **public performance revenue** grew by **6%** in 2018. This was driven by meaningful growth across OneMusic revenue, through the introduction of new licence schemes, increased market penetration across all licensing areas and increased support through a new and improved OneMusic website. Direct licensing by Recorded Music New Zealand in areas including cinema exhibitors, sports events, fashion and dance productions and other special events also contributed to this growth.

In October we were pleased to celebrate our fifth anniversary of **OneMusic** and we have agreed to continue our successful partnership with APRA for a further 5 year period. Our areas of focus in 2019 are continued revenue growth, expanding the team to further increase market penetration, develop new areas of licensing, tariff reviews and to expand our compliance resource throughout the country.

Radio licences were extended through 2018. As the previous year contained income related to a review and resolution of past periods, we did not receive the same level of **overall radio revenue** compared to the 2017 year. This meant that the collective licensing revenue received by Recorded Music New Zealand from Radio declined by **-6%** in 2018. Our radio priorities in 2019 are to finalise new and comprehensive agreements with our radio licensees. In this regard, I want to note a very special thanks to **Kristin Bowman** for her on-going expertise, guidance and support in this very important revenue area.

Television revenue experienced an uplift of **8%** in 2018 primarily due to the growth of SVOD subscriptions to local services, the local linear broadcasters expanding their own offerings with additional digital channels/programming and some small growth from tariff adjustments. We have some major TV licence renewal negotiations throughout 2019 and 2020 which will also be a priority for the team over the next few years.

All of our local radio and television broadcasters are experiencing tough advertising environments and most are feeling the pressures from increased competition, digital disruption and fragmenting audiences. This impacts our collective licensing in this area as many of the licence agreements are based on a share of advertising revenue or other form of income, which acts as proxy to their audiences.

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Six60 Six60 / Don't Give It Up
(Massive / Universal Music NZ)

Best Group, Highest Selling Single, Highest Selling Album, Radio Airplay and People's Choice.



VNZMA 2018

Programme cover



VNZMA 2018

Presenters Stan Walker and Kanoa Lloyd. Photo: Topic Photography

It is encouraging that many of the domestic media companies are responding to the challenges and diversifying their services and offering flexible media options for the NZ consumer. We are pleased that we have been able to maintain the revenue from collective licensing and we see this continuing and growing in 2019, however we acknowledge that there are challenges for radio and television in the years ahead.

MEMBER SERVICES

Finance Director, Penny Hext and **Manager of Member Services, Dean Cameron** report that 2018 produced a distributable income to members of **\$11.8m** (funds available for distribution in 2019).

In 2018 we distributed the overwhelming majority of the royalty payments within 6 months of the end of our financial year and there is now no longer a two-step process with distribution pools being paid at different times of the year.

We had an **8%** increase in membership and **218** newly registered NZ Recording Artists over the 2018 year, and we now have **3,022** artists registered in the Direct-to-Recording Artist Scheme.

MUSIC GRANTS

We granted a total of **\$86,205** to various initiatives and projects via our Music Grants fund in 2018. They included: MusicHelps (previously the New Zealand Music Foundation), The Flying Nun Foundation, IMNZ Going Local Programme, MMF How To Make Money From Your Music Programme (Regional & Main Centres), 37Hz 48 Hour Music Production Programme, Gus Te Moni, Play It Strange Charitable Trust, MMF Music Summit, APRA/AMCOS Songhubs Spheres, IMNZ Going Global, NZ Music Producers Series, Girls Rock! Camp Aotearoa.

CHARTS

We launched two new charts to sit alongside the existing charts: **The Hot40** and **The Hot20 NZ** charts which reflect the 'velocity' of songs as they gain sales, increase streams and airplay. **Chart and Data Manager, Paul Kennedy** notes that our aims were to reinvigorate the charts not only to reflect music consumption, but to showcase new and fresh music. To stay in these charts, artists need to keep gaining new fans and continue to grow every week. As a result, the hot charts are very dynamic and new releases feature heavily. Encouragingly, local music features strongly and a wider diversity of genres including te reo Māori, hard rock, K-pop, folk and alternative have made their first chart showings in some time.

Alongside the new hot charts we also launched a short weekly video highlight reel, **Ones To Watch** which we publish and promote across social media. These take the Hot Chart methodology as inspiration for highlighting new kiwi music videos which are showing signs of moving up the chart quickly to become hits in the weeks ahead.

AWARDS

NZ Music Awards Manager, Sarah Owen and the awards team took the opportunity to evolve and rejuvenate the Vodafone New Zealand Music Awards in 2018 and completely overhauled the production and organisation of New Zealand's biggest awards show. Our new direction aimed to honour the past, celebrate the present and see the future – taking the time to remember the great musicians of Aotearoa, to recognise the exceptional artists currently creating the soundtrack to our lives and to nurture the talents of up and comers.

One of our first changes was the introduction of **The Artist's Tui**, where we invited an artist to put their own twist on our iconic trophy each year. For our inaugural year we were



extremely delighted to work with Dick Frizzell, arguably New Zealand's most well-known visual artist who gave the Tui a beautiful colourisation and vibrancy, in Dick's iconic style.

The official website, nzmusicawards.co.nz was also refreshed. Alongside the archive of photos and live performances, the site now boasts a searchable database. Visitors to the site can enter year, category, keyword or a combination of those parameters to search the entire history of the awards since 1965.

Hosted by Stan Walker and Kanoa Lloyd the 53rd annual **Vodafone New Zealand Music Awards / Ngā Tohu Puoro o Aotearoa** were held at Spark Arena on the 15th November 2018 and were produced for the first time by our long standing media partner Mediaworks who also broadcast the show live again on THREE.

- There were performances by **Alien Weaponry**, supported by **Ngā Puna o Waioria**, **Drax Project**, **Robinson**, **JessB**, **Sons of Zion** and **Six60**.
- Marlon Williams** won Album of the Year for his album 'Make Way For Love' and **Drax Project** won Single of the Year for their song 'Woke Up Late'.
- Six60** claimed the most awards on the night with five Tui for Best Group, Highest Selling Album, Highest Selling Single, Radio Airplay Record of the Year and the People's Choice.
- The International Achievement recipient was **Brooke Ligertwood (Brooke Fraser)** for her work with worship group Hillsong which also earned her a Grammy earlier this year for Best Contemporary Christian Music Performance/Song.

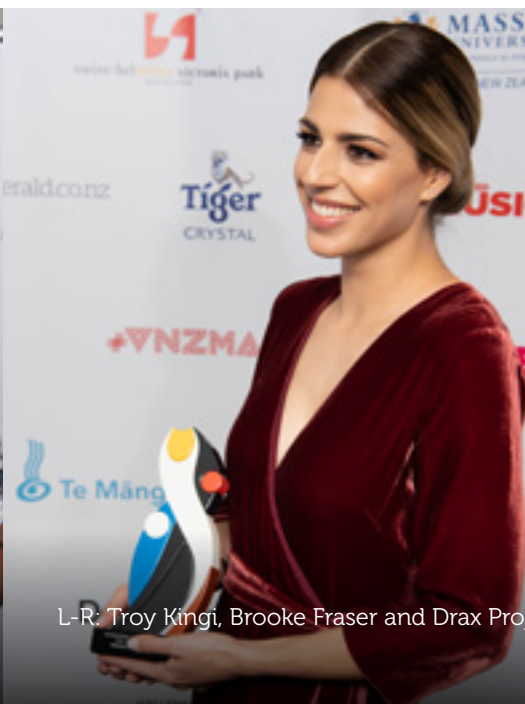
- Aotearoa hip hop pioneers **Upper Hutt Posse** were inducted into the **Te Whare Taonga Puoro/New Zealand Music Hall of Fame** and received the **Tohu Whakareretanga/Legacy Award**. A powerful tribute performance of 'E Tu' by **Che Fu and The Kratez**, featuring 14 year old DMC DJ World Champ **K-Swizz**, closed out the evening ceremony.

The Artisan Awards moved to Massey University in Wellington on 5th November and the event was live streamed via our Facebook and YouTube pages. There were live performances by **The Adults** and awards were presented for Best Producer, Best Engineer, Best Album Artwork, Best Music Video and we introduced a new Tui in 2018 - **Music Teacher of the Year**.

The new Tui was established to honour our music educators for the exceptional influence they have on our children, not only in establishing the foundations of careers in music but also providing a positive and long lasting impact on their lives. We received a phenomenal 220 individual nominations for 85 teachers and our three finalists were from Gisborne, Christchurch and Porirua which really highlighted the depth of engagement for this award throughout the country. The winner was Elizabeth Sneyd from the Virtuoso Strings Charitable Trust and she was presented with the Tui by the **Prime Minister, the Rt Hon Jacinda Ardern**.

The third annual **New Zealand Music Producer Series** was held in Auckland at Roundhead Studios in the lead up to the awards. The series brought producer engineers **Gill Norton**, **Clint Murphy** and **Sylvia Massy** to Auckland, to each host a three day workshop for applicants which centred on tracking and the mixing process and recorded local artists **Decades** and **Ha the Unclear**.

continued overleaf



L-R: Troy Kingi, Brooke Fraser and Drax Project, 2018 Vodafone NZ Music Awards.
Photo: Topic Photography.

Once again, free public seminars were held in Auckland, and for the first time in Wellington. We extended the professional development seminars as the **Tui Music Series** to include not only production and engineering sessions, but the other Artisan Award disciplines of album cover design and music video production.

It was heartening to hear that the industry and our artists were so supportive and appreciative of the changes we introduced which focused the awards back on our artists and our music community. We look forward to building on these positive changes in 2019.

AUCKLAND UNESCO CITY OF MUSIC

Led by **Mark Roach** at Recorded Music New Zealand and in conjunction with APRA and Auckland Council we developed a draft strategy, held stakeholder consultation and published the **Auckland City of Music Strategy** in November 2018 (available to download at aucklandcityofmusic.nz). The Auckland City of Music (ACOM) initiative is supported by the

IFPI and Auckland is leading global progress in this area. A launch event was held at the Civic Wintergarden and **Amy Terill (Vice President Music Canada)** gave an inspiring speech alongside **Mayor Phil Goff**. The ACOM project will be a key priority for Recorded Music New Zealand throughout 2019 as we develop and implement the city-wide strategy.

PROTECT AND PROMOTE

In November 2018 **General Counsel & Government Affairs, Jo Oliver** launched a position paper setting out the New Zealand music industry's priorities for the review of the Copyright Act. The paper, **Music Doesn't Just Happen**, outlined the vital role that a robust copyright system plays in supporting music in New Zealand, the need for fair value to return to those who create and invest in music, and the key issues that the Copyright Act review needs to address.

The position paper singled out four key issues. Recorded Music NZ is asking the Government to ensure fair market conditions for negotiations with digital platforms, provide



for effective enforcement of copyright online, harmonise New Zealand's copyright term with that of other OECD countries and to ensure legal certainty and an evidence-based approach to exceptions.

We believe that these issues must be addressed in order to ensure a thriving and sustainable music industry, for the benefit of all New Zealanders.

The Government released the Copyright Act review issues paper in late 2018. At the time of writing, Recorded Music NZ has submitted a comprehensive music sector submission to the review. We will continue on-going discussion and engagement with government, ministers, officials and other key stakeholders throughout the year.

CLOSING

2018 was a very positive year, and our sector is certainly optimistic about the future and the opportunities ahead. We are looking forward to the challenges in 2019 and

working with our artists, labels and our colleagues in the industry to protect their rights, ensure they receive fair and equitable treatment, and to create the conditions we need to expand our position as exporters on the world stage, while preserving our unique New Zealand identity.

My thanks as always to the Board of Directors of Recorded Music New Zealand, representatives on each of the sub-committees; the management team and staff for their devotion and passion to the organisation's continued success. We are all music fans and we love the work we do on behalf of the music industry. 2019 will be another great year!



Damian Vaughan

Chief Executive Officer, Recorded Music NZ

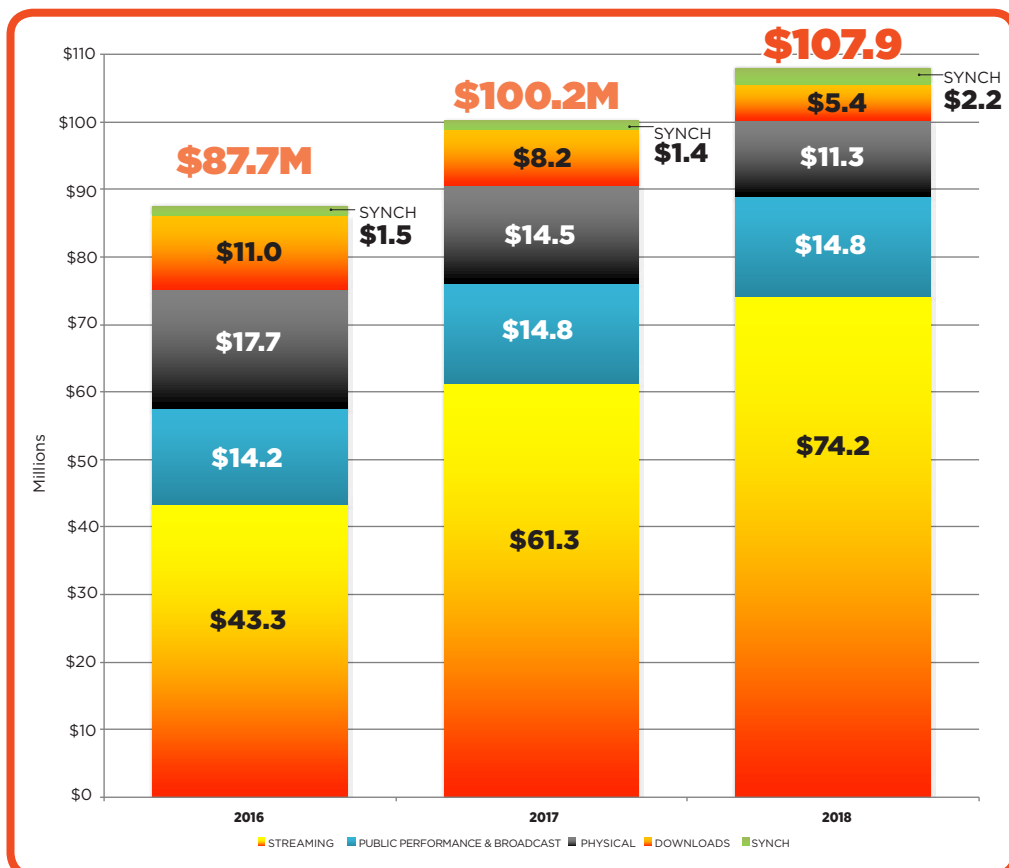


Alien Weaponry (Best Rock Artist) opened the 2018 Vodafone NZ Music Awards with a performance of their song 'Kai Tangata'.

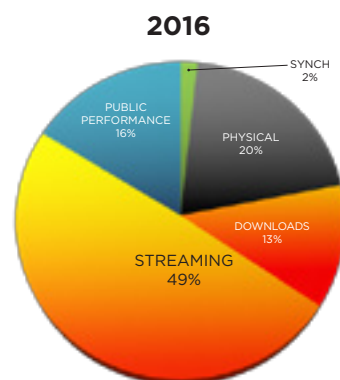
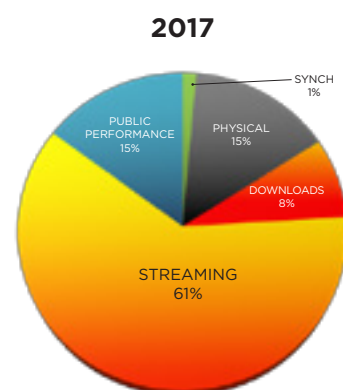
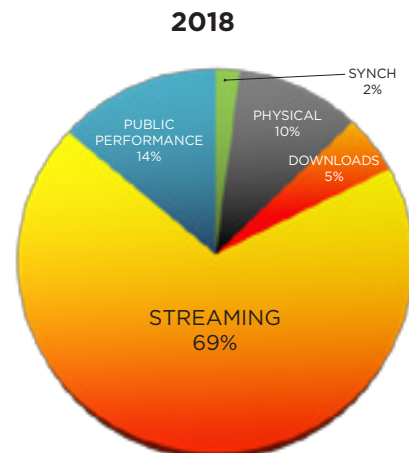
Photo: Topic Photography.

REVENUE SUMMARY 2018

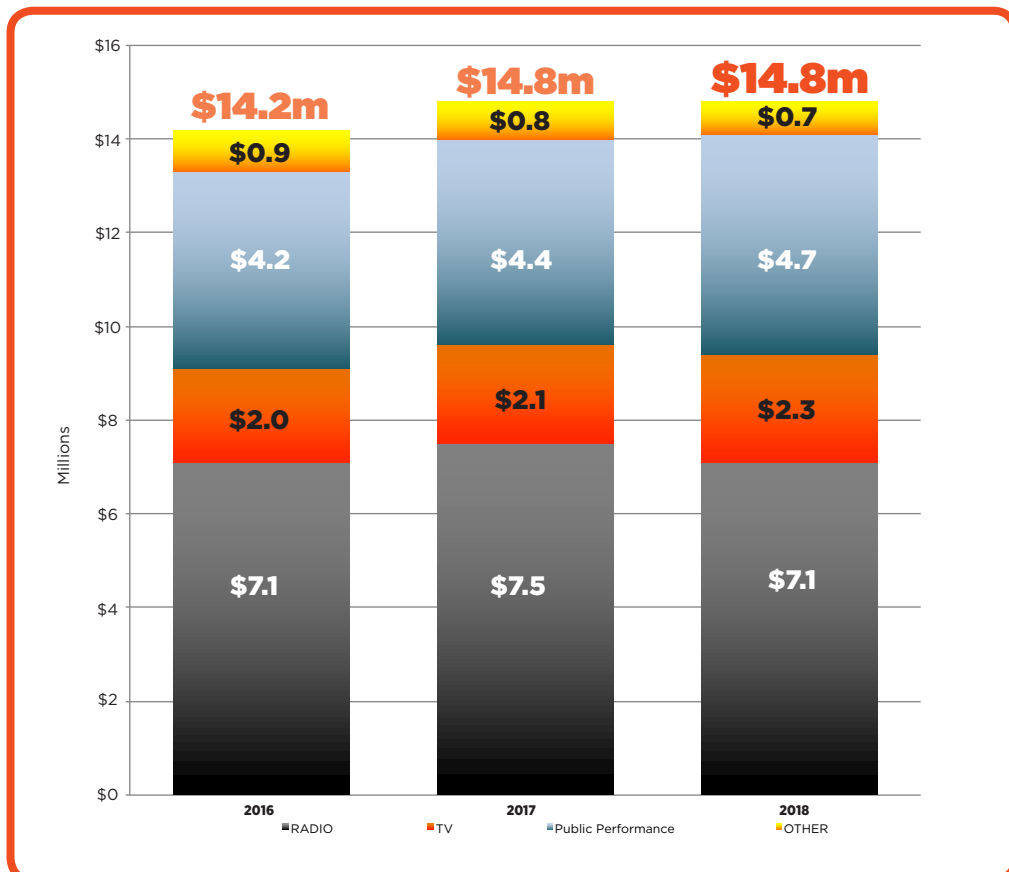
WHOLESALE REVENUES



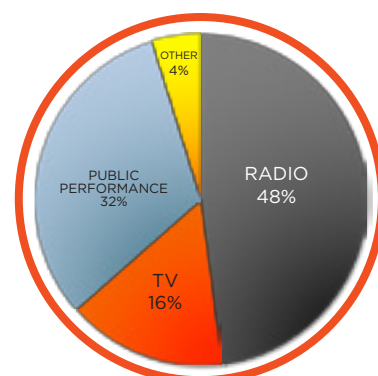
INDUSTRY REVENUE BY TYPE



PUBLIC PERFORMANCE & COMMUNICATION REVENUES



2018 RECORDED MUSIC NZ LICENSING REVENUE BY TYPE





MusicHelps

ĀwhinaPuoro

Recorded Music NZ continued to support the essential work of The New Zealand Music Foundation, which underwent a rebrand in 2018 to become **MusicHelps**.

Recorded Music NZ CEO **Damian Vaughan** continues to serve as a trustee of MusicHelps, whilst our in-house creative, **Mark Roach** assisted MusicHelps with it's visual identity and marketing collateral. This year also saw **Lorde** become an official patron of the charity, joining existing patrons, **Neil Finn** and **Don McGlashan**.

To date MusicHelps has invested in 66 projects with 42 partners from Whangarei to Invercargill, all using the power of music to change the lives of over 60,000 New Zealanders in need. They have also provided emergency assistance to hundreds of kiwi music people experiencing hardship and illness through the Backline suite of services, including a world first professional online, on-the-phone and face-to-face counselling service tailored to people who make live and recorded music possible.

MusicHelps supports projects in healthcare, including music therapy in hospices and projects that use the power of music to restore physical and cognitive ability lost as a result of disease and injury. They also partner with skilled clinicians who are using music as part of an integrated

package of care for seriously ill children and their families. They work with projects that use music to address the problems faced by at-risk and vulnerable people; and support initiatives that use music as the primary method of engaging youth from troubled backgrounds. Music provides the means to reach out and connect in a fundamental way with those who are facing exclusion from employment, education & training and are in danger of outcomes such as violence, drugs and alcohol abuse.

MusicHelps also supports music-based projects that develop communities and the people in them to achieve their full potential. These projects use music as a binding force for community and whanau groups, often in areas of great economic hardship. They provide opportunities to identify and develop leaders and teach vital life skills such as resilience, organisation and innovation.

They also serve those in the NZ music community when crisis strikes; providing caring, confidential and practical assistance through their Benevolent Fund and their professional wellbeing and counselling service to kiwi music people from all parts of the music industry who are experiencing illness, distress and hardship and have nowhere else to turn.

*MusicHelps patrons: **Neil Finn**, **Lorde** and **Don McGlashan***



THE OFFICIAL HOT 40

In July we unveiled the Official Hot40 Singles Chart which reveals the fast-rising music stars each week.

The Official NZ Music Singles Chart has provided the best overview of music popularity across New Zealand each week for more than 40 years now. However, as the musical landscape continues to evolve, so do the opportunities for a new interpretation of Kiwi music consumption habits.

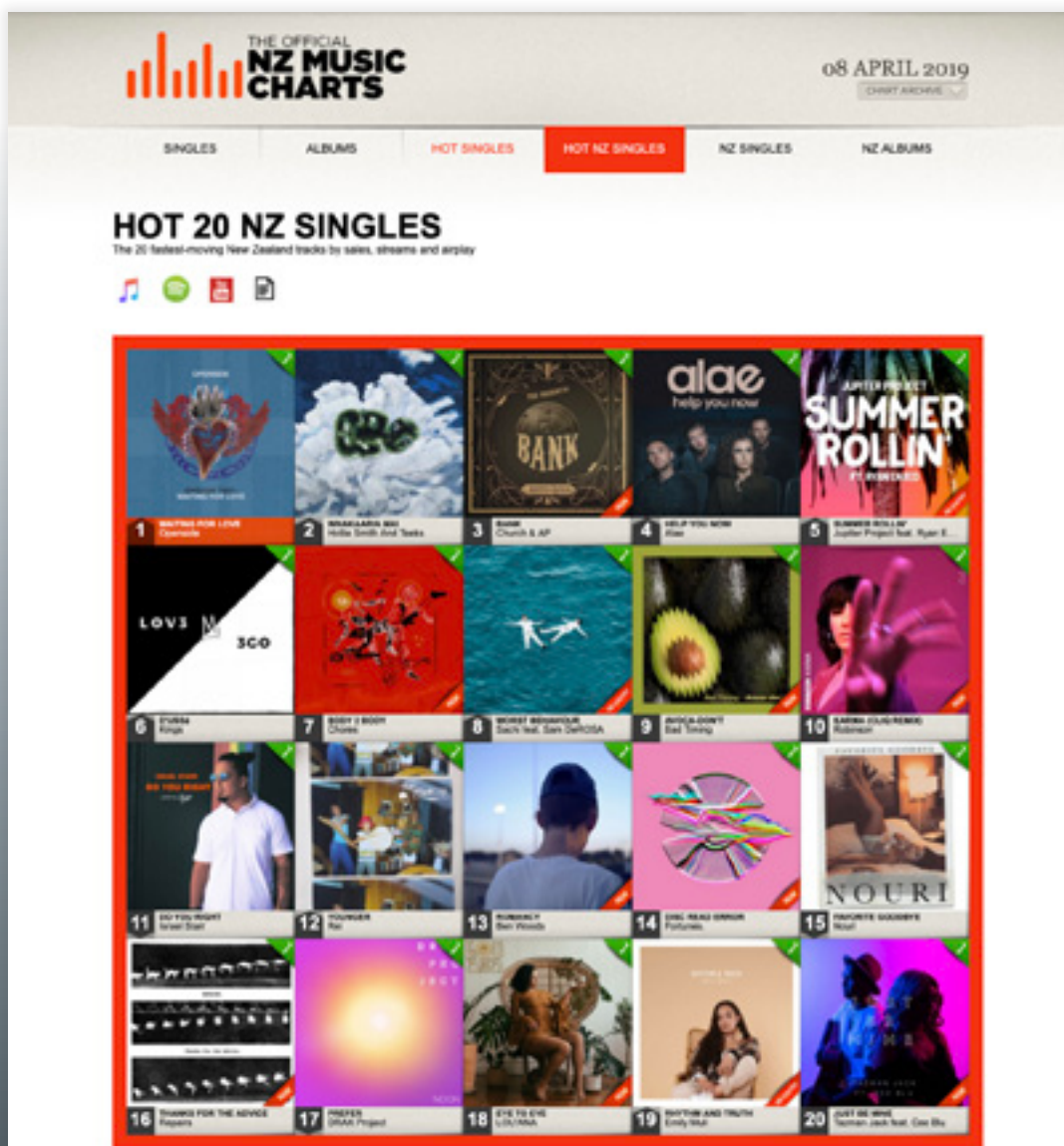
As a result, Recorded Music NZ launched **The Official Hot40 Singles Chart**. The current Top 40 remains and continues to provide the traditional measure of the total sales and stream volume each week.

Meanwhile the new chart reflects the 'velocity' of songs as they gain sales, increase streams and airplay, pick up new fans and show all the signs of being the hottest new tunes of the week.

"The key question the Hot40 Chart seeks to answer is how many more fans are interested in a track this week compared to last week? To stay in this chart, artists will need to keep gaining new fans. A song will need to keep on growing every week, making it very difficult for anything to enjoy long chart runs." says our Chart Manager **Paul Kennedy**.

As a result, the Hot40 is dynamic, with new releases featuring heavily. The main Hot40 Singles Chart is also joined by a version exclusive to New Zealand music – the NZ Hot20 – where all the same principles apply but showcase only the freshest, fastest-moving Kiwi releases.

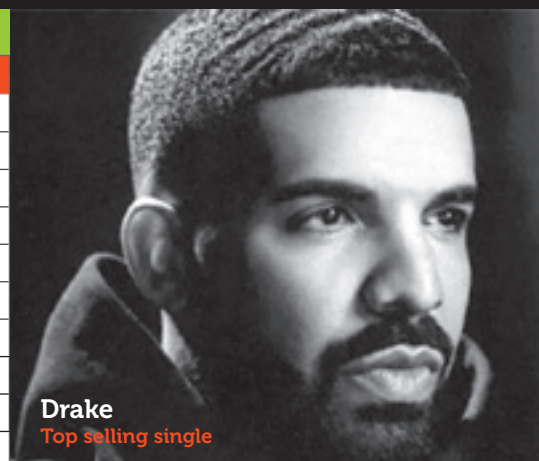
The upshot of this new methodology is that the Hot Charts provide an alternative take on what's happening on the music scene each week.



2018 TOP 10 ALBUMS & SINGLES

2018 TOP SELLING SINGLES

	ARTIST	TITLE	LABEL	GROUP / DIST.
1	Drake	God's Plan	CashMoney	Universal
2	Ed Sheeran	Perfect	Asylum	Warner
3	5 Seconds of Summer	Youngblood	Capitol	Universal
4	Post Malone feat. Ty Dolla \$ign	Psycho	Republic	Universal
5	Khalid and Normani	Love Lies	RCA	Sony Music
6	Post Malone	I Fall Apart	Republic	Universal
7	Maroon 5 feat. Cardi B	Girls Like You	Interscope	Universal
8	Bebe Rexha & Florida Georgia Line	Meant to Be	WEA	Warner
9	Post Malone feat. 21 Savage	Rockstar	Republic	Universal
10	Post Malone	Better Now	Republic	Universal



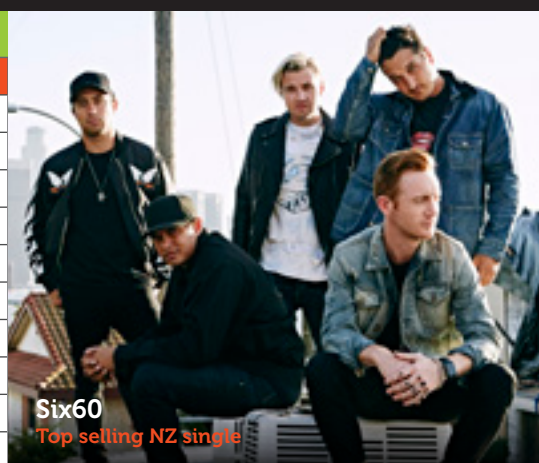
2018 TOP SELLING ALBUMS

	ARTIST	TITLE	LABEL	GROUP / DIST.
1	Ed Sheeran	Divide	Asylum	Warner
2	The Greatest Showman Ensemble	The Greatest Showman OST	Atlantic	Warner
3	Six60	Six60 EP	Massive	Universal
4	Lady Gaga & Bradley Cooper	A Star Is Born OST	Interscope	Universal
5	Post Malone	BeerBongs & Bentleys	Republic	Universal
6	Drake	Scorpion	CashMoney	Universal
7	?	XXXTentacion	Bad Vibes Forever	Universal
8	Eminem	Kamikaze	Aftermath	Universal
9	Pink	Beautiful Trauma	RCA	Sony Music
10	Post Malone	Stoney	Republic	Universal



2018 TOP SELLING NEW ZEALAND SINGLES

	ARTIST	TITLE	LABEL	GROUP / DIST.
1	Six60	Vibes	Massive	Universal
2	Six60	Don't Give It Up	Massive	Universal
3	Six60	Closer	Massive	Universal
4	Drax Project	Woke Up Late	DraxProject	Universal
5	Sons of Zion	Drift Away	Sony Music	Sony Music
6	Six60	Rivers	Massive	Universal
7	Robinson	Nothing to Regret	Dryden Street	Sony Music
8	Six60	Rolling Stone	Massive	Universal
9	Mitch James	21	Sony Music	Sony Music
10	Six60	Up There	Massive	Universal



2018 TOP SELLING NEW ZEALAND ALBUMS

	ARTIST	TITLE	LABEL	GROUP / DIST.
1	Six60	Six60 EP	Massive	Universal
2	Six60	Six60 (2)	Massive	Universal
3	Dennis Marsh	Backyard Party	Sony Music	Sony Music
4	Lorde	Melodrama	Universal	Universal
5	Various	Moana OST	Disney	Universal
6	Marlon Williams	Make Way for Love	Marlon Williams	Universal
7	Sol3 Mio	A Very M3rry Christmas	Universal	Universal
8	Mitch James	Mitch James	Sony Music	Sony Music
9	Katchafire	Legacy	Katchafire	Universal
10	L.A.B	L.A.B	Loop	Border





Vodafone
New Zealand
Music Awards
Ngā Tohu Puoro o Aotearoa





The Artists' Tui

by

FRIZZELL



One of the key developments at this year's **Vodafone New Zealand Music Awards®** was the introduction of **The Artists' Tui**.

This new initiative will see us invite a prominent New Zealand creative put their own twist on our iconic trophy each year.

The original Tui was designed by Nicola Marshall in 1995, and it's bronze-cast form was sculpted by Alex Kennedy. A more refined version of the Tui form was unveiled for the 2006 awards and has been in use ever since.

This year, we evolved the Tui once more, charging the chosen artist to create a piece of art in it's own respect, and to reward the creativity of artists in the music industry with a bespoke award.

For our inaugural Artists' Tui, we were extremely delighted to work with Dick Frizzell, arguably New Zealand's most iconic and well-known visual artist.

"When I'm asked to do something like this, and I get offered some fantastic projects, I don't take what I do in my art and try to turn it into that. I go at it as a unique challenge," said Frizzell.

What Frizzell gave his Tui is a vibrancy, visual impact and curvaceousness the previous design didn't have.

"As soon as I showed it to Recorded Music they were totally excited, but then to go from the drawing to getting a company to do just do it? When they brought the prototype around I thought, 'They've actually done it!' It was incredible.

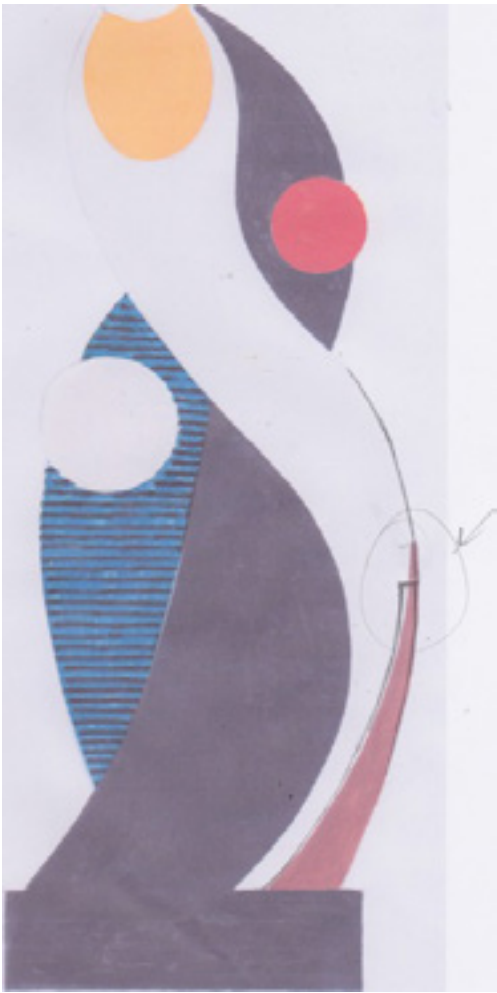
"And there's not a hint of compromise there for me. It was one of those jobs that really worked. Sometimes things get by on the skin of their teeth, but this one just walked in."

From Dick's initial paintings, we worked with our regular fabricators (ThreeSixty) to turn the concept into reality. The finished Tui is rendered from laser-cut acrylic pinned with interlocking screws on a metal base. The colours were hand-sprayed and mixed from spectrometer readings of Dick's original paintings.

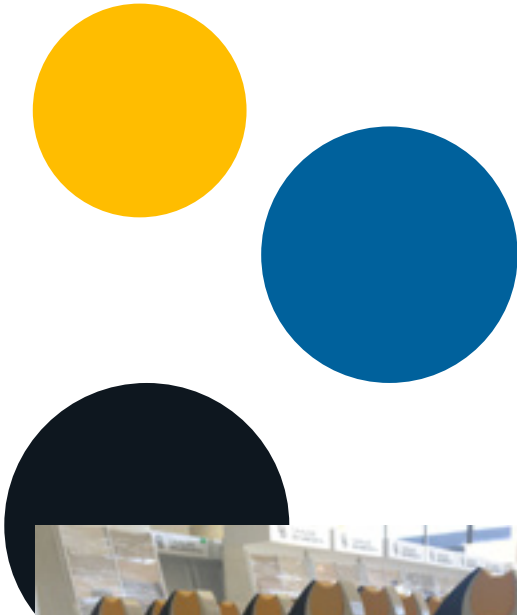
Our stage designers ran with the concept even further, developing six, 2.6m tall stage props that flanked the presenters stage. These were also precision engineered, using ThreeSixty's CAD drawings to replicate the Tui exactly. The icing on the cake was Dick presenting the first award of the night to Six60 for Te Rikoata Marakerake o te Tau/NZ On Air Radio Airplay Record of the Year.



*Dick presents the Tui to
Matiu Walters from Six60*



Original concept painting by Dick Frizzell



A flock of TuIs waiting delivery from ThreeSixty.



Presenter stage flanked by TuIs.



Artisan Awards

Massey University Best Producer | Te Kaiwhakaputa Toa
Best Engineer | Te Kaipukaha Toa
Best Album Cover | Te Kōpaki Pukaemi Toa
NZ On Air Best Music Video | Te Puoro Ataata Toa
Music Teacher of the Year | Kaiārahi Puoro o te Tau

Formally known as the 'technical awards', the Artisan Awards was established as a standalone event in 2016.

The word 'Artisan' is ancient and has always been used to describe those who bring the special skills of their craft to a project. In the contemporary music world, the word applies to those whose skill in design, production, engineering and video making elevates a music project.

For 2018 Recorded Music NZ was pleased to announce their partnership with **Massey University College of Creative Arts Toi Rauwharangi**, and took the awards to Wellington on Monday 5th November.

The university also hosted the Tui Music Series during the day, with the Artisan Awards taking place in the evening. Our MCs were "Officers Minogue & O'Leary" from *Wellington Paranormal*, and guest presenters included **Gil Norton**, **Sylvia Massy**, **Andre Ktori** and the **Prime Minister Rt Hon. Jacinda Ardern**. Guests were also treated to live performances from **Trinity Roots** (Warren Maxwell is a tutor at Massey) and **The Adults**.



Massey University's Andre Ktori and Jaime Robertson (Best Album Cover)



Sylvia Massy and Hammerhead (Best Engineer)



Trinity Roots



Officers Minogue & O'Leary



Estère (The Adults)



Jon Toogood (The Adults)



Vodafone
New Zealand
Music Awards
Ngā Tohu Puoro o Aotearoa



All photos © Capture Studios

Main picture: Winner Elizabeth Sneyd and Prime Minister, Rt. Hon Jacinda Ardern.
Inset: Finalists (L_R): Elizabeth Sneyd, Judith Bell and Jane Egan

Music Teacher of the Year Kaiārahi Puoro o te Tau

IN ASSOCIATION WITH



NEW ZEALAND
MUSIC COMMISSION
TE REO REKA O AOTEAROA
www.nzmusic.org.nz

Recorded Music NZ presented the Music Teacher of the Year Award, with **Elizabeth Sneyd** (Virtuoso Strings Charitable Trust, Porirua) announced as the inaugural winner at the Artisan Awards ceremony.

Behind most artists who make it to the VNZMA stage is a dedicated music teacher or mentor.

In May 2018, and in conjunction with the NZ Music Commission, we opened nominations for the inaugural Music Teacher of the Year Award.

The award was established to celebrate the exceptional influence music teachers have on our children, not only in establishing the foundations of careers in music but in general ensuring a positive and long lasting impact on their lives.

We are pleased to report that we received a phenomenal response. There were over 220 individual nominations for 85 teachers throughout the country, which was a real testament to the work that our music teachers are out there doing, educating the next generation of Tui Award winners.

The finalists for 2018 were:

Judith Bell – Chisnallwood Intermediate School, Christchurch

Jane Egan – Gisborne Girls High School and Music Learning Centre Ltd

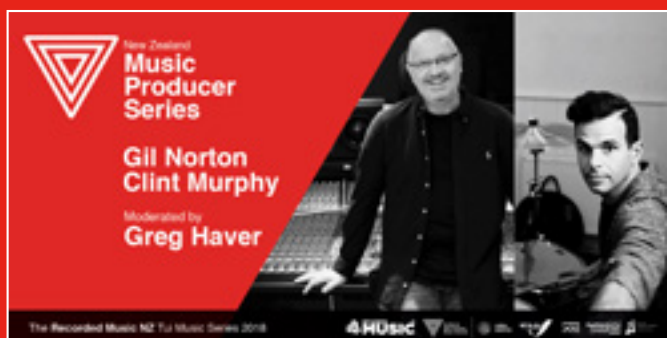
Elizabeth Sneyd – Virtuoso Strings Charitable Trust, Porirua

Our thanks to the Commission for their support and education network, and also THREE's The Project who were wonderful supporters of this initiative.

The inaugural **Tui Music Series** was built on the back of **Greg Haver's** highly successful **NZ Music Producer Series (NZMPS)** which is now in its third year. The NZMPS programme consists of two separate weeks of paid professional development masterclasses, whereby attendees sit-in and get hands-on tutoring by international guests through the production of a single by a local band. The guests are also made available to do free public seminars during their time here. In 2018 we were delighted to host **Gil Norton (Pixies, Foo Fighters)**, **Sylvia Massy (Tool, Red Hot Chili Peppers)** and **Clint Murphy (50 Cent, Mel C)**.

The Tui Music Series was designed to extend the professional development seminars of the NZMPS to also include the other disciplines of album cover design and music video production, support our Artisan Award categories, as well as grow the activity and visibility period of the NZ Music Awards brand beyond a single-day event. Guests for the Design and Filmmaker Series were comprised of finalists for the categories, including **Chris Graham (3-time Tui winner)**, **Shae Sterling**, **Tami Neilson**, **Barny Bewick** and **Jaime Robertson**.

AUCKLAND SEMINARS:



Roundhead Studios
30 October
Attendance RSVPs: 111



Roundhead Studios
6 November
Attendance RSVPs: 120



Recorded Music NZ offices
8 November
Attendance RSVPs: 50

WELLINGTON SEMINARS:



Massey University
5 November
Attendance RSVPs: 106



Massey University
5 November
Attendance RSVPs: 35



Massey University
5 November
Attendance RSVPs: 49

NZMPS masterclass photos

Roundhead Studios, Auckland. All photos by Chris Tjandrawinata



DIRECTORY

FOR THE YEAR ENDED 31 DECEMBER 2018

Year of Incorporation 1957 WN 10515

Registered Office Level 1, 2A Hakanoa Street
Grey Lynn
Auckland

Business Address Level 1, 2A Hakanoa Street
Grey Lynn
Auckland

Directors C Caddick (Chair)
P Baker
K Boshier
S Cockle
A Holt
P McKessar

Shareholder Extensive shareholding

Auditor KPMG
Auckland

DRAX PROJECT

The Wellington quartet capped off a stellar year by winning Single of the Year and Breakthrough Artist at the 2018 VNZMA's

Photo supplied.



STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
REVENUE			
Licence Fees		14,824,186	14,772,917
Interest Income		330,536	315,805
TOTAL INCOME		15,154,722	15,088,722
EXPENSES			
Operating expenses	5	(3,184,547)	(3,427,009)
Administrative expenses		(145,011)	(144,492)
TOTAL EXPENSES		(3,329,558)	(3,571,501)
FUNDS AVAILABLE FOR DISTRIBUTION	3	(11,825,164)	(11,517,221)
PROFIT FOR YEAR		-	-

This statement is to be read in conjunction with the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
ASSETS			
Cash and cash equivalents		499,039	557,082
Trade and other receivables		2,462,262	2,326,874
Short term deposits		10,651,324	10,173,521
Investments		147,577	147,577
Property, plant and equipment		68,318	86,415
TOTAL ASSETS		13,828,520	13,291,469
LIABILITIES			
Trade payables and accruals		774,325	608,967
Funds held available for distribution	3	12,054,195	11,795,323
Funds retained for provisions	3	1,000,000	887,179
TOTAL LIABILITIES		13,828,520	13,291,469

This statement is to be read in conjunction with the notes to the financial statements.

KIMBRA

Hamilton's Kimbra received Best Pop Artist 2018, the Tui handed to her on tour by David Byrne.

Photo supplied.



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts of licence fees	15,031,797	14,829,829
Distributions to companies and recordings artists	(11,453,473)	(10,846,314)
Paid to suppliers and employees	(3,471,112)	(3,484,207)
Net cash from operating activities	<u>107,212</u>	<u>499,308</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	330,536	315,805
Acquisition of property, plant and equipment	(17,988)	(82,440)
Movement in short term deposits	(477,803)	(772,027)
Net cash from investing activities	<u>(165,255)</u>	<u>(538,662)</u>
NET (DECREASE)/INCREASE	<u>(58,043)</u>	<u>(39,354)</u>
Opening cash and cash equivalents 1 January	557,082	596,436
Closing cash and cash equivalents	<u><u>499,039</u></u>	<u><u>557,082</u></u>
Made up of:		
Bank balances	499,039	557,082
TOTAL CASH AND CASH EQUIVALENTS	<u><u>499,039</u></u>	<u><u>557,082</u></u>
This statement is to be read in conjunction with the notes to the financial statements.		

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL OVERVIEW

a) Reporting Entity

Recorded Music New Zealand Limited (the "Company") is a limited liability company incorporated and domiciled in New Zealand.

The Company acts as an authorised representative of the major sound recording manufacturing and distributing companies in New Zealand to license, control and promote the public performance and broadcasting of their copyright in sound recordings and music videos and to collect fees in respect thereof. Distributions are then made to the appropriate copyright holder.

The Company is registered under the Companies Act 1993 and the financial statements comply with the Financial Reporting Act 2013. The Company is considered to be a profit-oriented entity for the purposes of financial reporting as it seeks to maximise distributions to its shareholders.

The financial statements presented are for the Company as at and for the year ended 31 December 2018 and were authorised for issue by the directors on the date specified on page 5.

b) Basis of preparation

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ('NZ IFRS RDR') as appropriate for Tier 2 for-profit entities applying reduced disclosure reporting concessions. The Company has elected to report under Tier 2 For-Profit Accounting Standards on the basis that it does not have public accountability.

These financial statements have been prepared on the basis of historical cost.

The financial statements are presented in New Zealand dollars (\$) which is the Company's functional currency, rounded to the nearest dollar.

The Company has not reported any profit, other comprehensive income or a statement of changes in equity/net assets. This is because all income, net of expenses, is distributed to the appropriate copyright holders.

The statement of financial position is presented in order of liquidity. The Company has uncalled capital and no retained earnings.

The Company has initially applied NZ IFRS 15 Revenue from Contracts with Customers from 1 January 2018. The standard replaces NZ IAS 18 Revenue and establishes a new framework for determining when and how much revenue to recognise. The standard introduces a five-step model to be applied to all contracts with customers in order to establish the revenue recognition. The Company has assessed the impact of NZ IFRS 15 on its business model and has come to the conclusion that the standard has no significant effect on the amount and timing of revenue recognition.

c) Use of estimates and judgements

The preparation of the financial statements in conformity with NZ IFRS RDR requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2. ACCOUNTING POLICIES

a) Revenue

Revenue is recognised in the statement of profit and loss when the performance obligation associated with the respective contract is satisfied and can be reliably measured. The main types of revenue are licence fees from radio and TV, public performance and compilers. Net income from sponsorship and other income received in relation to the Music Awards is included in operating expenses.

b) Trade and other receivables

Trade and other receivables are initially recognised at fair value, being their cost, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

c) Distributions to licensees

The annual income from broadcasting and public performance licence fees and miscellaneous income received, less the amount retained (to meet liabilities contingent and otherwise), are apportioned to the New Zealand licensees. An expense is recognised in full in the period that the income is received as the Company has an obligation to its licensees to distribute these funds. This obligation is shown on the statement of financial position as funds available for distribution.

d) Funds available for distribution

The funds for distribution are retained in Trust pending the receipt and analysis of airtime data received from broadcasters. The pro-rata distribution of surplus funds is determined on Radio and Television airtime. In the interim, these funds are placed on short term investment to attract interest income.

e) Funds retained for liabilities

An amount is retained from the funds available for distribution to licensees to meet liabilities, contingent and otherwise. The Company has a present obligation and the obligation can be estimated reliably.

f) Investments in short term deposits

Investments are measured at cost less accumulated amortisation and accumulated impairment losses. Interest income is earned on funds invested and term deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

g) Trade payables and accruals

Trade and other payables are measured at amortised cost, being their fair value. Expenses include audit fees of \$12,360 (2017: \$12,075).

h) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases.

i) Taxes

The Company acts as a nationwide non-profit representative for New Zealand licensees. Surpluses are fully distributed and consequently the Company is only liable to pay taxes on timing differences arising from accruals made. The withholding tax on interest income has been deducted; however, due to an IRD ruling no terminal tax is payable by the Company but will be payable by the members. The financial statements have been prepared on a GST exclusive basis except for receivables and payables that are stated inclusive of GST.

j) Financial instruments

Financial assets and liabilities are classified into the following categories:

- Loans and other receivables include cash and cash equivalents, trade and other receivables, and short term deposits.
- Other amortised cost include trade payables and accruals, and funds retained and distributable.

3. MOVEMENTS IN FUNDS FOR DISTRIBUTION

The Company pays a distribution to its members each year, consisting of the prior year earnings, less any deductions for expenses and reserves for future anticipated expenditure.

Funds at the beginning of the year
Funds distributed to companies and recording artists during the year
Transfer to funds retained for provisions
Funds receipted (net of expenses) available for distribution next year
Funds at the end of the year

2018	2017
11,795,324	11,224,416
(11,453,472)	(10,846,313)
(112,821)	(100,000)
11,825,164	11,517,221
12,054,195	11,795,324
1,000,000	887,179
12,054,194	11,795,324
13,054,194	12,682,503

Funds retained for provisions
Funds held available for distribution
Funds at the end of the year

4. RELATED PARTIES

The funds distributed to companies and recording artists are related party transactions as they are with shareholders in the Company.

The following remuneration was received by directors during the year:

Chris Caddick
Peter Baker
Paul McKessar
Total

2018	2017
48,000	48,000
8,000	6,000
6,000	7,000
62,000	61,000

5. COMMITMENTS AND CONTINGENCIES

There are no capital commitments at balance date (2017: nil). Operating lease commitments for leases of a premises at Hakanoa Street are payable as follows:

Less than one year
Between one and five years
More than five years

2018	2017
111,800	111,089
9,317	121,117
-	-
121,117	232,206

Operating lease expenses of \$111,089 (2017: \$103,272) was included in the statement of profit and loss. There is a right of renewal of two years on the lease.

There are no contingent liabilities (2017: nil).

6. SUBSEQUENT EVENTS

There have been no subsequent events which impact on the financial statements (2017: nil).



Independent Auditor's Report

To the shareholders of Recorded Music New Zealand Limited

Report on the financial statements

Opinion

In our opinion, the accompanying financial statements of Recorded Music New Zealand Limited (the company) on pages 26 to 31:

- i. present fairly in all material respects the company's financial position as at 31 December 2018 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

We have audited the accompanying financial statements which comprise:

- the statement of financial position as at 31 December 2018;
- the statement of profit and loss and statement of cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the company in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Our firm has also provided other services to the company in relation to tax services. Subject to certain restrictions, partners and employees of our firm may also deal with the company on normal terms within the ordinary course of trading activities of the business of the company. These matters have not impaired our independence as auditor of the company. The firm has no other relationship with, or interest in, the company.



Other information

The Directors, on behalf of the company, are responsible for the other information included in the entity's Annual Report. Other information includes the Chairman's Report, Chief Executive's Report, and We Create Report. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

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



Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



Responsibilities of the Directors for the financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime);
- implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objective is:

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our independent auditor's report.

KPMG
Auckland

9 April 2019



RECORDEDMUSIC.CO.NZ

Vodafone NZ Music Awards nzmusicawards.co.nz

The Official NZ Music Charts nztop40.co.nz

The New Zealand Music Hall of Fame musichall.co.nz

Public performance licensing by OneMusic onemusicnz.com

Protecting and promoting our music promusic.co.nz

Supporting the creative sector aucklandcityofmusic.nz



Vodafone
New Zealand
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RECORDED
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LICENSING

One
Music

PRO
MUSIC

MUSIC
GRANTS



AUCKLAND
UNESCO CITY OF MUSIC
TĀMAKI MAKĀURAU
UNESCO PĀ PUORO

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