

TASMANIAN SYMPHONY ORCHESTRA

GOVERNANCE REPORT 2022

22

T|S|O



Governance Report

This Governance Report is provided in respect of Tasmanian Symphony Orchestra Holdings Ltd (TSOH) and its 100% owned subsidiary, Tasmanian Symphony Orchestra Pty Ltd (TSO), for the year ended 31st December 2022.

The Tasmanian Symphony Orchestra is committed to best practice in governance to ensure sound strategic leadership that achieves artistic excellence, establishes creative leadership and that serves the Tasmanian community.

During 2022 the TSO met or exceeded the 'Essential governance practices for arts organisations', as referred to in the 2021-24 Tripartite Funding Agreement. TSO's compliance with the following governance practices is described below:

1. Creating a Vision | Mission | Values
2. Delivering Performance
3. Support Systems and Processes
4. Being Accountable
5. Relationships.

1. CREATING A VISION | MISSION | VALUES

In 2020 TSO began and subsequently released a ten-year plan and created a vision that is crafted from the insights of the TSO family, the Tasmanian community and valued interstate partners, peers and friends. The plan contains 16 integrated strategic initiatives, major workstreams that will 'shift the needle' on participation, inclusion, collaboration and telling the story of our place.

TSO's vision is to be a great orchestra, Tasmania's orchestra, and a national cultural leader.

In creating the plan TSO defined its core values:

- **CONNECTION**

We connect with the spirit and people of this place through kindness, generosity and our shared love of music.

- **ARTISTRY**

Artistry is the nexus of discipline and daring. We acknowledge our heritage and pride ourselves on the pursuit of artistry on and off stage. We are committed to our audiences, ourselves and each other.

- **INTEGRITY**

An integrated One-TSO operating with integrity is safe and trustworthy. It creates the environment where artistry and connection flourish. Integrity builds trust and confidence in our decisions and each other.

2. DELIVERING PERFORMANCE

STRATEGY

The Board reviews the strategic direction of TSO and approves strategic plans and budgets. During 2022, TSO released a ten-year plan: TSO 2030 | Our Cathedral. The plan is developed with the following considerations:

1. The long-term health and viability of the TSO relies on management of risk, capital, resourcing, and reputation, to safeguard the future of the organisation.
2. The health and well-being of all employee and volunteers is paramount.
3. The need to serve the TSO audiences and the wider Tasmanian community.
4. TSO's social and civic responsibility.
5. TSO values of Artistry, Connection and Integrity.

The Board receives the 'strategy on a page' summary in its papers at every Board meeting and the progress of the plan is measured regularly using a reporting framework.

CLEAR ROLES AND RESPONSIBILITIES

A formal Charter for the Board was adopted in 2009. The Charter clearly articulates authority delegated to management for delivering the required outcomes of the strategic direction determined by the Board.

The roles of the Chair, CEO and Company Secretary are all formally recorded in the Charter. The Charter also specifies that the ultimate responsibility for approval of corporate strategies and objectives, budgets, plans and policies developed by management is that of the Board. The Board develops an annual schedule and management brings the major strategic, business and policy matters to the Board in an orderly way.

The Constitutions of the TSO companies provide for the election of up to eight Directors by members. In addition, the Board may appoint the CEO as Managing Director; the Board has chosen not to do this at the present time. Directors elected by Members may serve a maximum of three consecutive three-year terms, after which time they must retire, although in certain circumstances the Chair may serve an additional term of up to three years. The Board is comprised of independent non-executive members.

An annual election process for directors ensures an opportunity to review the composition of the Board which is evaluated on a skills matrix. The TSO Boards include Directors with a broad range of skills and experience including artistic, accounting and finance, company secretarial, business, law, and education. The Directors' periods of service are appropriately staggered to ensure continuity of knowledge and an appropriate mix of skills and experience on the Board. Induction for any new directors includes provision of relevant company documentation and an in-depth briefing on major strategic, operational and financial aspects of the Group from the Chair, CEO and Company Secretary.

The Chair is elected by the Board and is responsible for the efficient and effective functioning of the Board, including, but not limited to the discussion and determination of the strategic direction of the Group and ultimately the production of the Strategic Plan. The Board has ensured, through its own reservation of authority, its delegation of authority, together with the imposed limits in respect of those delegations, that no individual has unfettered powers.

The Board conducts periodic reviews of its own performance and that of its committees.

The Board has established the following Committees to provide closer attention to key areas of governance:

Audit and Risk Committee

The Audit and Risk Committee's (ARC) role is to oversee the integrity and adequacy of the TSO's accounting and financial reporting, policies and procedures, and ensures all compliance requirements are met. The Committee reviews and recommends to the Board the Annual Financial Reports and annual budgets and oversees the external audit program. The ARC manages the risk framework including cyber risk and approves the insurance program.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee advises the Board on remuneration matters, including remuneration for the CEO, and on remuneration for artistic appointments made by the Board on advice of the Key Artistic Advisory committee. The Committee also advises the Board and plans for the succession of non-executive directors and will make recommendations for nominations to the Board. The Remuneration and Nominations Committee regularly reviews the Board's skills mix through the use of a skills matrix.

Key Artistic Advisory committee

The Key Artistic Advisory Committee is responsible for advising the Board on the appointment and monitoring of the performance of key artistic personnel of the company, including the concertmaster, Artistic Director and titled conductor positions.

5. SUPPORT SYSTEMS AND PROCESSES

MONITOR AND REVIEW

The TSO Board's annual agenda is set at the start of every calendar year. The Board schedules eight to ten meetings per annum and at those meetings considers strategic plans, annual budgets, artistic programming, risk reports and receives regular reports from senior executives of all departments of the company, including regular CEO reports and financial reporting. The annual calendar of meetings also normally includes specific planning days set aside for strategic planning discussion.

The Board actively encourages and demonstrates by its actions that it expects an organisational culture based on high ethical values.

Early in the year the Board approves the artistic program for the ensuing year subject to subsequent budgeting which must normally be a surplus budget. The Board considers and approves any amended program considering management recommendations once the budgeting process has been completed.

The Board receives monthly financial reports with management commentary on variations from the budget.

Any requests for material capital expenditure are presented to the Board outlining the business case for any purchase. The limit of capital expenditure and requisite approvals are outlined in the delegation of authority.

REWARD FAIRLY AND RESPONSIBLY

Board Directors volunteer their time and directors do not receive any remuneration from the TSO. The Board is responsible for the appointment and performance review of the CEO. The annual review of the CEO is undertaken by the Chair in consultation with Board members and reported back to the Board.

All administrative employees have formal position descriptions and letters of appointment which clearly set out conditions of employment, including required outcomes. Administrative employees undergo an annual performance appraisal by their immediate manager, which is in turn reviewed by the CEO.

Employment terms and conditions for musicians and administrative staff are determined by Enterprise Agreements which are negotiated with relevant parties who represent the employees. The Board is conscious of the need to keep remuneration of musicians in broad alignment with other orchestras and remuneration for executives and staff in alignment with industry and community standards so that the Company can recruit and retain, but is mindful of the limited resources of the company.

Senior executive remuneration is disclosed in the aggregate in the annual Financial reports.

The Board actively encourages an organisational culture that embraces diversity and inclusion.

TSO has a *Diversity and Inclusion Policy* which was approved by the Board during 2018. The policy recognises the value of a diverse and skilled workplace and encompasses acceptance, respect and recognition of individual differences. TSO recently had its first Reconciliation Action Plan approved by Reconciliation Australia, which further outlines commitments to enhance diversity across TSOs workforce, suppliers, and programming.

Workplace diversity principles are incorporated into all aspects of human resource management, such as workforce planning, recruitment and selection, performance management, learning and development, leadership development, workplace health and safety and workplace relations.

4. BEING ACCOUNTABLE

MANAGING RISK AND COMPLIANCE

The Board reviews and manages risk through its Audit and Risk Committee. It has established a Risk Report and Risk Analysis, the objectives of which are:

- To promote a risk aware culture
- To develop a strategic enterprise risk profile of TSO and to provide a basis to identify relevant priorities and actions to better enable TSO to successfully achieve its objectives
- To provide an overview of existing control effectiveness
- To provide input to TSO's planning process
- To involve management and staff in risk ownership and to embed risk management
- To provide a basis from which to report regularly to stakeholders on key risk issues.

A summary risk register and changes to risk profiles are assessed monthly and are reported at every Board meeting.

A Management Representation letter is signed annually prior to the signing of the financial statements. The company's financial reports present a true and fair view of the company's financial position and operational result and are in accordance with relevant accounting standards. TSO financial statements are founded on a sound system of risk management and internal controls.

Independence of Directors is of vital importance. Interests are routinely listed in Board papers and potential conflicts of interest are declared and managed appropriately. Where a conflict arises, it is declared, the Director will generally not be present for consideration of the matter and in all cases, will not participate in any decision making in relation to the matter.

The Company Secretary is delegated with responsibility to ensure the TSO complies with all legal and reporting requirements. This compliance is reported to the Audit and Risk Committee.

REPORTING

The TSO prepares an annual report every year and includes the audited Annual Financial Report. The Annual Report is made available to all members of the company and the general public. The Annual Report is received formally by members of the company at an Annual General Meeting each year.

The Board has developed relevant policy documents and approves policies developed by Director People and Culture to support positive workplace behaviour.

TSO has developed a *Whistleblowers Policy* and *Workplace Discrimination, Bullying and Harassment Policy*.

The TSO has appropriate insurances in place, and these are reviewed annually by the Audit and Risk Committee. Site risk assessments are conducted for TSO and external premises where performances and rehearsals take place.

The Audit and Risk Committee has a formal Charter which has been approved by the Board. The Committee has a schedule of regular meetings at which it reviews and considers:

- Financial Statements for the previous year
- Risk Management
- Budget for the forthcoming year
- Any other matter that falls within the scope of the Committee including capital expenditure.

The Committee comprises directors who would each be regarded as having a high level of accounting and finance skills.

The CEO and Business Manager attend Audit and Risk Committee meetings.

WLF Accounting and Advisory was appointed as external auditor from 2022 and is invited to attend the AGM of members each year. The Committee meets at least annually with the external auditor without management present. The external auditor presents his report on the annual financial statements in person to the Audit and Risk Committee.

The Committee reviews statutory and management accounting statements and considers related accounting policy issues.

5. RELATIONSHIPS

ENGAGE WITH STAKEHOLDERS

The Board is charged with ultimate responsibility to ensure that productive working relationships with key TSO stakeholders are maintained. The day-to-day management of key stakeholder relationships is delegated to the CEO and in turn to the senior executive team.

The CEO and senior executive meet regularly with key stakeholders including Commonwealth, State and Local Government, sponsors, audiences, the Orchestra itself and those providing professional advice to the TSO.

The Board provides an Annual Report which provides information to members and the general public on its artistic and financial performance.

Customer surveying mechanisms are used to assess community awareness and engagement with the TSO. Feedback and communication are encouraged via social media and via more traditional communication channels.

In 2020 the company committed to commencing a process of engagement and reconciliation with the Tasmanian Aboriginal community. Current actions include creation of a RAP working group, fulfilling the commitments noted in our Reflect RAP strategy, cultural awareness training, *Acknowledgement of Country* delivery, and collaborations with Aboriginal artists and community groups.

Internally, the TSO engages with administrative staff and musicians through consultative and artistic committees. The Board encourages 'whole of company' information sessions and these encompass a wide range of topics including behaviour within the workplace. Relevant policies and procedures are documented.

INSTILLING THE RIGHT CULTURE

Commencing in 2021 the Company has committed to a *Cultural Transformation Program* which will enable TSO to develop a culture that will support its 10-year vision. It will include a whole-of-system values based cultural development process by building and developing an internal values leadership team.

TSO is committed to ensuring that all employees are treated with respect and dignity. Inappropriate attitudes and behaviours are addressed through approved procedures. The company will treat seriously any instance of inappropriate behaviour.

Policies are reviewed regularly and updated as required should legislative changes take place.



Don Challen AM
Chair

March 2023



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The Tasmanian Symphony Orchestra acknowledges the traditional owners and continuing custodians of lutruwita/Tasmania. We pay respect to the Aboriginal community today, and to its Elders past and present. We recognise a history of truth, which acknowledges the impacts of colonisation upon Aboriginal and Torres Strait Islander people and stand for a future that profoundly respects their stories, culture, language and history.

In palawa kani, the language of Tasmanian Aborigines, with thanks to the Tasmanian Aboriginal Centre.